



Enterprise Strategy for the Dublin City Region

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Executive Summary

SECTION 1: ESTABLISHING THE CONTEXT

The Local Authority Managers of Dublin City, Dun Laoghaire Rathdown, Fingal and South Dublin have recently launched an Economic Development Action Plan for the Dublin City Region.¹ The Action Plan establishes the framework conditions of strong civic leadership, the creation of a vibrant place and the nurturing, attraction and retention of creative people in order to support a balanced and sustainable quality of life and environment in the Dublin City Region.²

The development of an Enterprise Strategy for the Dublin Region is one of the actions specified in the Action Plan.³

The Dublin City and County Enterprise Boards were asked, on behalf of the Dublin Regional Authority and the four DLA managers, to facilitate the development of an Enterprise Strategy for the Dublin City Region. Paula Fitzsimons, Fitzsimons Consulting, was appointed to carry out extensive consultations with entrepreneurs, experts and major stakeholders active in the development of enterprise in the Dublin Region⁴ and informed by these consultations to develop and write an appropriate strategy.

The Enterprise Strategy has been developed in a manner that takes account of the views and opinions of those consulted; the imperative to develop a vibrant enterprise base in the Dublin Region; and is mindful of competitiveness issues and the challenges that will be posed by the local, national and international environment in which those businesses will operate in the short and medium term.

¹ The Action Plan was launched on 29 July, 2009. The stated aim of the Action Plan is “*Positioning the Dublin City Region, the engine of Ireland’s economy, as a significant hub in the European knowledge economy through a network of thriving spatial and sectoral clusters providing a magnet for creative talent and investment.*”
[http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res\[1\].pdf](http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res[1].pdf)

² *Economic Development Action Plan for the Dublin City Region, July 2009, Figure 2: Framework for Action in the City Region, page 14*
[http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res\[1\].pdf](http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res[1].pdf)

³ 3.1 *Identify key enterprise supports and agree multi agency delivery*, third project, page 39, Economic Development Action Plan.
[http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res\[1\].pdf](http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res[1].pdf)

⁴ A full list of those consulted is included in Appendix 2

It focuses in particular on the imperative to harness entrepreneurial talent for the region, to strengthen the existing SME base and to deepen the commitment of existing Foreign Direct Investment (FDI) while acting as a magnet for further knowledge intensive mobile FDI. Based on an analysis of what is required to achieve this, actions are proposed in a manner that facilitates their implementation and ensures that their impact is effective and measurable.

Dublin is Ireland's only internationally comparable metropolitan area. A series of recent reports highlighted the importance of the Dublin City Region in attracting talent and investment, stimulating national growth and enhancing competitiveness. The development and growth of a dynamic enterprise sector in Dublin City Region is central to the well being not only of the people of Dublin, but of the country as a whole.

The speed and depth of the current recession has had a very significant impact on the economy at regional, national and international levels. While Dublin's competitiveness is improving as a result of the current downturn, challenges associated with a high cost base continue. The rise in unemployment and the downturn in demand have had a severe impact on the public finances and on the income of the Local Authorities.

The general consensus is that the upturn will be export led as international business and consumer markets recover.⁵ For this reason improved competitiveness of Dublin based businesses will be vital if they are to avail of the opportunities presented by improved conditions in export markets.

The strategy is designed to harness the relevant public and private resources to support enterprise in meeting the current challenges, while fostering a more competitive and dynamic enterprise base.

The Government has set out a Framework for Economic Renewal to address the current economic challenges and to build a *Smart Economy* with a thriving enterprise sector, high quality employment, secure energy supplies, an attractive environment and first class infrastructure.⁶

⁵ *"The ability of Ireland to protect the gains in living standards of recent decades and to secure future increases rests on our ability to succeed as competitive exporters of high quality goods and services on international markets.....Despite the harsh operating environment at present, targeting export-led growth is the correct and only sustainable longer term strategy to maintain living standards and secure long-term prosperity"* Section 1.2.2 page 10/11, Annual Competitiveness Report:2009, Forfás, NCC, August 2009

⁶ *Building Ireland's Smart Economy, A Framework for Sustainable Economic Renewal*, Department of the Taoiseach, December 2008

The challenge will be to ensure that the key actions to which the Government is committed in the Smart Economy programme are implemented and that the Dublin City Region becomes the *Smart Capital* underpinned by a thriving, dynamic and innovative enterprise sector.

SECTION 2: KEEPING THE SPOTLIGHT ON ENTERPRISE IN THE DUBLIN CITY REGION

The consultative process brought a range of people of goodwill together across public and private institutions to focus on the development of the enterprise sector in the Dublin City Region, to confront the current challenges and to build for the future. The challenge is to continue to harness this spirit of cooperation and coordinated action from a range of stakeholders for the benefit of enterprise across the Dublin City Region.

To meet this objective it is recommended that the Dublin Local Authorities (DLAs) should immediately establish a **Dublin Enterprise Forum** which will create a common sense of purpose and identity for those interested in enterprise development across the Dublin City Region.

A template for the **Dublin Enterprise Forum** is the very successful IFSC Clearing House Group, which focuses on the development of the international financial services industry in Ireland, in particular the International Financial Services Centre. The IFSC Clearing House Group has clearly demonstrated its effectiveness through the success of the IFSC and the wider financial services sector. The high calibre of the members, their single focused commitment to driving forward a common agenda, and their pooling of resources and expertise to this end have all contributed to this success.

In a similar manner it is suggested that **Dublin Enterprise Forum** be established with a clear focus in respect of the Dublin City Region:

- To make Dublin the SMART Capital of Ireland,
- To further improve competitiveness and the environment for enterprise,
- To harness entrepreneurial potential,
- To strengthen the SME sector , and
- To maximise the potential of FDI investment.

Its concern will be to provide a single focus and a means of coordinating the actions and activities across public and private agencies and organisations with a view to reducing duplication, improving coordination and providing a means of more effectively leveraging limited resources.

With the establishment of the **Dublin Enterprise Forum** the DLAs will be providing leadership to drive the economic development of Dublin City Region and demonstrating that a responsive public sector can champion enterprise in an effective manner.

In a manner similar to that of the IFSC Clearing House Group, the **Dublin Enterprise Forum** should meet regularly and may establish sub groups from time to time to address particular issues. These should be time bound, issue specific, and bring together a small group of relevant people. Their method of working should be collaborative, solution driven and they should report to the **Dublin Enterprise Forum**. It must be emphasised that these are not *talking shops*.

Given the extreme urgency attaching to finding a solution to the challenges associated with access and availability of finance, which have been made more difficult in the current environment, it is recommended that a Finance subgroup (**Finance Dublin**) be established as soon as possible.

The single focus of **Finance Dublin** is to improve access to debt and equity finance for new and existing businesses and to provide appropriate solutions. **Finance Dublin** should be mindful of the work being carried out on a national basis by various groups in this area, particularly that of the Credit Supply Clearing Group⁷ within the Department of Enterprise, Trade and Employment, and seek to link into them.

Finance Dublin should report within six months and recommend solutions to **Dublin Enterprise Forum** as they are identified.

SECTION 3: DEVELOPING A COMPETITIVE AND CONDUCTIVE ENVIRONMENT FOR ENTERPRISE IN DUBLIN

The objective is to enhance the nature of the environment in the Dublin City Region so that it becomes more competitive and a more conducive environment in which a dynamic enterprise sector may thrive. The challenge is to recognise the strengths of the Dublin City Region as they relate to

⁷ The Tánaiste and Minister for Enterprise, Trade and Employment, Mary Coughlan, T.D., together with the Minister for Finance, Brian Lenihan, T.D., established the Credit Supply Clearing Group earlier this summer to identify specific patterns of events or groups of cases where the flow of credit to viable businesses appears to be blocked. The Group includes representatives of small business, the banks and the enterprise development agencies. Although the Group cannot act as an appeal mechanism for individual cases of credit refusal, it is charged with seeking to identify credit supply solutions relating to any patterns identified. Information provided by businesses will inform and assist this work. On 28 August 2009, the Department of Enterprise, Trade and Employment announced that it was calling for submissions from viable businesses that have been refused credit by banks. Such businesses, where the flow of credit appears to be blocked, can now send their details to a dedicated e-mail contact point at the Department.

enterprise and to further strengthen these; to be clear about where the challenges lie; and to take focused measures to address these in an effective manner.

There is a general agreement that, while Dublin's competitive position has weakened in recent years, the Dublin City Region retains a wide range of important strengths. The challenge is to further build on these strengths while addressing the perceived weaknesses.

The Dublin Local Authorities can address some of these concerns directly themselves, and by inviting the relevant stakeholders to join the **Dublin Enterprise Forum** can facilitate their working together to create a conducive and more competitive environment for new and existing Irish and FDI enterprises across the Dublin City Region.

Section 7.4 sets out an agenda for improving competitiveness and the environment for enterprise for consideration by the Dublin Enterprise Forum. These agenda items are further elaborated upon in Appendix 3.

SECTION 4: HARNESSING ENTREPRENEURIAL TALENT

The establishment of new businesses can bring many benefits to the Dublin City Region and can enrich the base of SMEs while adding to competitiveness, innovation and employment creation.

The objective is to ensure that there continues to be sufficient numbers of new and emerging entrepreneurs across the region and that the entrepreneurial potential of all those living in the Dublin City Region is harnessed. The objective goes beyond this and aims to make Dublin a world class environment in which to start and grow a business with a thriving entrepreneurial culture so that its attractiveness as a place to start a business appeals to those not currently resident in the region, including entrepreneurs from other countries.⁸

The Dublin City Region has the highest *number* of entrepreneurs in the country and compares reasonably well with other European cities. It compares less well, however, with other regions in Ireland and with a range of global cities in terms of the rate of entrepreneurial activity among its adult population. Accordingly, there would appear to be further entrepreneurial potential within the Dublin City Region, which is currently untapped.

⁸ The attributes of a Smart Economy include a thriving entrepreneurial culture and an attractive incubation environment for European Entrepreneurs. *Building Ireland's Smart Economy, A Framework for Sustainable Economic Renewal*, Department of the Taoiseach, December 2008 Page 28

Segments of the population in which entrepreneurial potential would appear to exist include the following:

- Women
- Those aged 50+
- Among immigrants and returning Irish
- Recently unemployed/redundant people

Dublin is well placed to nurture innovative, ambitious entrepreneurs given the city region's strong knowledge economy assets. The commercialisation of research out of the third level institutions is a major challenge and has become a strong focus of policy and concerted efforts in recent times. The recently announced alliance between UCD and Trinity College is a welcome development in this regard. The growth of traded services on international markets in recent years also offers considerable potential for new export oriented entrepreneurs with significant growth aspirations.

A thriving entrepreneurial culture is recognised as one of the hall marks of a Smart Economy.⁹ In this respect Dublin is starting from a strong position. The area that causes most concern to the new entrepreneurs in Dublin relates to the funding of their new venture.

The Dublin City Enterprise Board is to be commended on its initiative in centralising the various sources of information available to entrepreneurs in Dublin. The visibility of its website,¹⁰ however, needs improving and pathways within the web site required to allow different types of entrepreneurs with different needs to more quickly identify what he/she is looking for and the supports available.

Entrepreneurs need a coherent and coordinated process of support. There is a clear need to achieve real cooperation by the different actors involved in the Dublin City Region in order to develop and support entrepreneurs in a visible, effective and coherent manner.

There is a general agreement on the need to harness the entrepreneurial talent of the Dublin City Region to the greatest extent possible.

To achieve this objective, the coordinated and collaborative actions of many players within the private and public sectors are required. By their establishment of the **Dublin Enterprise Forum**, the

⁹ The Attributes of the Smart Economy, page 28, *Building Ireland's Smart Economy, a Framework for Sustainable Economic Renewal*, December 2009,

¹⁰ www.dcebenterpriseguide.com

Dublin Local Authorities (DLAs) can bring all the various players together across a range of organisations to ensure that entrepreneurship is appropriately fostered and supported so that the benefits of entrepreneurial success benefit the entire city region.

Section 7.5 sets out an agenda for consideration by the **Dublin Enterprise Forum** in respect of harnessing the entrepreneurial talent of the Dublin City Region. These agenda items are further elaborated upon in Appendix 3.

SECTION 5: STRENGTHENING SMALL BUSINESSES

The importance of the SME sector was highlighted in the Report of the Small Business Forum which declared that *Small Business is Big Business*. The reasons given for this assertion were based on the following economic and social contribution of small businesses:¹¹

- Contribution to employment
- Contribution to Gross Value Added (GVA)
- Contribution to Revenue
- Contribution to social and economic infrastructure
- Incubator to large firms of the future

The performance of the small business sector is an important contributor to the overall quality of life and standard of living in the Dublin City Region.

The objective is to identify the challenges facing small businesses in the current environment and to understand the influencing factors in order to create the conditions and provide the supports that will enable SMEs to grow and prosper in the Dublin City Region.

The current recession is putting particular pressures on the existing SME base which, accordingly to the Small Business Forum, had already been facing challenges.¹² Given the pressure to reduce prices to try to retain sales,¹³ a major priority for existing small businesses is reducing costs. The current fall-off in demand and difficulties in getting paid on time, is leading to pressure on cash flows as additional credit is not available for many businesses. The fall in the value of sterling is a significant

¹¹ *Small Business is Big Business*, Report of the Small Business Forum, May 2006, Section 1.6, Page 5 The majority of small companies (95%) are Irish owned.

¹² *Small Business is Big Business*, Report of the Small Business Forum, May 2006, Section 2.3, Page 13

¹³ Improved productivity and competitiveness should result, although margins and profitability will be severely affected in the short term.

challenge, particularly for indigenous exporters who are focused on the UK market, and compete against UK firms in other markets.¹⁴

Rising to the competitiveness challenge will require small firms to increase their efficiencies and lower their costs. The difficulty they have is that not all of the costs are under their control.

The recent boom and bust cycle in the construction sector has had a major impact on small firms and employment in the sector. The environment for the remaining firms is particularly difficult at present with the slowdown in construction related activity continuing.

Many small independent retail shops are disappearing across the Dublin City Region. While this reflects the market in operation, it begs the question of whether in 5-10 years time the unrestricted operation of market forces will turn Dublin into a boring clone of any midsized UK provincial city.

The Small Business Forum recognised that the level of general management skills in small Irish businesses is generally poor. There is no reason to suggest that management practises in Dublin based SMEs are different in this respect, as they share many of the same characteristics. The training budgets of Fás, Skillnets and other providers of training to existing businesses have been severely curtailed, however, in recent months.

Many SMEs do not see the relevance of innovation to their individual businesses. Moreover, the confidence of owner managers has been severely affected in recent times¹⁵ and a short term focus on survival is preventing many firms from seeking out opportunities and positioning to develop their long term potential for growth.

There is a general agreement that the SME sector is under extreme pressure at present and that urgent action is required to strengthen these companies given their employment, revenue and social contribution to the economy of the Dublin City Region.

¹⁴ Annual Competitiveness Report 2009, Volume 1: Benchmarking Ireland's Performance, August 2009, Section 1.2.2 page 11

¹⁵ SFA Summer Business Sentiment Survey (June 2009) revealed that small businesses remained under serious pressure although the pace of deterioration seemed to be slowing; 74% rated the overall business environment as 'poor' or 'very poor'; 42% were less confident about their own business than 3 months previously; 50% expected to restructure, decrease in size or close down in the following 3 months; and only 47% expected to maintain current employment.

To achieve this objective, the coordinated and collaborative actions of many players within the private and public sectors are required. By their establishment of the **Dublin Enterprise Forum**,¹⁶ the Dublin Local Authorities (DLAs) can bring all the various players together across a range of organisations to ensure that the concerns of the SME are brought to the fore, innovative solutions are found to address their current difficulties in a way that ensures the survival of the greatest number and positions them for growth in the future.

Section 7.6 sets out an agenda for consideration by the **Dublin Enterprise Forum** in respect of strengthening the small firms sector of the Dublin City Region. These agenda items are further elaborated upon in Appendix 3.

SECTION 6: MAXIMISING THE POTENTIAL OF FDI FOR DUBLIN

The Dublin City Region has been a successful magnet for IDA supported Foreign Direct Investment (FDI) and has developed as a significant centre for international trade. Employment in IDA supported companies in the Dublin City Region recorded significant growth over the last decade. The Dublin City Region is now the location of almost half of all IDA supported companies (48%) and 38% of all IDA supported employment in the country,¹⁷ which is located throughout the Dublin City Region.

Dublin, as the only internationally comparable metropolitan area within the country, is often the only Irish base under consideration by mobile FDI, alongside international locations of comparable or larger scale. As a relatively small city by international standards,¹⁸ it is important that the attractiveness of the Dublin City Region is further enhanced to ensure that it remains a competitive location for such investments.¹⁹

The objective is to maximise the potential which FDI offers to the Dublin City Region by creating an environment in which companies from overseas can locate and run profitable businesses, which is attractive to new mobile investment and provides a base for existing companies to further deepen and strengthen their activities.

In order to continue to promote the attractions of the Dublin City Region to new and existing client companies, the Region must have a range of factors available within a competitive environment. IDA

¹⁶ Details of the **Dublin Enterprise Forum** and its associated sub groups are outlined in Section 7

¹⁷ Source IDA. The figures relate to 2008.

¹⁸ Dublin is the 76th smallest city region in the top 77 metro regions in the OECD
http://www.oecd.org/document/2/0,2340,en_2649_34413_37801602_1_1_1_1,00.html

¹⁹ Dublin as the only internationally comparable metropolitan area within Ireland and is the magnet for many companies from overseas considering locating within a metropolitan city area.

Ireland works with a range of other stakeholders to ensure that the necessary factors are in place for the Dublin City Region. The IDA has appointed a manager for the Dublin City Region who is responsible for liaising with all the appropriate Departments, Authorities and Agencies with this objective in mind.

IDA Ireland's strategy for Dublin is as follows:

- Progress the development of a knowledge economy in order that Dublin City Region can compete both nationally and internationally for foreign direct investment;
- Work with the existing client base in Dublin City Region to encourage them to expand and diversify into higher added value added;
- Act as a broker with the higher education authorities, key client companies and Science Foundation Ireland, to encourage further research and development;
- Provide modern property solutions with supporting infrastructure;
- Work with the local authorities and other relevant agencies to influence the delivery of the necessary infrastructure in the Dublin City Region.

Maximising the potential of Foreign Direct Investment (FDI) for Dublin will entail a strengthening of the existing base of FDIs and a positioning of Dublin as a magnet for new FDI. Accordingly, IDA Ireland as the agency charged with the attraction and development of FDI will be invited to join the **Dublin Enterprise Forum**. In carrying out its remit, IDA Ireland will continue to liaise as and when required with relevant stakeholders in order to maximise the potential of FDI for the Dublin Region. Section 7.7 contains further details in this regard. These details are further elaborated upon in Appendix 3.

SECTION 7: DRIVING IMPLEMENTATION

In order to drive implementation the **Dublin Enterprise Forum** is to be established with very clear objectives in respect of the Dublin City Region.

Section 7 sets out the points which the Chairman and members of the **Dublin Enterprise Forum** may wish to consider as they approach the task of achieving these objectives. Further details on each of these points are contained in Appendix 3.

The task of the **Dublin Enterprise Forum** is to coordinate activities in a way that eliminates duplication, dispels confusion and provides effective services to entrepreneurs, SME owner

managers and FDI corporations in a manner that positions Dublin City Region as a competitive location of choice for new and developing businesses.

The single focus of **Dublin Finance**, which will be a sub group of the Dublin Enterprise Forum, is to improve access to debt and equity finance for new and existing businesses and to provide appropriate solutions.

The benchmarking already underway will provide important base line data across a range of measures whereby the success of this enterprise strategy and the work of the **Dublin Enterprise Forum** can be tracked.

It is recommended that the four DLAs formally adopt this enterprise strategy for the Dublin City Region without delay, establish the **Dublin Enterprise Forum** and its associated **Dublin Finance** sub group within weeks and make a real start on drawing together all the various parties focused on the further development of a competitive and dynamic enterprise sector in the Dublin City Region. The benefits of which will be felt throughout the country.

Section 1: Establishing the Context

1.1 Introduction

The Local Authority Managers of Dublin City, Dun Laoghaire Rathdown, Fingal and South Dublin have recently launched an Economic Development Action Plan for the Dublin City Region.²⁰ This Plan sets out to position the Dublin City Region, the engine of growth of Ireland's economy, as a significant hub in the European knowledge economy, through a network of thriving spatial and sectoral clusters, providing a magnet for creative talent and investment.

The Economic Development Action Plan establishes the framework conditions of strong civic leadership, the creation of a vibrant place and the nurturing, attraction and retention of creative people in order to support a balanced and sustainable quality of life and environment in the Dublin City Region.²¹ A dynamic and healthy enterprise sector is an essential driver of economic wellbeing and growth that will underpin the attainment of these desirable characteristics of a modern and vibrant metropolitan region. Accordingly, the development of an Enterprise Strategy for the Dublin Region is one of the actions specified in the Action Plan.²²

The Dublin City and County Enterprise Boards were asked, on behalf of the Dublin Regional Authority and the four DLA managers, to facilitate the development of an Enterprise Strategy for the Dublin City Region. Paula Fitzsimons, Fitzsimons Consulting, was appointed to carry out extensive consultations with entrepreneurs, experts and major stakeholders active in the development of enterprise in the Dublin Region²³ and, informed by these consultations, to develop an appropriate strategy. The intention in carrying out an extensive consultation process was to develop a single sense of purpose and commitment towards the development of enterprise in the Dublin City Region, the development of recommended actions with regard to how this mission might be achieved, and coherence in their implementation by the various players.

²⁰ The Action Plan was launched on 29 July, 2009.

[http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res\[1\].pdf](http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res[1].pdf)

²¹ *Economic Development Action Plan for the Dublin City Region*, July 2009, Figure 2: Framework for Action in the City Region, page 14

[http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res\[1\].pdf](http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res[1].pdf)

²² 3.1 *Identify key enterprise supports and agree multi agency delivery*, third project, page 39, Economic Development Action Plan.

[http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res\[1\].pdf](http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res[1].pdf)

²³ A full list of those consulted is included in Appendix 2

The Enterprise Strategy has been developed in a manner that takes account of the views and opinions of those consulted; the imperative to develop a vibrant enterprise base in the Dublin Region; and is mindful of competitiveness issues and the challenges that will be posed by the local, national and international environment in which those businesses will operate in the short and medium term.

It focuses in particular on the imperative to harness entrepreneurial talent for the region, to strengthen the existing SME base and to deepen the commitment of existing Foreign Direct Investment (FDI), while acting as a magnet for further knowledge intensive mobile FDI. Based on an analysis of what is required to achieve this, actions are proposed in a manner that facilitates their implementation and ensures that their impact is effective and measurable.

1.2 The Importance of Dublin

In *Developing a Knowledge City Region*,²⁴ the Dublin Chamber cites international experience that the competition for investment and employment in high value added activities is not between countries, but between city regions. This underlines the importance of Dublin as Ireland's only internationally comparable metropolitan area. Dublin Chamber believes that among Irish cities, the Dublin City Region has unique potential, in terms of resources, skills, people and infrastructure to develop a knowledge City Region capable of competing on the global stage, which in turn will stimulate national growth and demonstrate Ireland's commitment and capacity to deliver on innovation investment.

More recently, a Forfás/NCC report highlighted the important role that cities play in driving economic growth and enhancing regional and national competitiveness.²⁵ It highlighted the fact that Dublin is Ireland's only city of international scale and that, while the Dublin City Region may appear dominant in a national context,²⁶ at an international level Dublin is a small city on the margins of northwest Europe.²⁷ Accordingly, the case is strongly made that Dublin's continued success is critical for the performance of the country as a whole and should be actively supported in national and regional policy.

²⁴ *Developing a Knowledge City Region, A Ten Point Plan*, Dublin Chamber of Commerce, February 2008

²⁵ *Our Cities: Drivers of National Competitiveness*, Forfás/National Competitiveness Council, April 2009

²⁶ Nearly 40% of the State's population resides in the Dublin City Region, which accounts for 10% of the State's land. The Dublin City Region also accounts for over four out of every ten jobs, just under half of all goods and services produced and nearly half of Ireland's tax revenue. Source: Dublin Chamber profile of the Dublin Economy. The population of the City Region is projected to rise by up to 250,000 by 2013 and 440,000 by 2021. By 2030, it is projected that anything up to half of the state's population could be based in the Dublin City Region. Source *DIT, The Futures Academy, 'Twice the Size', March 2008*

²⁷ Of the 78 cities in the OECD report, Dublin ranks as the second smallest in terms of population levels – despite the significant population growth in recent years. *Competitive Cities in the Global Economy*, Territorial Review, OECD, 2006

What is quite apparent is that it is not, as it is frequently portrayed - Dublin versus the rest - but rather Dublin's well being contributing to the well being of the entire country. *The principle guiding regional development should be about maximising the inherent growth potential of each region, not re-directing economic growth away from Dublin*²⁸ – Dr. Don Thornhill, Chairman, NCC.

1.3 The Economic Challenges

The speed and depth of the current recession has had a very significant impact on the economy at regional, national and international levels. It has resulted in a collapse of the property sector and a dramatic loss of confidence, falling demand, and tightened credit. This in turn has led to rising unemployment, lower tax revenues, and increased social welfare payments. Combined this has had a devastating impact on the state of the public finances.

A seismic shift has taken place over the last eighteen months in the economic outlook, consumer and business confidence, levels of demand, availability of finance and the labour market. To take just one example, eighteen months ago with a focus on growth, the challenge facing many employers was how to recruit and retain staff in a tight labour market. Now for many businesses focused on the domestic market, the challenge has switched to one of survival, trying often unsuccessfully to retain experienced and loyal staff, when customers seem to have faded away and a shortage of cash threatens the very existence of the business.²⁹

While Dublin's competitiveness is improving as a result of the current downturn, as prices of certain goods and services are lowered, challenges associated with a high cost base continue.

The rise in unemployment and the downturn in demand have had a severe impact on the public finances and on the income of the Local Authorities. The latter must contend with a shrinking income base at the same time as increased demands for major infrastructural investment and enhanced services.

²⁸ Dr. Don Thornhill, Chairman, NCC presenting to Dublin Chamber, March 2007

<http://www.dublinchamber.ie/Uploads/Thornhill-DublinChamber.pdf>

²⁹ On 6 August 2009 the Tánaiste and Minister for Enterprise, Trade and Employment, Ms. Mary Coughlan, T.D., announced a €250 million scheme to protect up to 27,400 vulnerable jobs in the productive sector of the economy. The Employment Subsidy Scheme (Temporary) will provide a subsidy of €9,100 per employee over fifteen months to qualifying exporting enterprises in the manufacturing and/or internationally traded services sectors, which employ 10 or more persons. Qualifying enterprises must be judged vulnerable in the current economic climate but viable in the medium to long term, with such analysis being coordinated by Enterprise Ireland. The scheme is being introduced, in the context of rising unemployment, to assist in the retention of jobs and to help retain the economy's export potential.

Few economists are optimistic that Ireland will emerge from the current downturn in the near future, noting that the recession is deeper here than it is in most other countries.³⁰ The general consensus is that the upturn will be export-led as international business and consumer markets recover.³¹ For this reason improved competitiveness of Dublin based businesses will be vital if they are to avail of the opportunities presented by improved conditions in export markets.

1.4 Supporting Enterprise in Meeting These Challenges

The development of this enterprise strategy for the Dublin City Region is timely as many businesses are experiencing great difficulties at present, due to the current economic environment both within Ireland and on international markets. The strategy is designed to harness the relevant public and private resources to support enterprise in meeting the current challenges, while fostering a more competitive and dynamic enterprise base. The first tentative signs of economic recovery are becoming apparent in some countries. The enterprise strategy is designed to position Dublin based enterprises to avail of new opportunities for development and growth as they emerge.

1.5 The Potential of the SMART Economy for Dublin

The Government has set out a Framework for Economic Renewal to address the current economic challenges and to build a *Smart Economy* with a thriving enterprise sector, high quality employment, secure energy supplies, an attractive environment and first class infrastructure.³² The Smart Economy combines the successful elements of the enterprise economy with the innovation or *ideas* economy while providing a high quality environment, improving energy security and providing social cohesion.

Several of the specified key actions have particular relevance for Dublin, for example

³⁰ **The Economist Intelligence Unit**, for example says that the extent of downside risk to the Irish economy is without precedent. It is predicting at least four successive years without economic growth. The EIU is predicting that the economy will suffer depression-type conditions during 2009-10, because of the collapse in the construction sector and depressed private consumption. **The ESRI** is forecasting a 7.9% decline in GDP and an 8.9% decline in GNP in 2009. (ESRI, Quarterly Economic Commentary, summer 2009). This compares poorly with forecasts by the **International Monetary Fund (IMF)** for the US (-2.6%), the UK (-4.2%) and the euro zone (-4.8%) (IMF, World Economic Outlook, July 2009). **The National Competitiveness Council (NCC)** notes that while Ireland's exporting sectors are performing relatively well in terms of exports and employment retention, predicts that it is unlikely that the Irish economy will return to growth in the near future. Section 1.2.9 page 17, *Annual Competitiveness Report, 2009*, Forfás, NCC, August 2009

³¹ *"The ability of Ireland to protect the gains in living standards of recent decades and to secure future increases rests on our ability to succeed as competitive exporters of high quality goods and services on international markets.....Despite the harsh operating environment at present, targeting export-led growth is the correct and only sustainable longer term strategy to maintain living standards and secure long-term prosperity"* Section 1.2.2 page 10/11, *Annual Competitiveness Report:2009*, Forfás, NCC, August 2009

³² *Building Ireland's Smart Economy, A Framework for Sustainable Economic Renewal*, Department of the Taoiseach, December 2008

- **Re IFSC:** *A range of measures will be introduced to re-invigorate the international financial services industry including: reform of the legislative framework for financial services in Ireland, support for a targeted up-skilling programme for the industry to enhance the skill base necessary to attract and retain investment; increased support for Research, Development and Innovation activity; extending the number of double taxation treaties; and vigorous promotion targeting new opportunities in areas such as specialist leasing, pensions, technology development and sovereign wealth funds.*³³

Other key actions are of a more general nature but have particular relevance to Dublin given the concentration of population, of Irish and FDI enterprises, and third level colleges that are present in the City Region.

For example Action Area 2 *Building the Ideas Economy – Creating the “Innovation Island”* contains specific key actions designed to make Ireland an innovation and commercialisation hub³⁴ – a country that combines the features of an attractive home for innovative multinationals, while being a highly attractive incubation environment for the best entrepreneurs from Ireland and overseas. There is a commitment to explore and pursue opportunities in international services including Tourism, International Education, Construction, the Maritime sector, Arbitration and Digital Trade Facilitation and the management of Intellectual Property (IP). There is also a stated commitment to use research funding through SFI, Enterprise Ireland and IDA to instil a commercialisation culture in third level institutions alongside the now embedded teaching and research culture.

Dublin City Region is very well placed to benefit from further developments in these areas.

The Economic Development Action Plan for the Dublin City Region³⁵ for its part includes a specific focus on support for the creation of an innovation eco system identified in the Government’s Smart Economy programme in relation to an International Digital Services Centre in Dublin, and on

³³ Action Area 1: Meeting the Challenge - Securing the Enterprise Economy and Restoring Competitiveness, page 6

³⁴ These include the creation of a new venture fund, to support early stage R&D intensive SMEs, more favourable tax treatment of the carried interest of venture capital, further incentives to the multinational community to intensity innovative, high value activity and technological convergence, fiscal incentives to encourage entrepreneurship, business, creation and employment creation, among a range of other key actions.

³⁵ 3.5 *Investigate the creation of an International Digital Services Centre (Similar to the IFSC)*, page 41, Economic Development Action Plan for the Dublin city Region, July 2009. [http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res\[1\].pdf](http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res[1].pdf)

identifying the challenges experienced by international students in considering Dublin as a city of choice and seeking to address these.

The challenge will be to ensure that the key actions to which the Government is committed in the Smart Economy programme are implemented and that the Dublin City Region becomes the *Smart Capital* underpinned by a thriving, dynamic and innovative enterprise sector.

1.6 The Focus of the Enterprise Strategy

Enterprise is a cornerstone of a successful thriving city and has positive effects both economically and socially, as enterprise performance and innovation are directly related to the effort to achieving sustainable improvements in living standards and quality of life.³⁶ Accordingly, the development and growth of a dynamic enterprise sector in Dublin is central to the well being not only of the people of Dublin, but of the country as a whole.

A thriving enterprise sector in the Dublin City Region consists of new and established Irish-owned innovative firms with an aspiration for growth, together with new and established knowledge intensive businesses from overseas (FDI). Together they have a key role to play

- In the attainment of the national objective to develop a SMART economy,
- Further contributing to competitiveness in the Dublin City Region through enhanced productivity, innovation and exports.
- While providing employment, consumer choice and business to business goods and services to the benefit of the local economy and the well being of the region as a whole.

The enterprise sector in the Dublin City Region, however, is under significant pressures at present from a variety of sources: loss of competitiveness, decline in demand on local and export markets, tightening credit and challenges in the access and availability of finance. This enterprise strategy has been developed to address these challenges in a way that is mindful of the present context, while providing a clear direction towards recovery and growth.

³⁶ According to the Forfás/NCC report, the other cornerstones are connectivity, sustainability, attractiveness and inclusivity. *Our Cities: Drivers of National Competitiveness*, Forfás/National Competitiveness Council, April 2009, Executive Summary, pages 5-7.

Section 2: Keeping the Spotlight on Enterprise in the Dublin City Region

2.1 Introduction

The consultative process, which was an integral aspect of the development of this strategy for the Dublin City Region, brought a range of people of goodwill together across public and private institutions to focus on the development of the enterprise sector in the Dublin City Region, to confront the current challenges and to build for the future. It was obvious that they shared a sense of common purpose. The challenge is to continue to harness this spirit of cooperation and coordinated action from a range of stakeholders for the benefit of enterprise across the Dublin City Region.

2.2 Dublin Enterprise Forum

To meet this objective it is recommended that the Dublin Local Authorities (DLAs) should immediately establish a **Dublin Enterprise Forum**.

Building upon the positive outcomes of the consultation process, the **Dublin Enterprise Forum** will provide a single focus across the region on the development of enterprise, will circumnavigate the existing fragmentation of many agencies and the variety of stakeholders, and will create a common sense of purpose and identity for those interested in enterprise development across the Dublin City Region. This recommendation is in line with the NCC cities report which cites evidence to the effect that *the key challenge for successful cities has been to develop coordinated policies across existing institutions for tackling problems and developing solutions, rather than the creation of a single citywide governing entity.*³⁷ Enterprising cities are those that recognise business performance and innovation as a key driver of city competitiveness and *pool local resources* to facilitate the growth and development of firms.³⁸

A template for the **Dublin Enterprise Forum** is the very successful IFSC Clearing House Group, which focuses on the development of the international financial services industry in Ireland, in particular the International Financial Services Centre. The Secretary General of the Department of the Taoiseach is the chair of the IFSC Clearing House Group. Among the members are representatives from the international financial services industry, legal and accounting practitioners, public sector

³⁷ *Our Cities: Drivers of National Competitiveness*, Forfás/National Competitiveness Council, April 2009, Section 2, The Governance of Cities is Complex, page 17

³⁸ *Our Cities: Drivers of National Competitiveness*, Forfás/National Competitiveness Council, April 2009, Section 3, Enterprising Cities, page 19

representatives from relevant Departments and agencies, and stakeholders from within the eco system e.g. Financial Regulator, Revenue Commissioners, Stock Exchange, among others.

Although composed of busy people, the IFSC Clearing House Group meets every six weeks and has clearly demonstrated its effectiveness through the success of the IFSC and the wider financial services sector. The high calibre of the members, their single focused commitment to driving forward a common agenda, their pooling of resources and expertise to this end have all contributed to this success.

The IFSC Clearing House Group has four sub groups established³⁹ and a Task Force on Asset Management which address specific issues within the broad area of international financial services. These groups are chaired by relevant industry representatives and the chair of each of these sub groups is a member of the main IFSC Clearing House Group to which it reports on the work of the sub group.

In a similar manner it is suggested that **Dublin Enterprise Forum** be established with a clear focus in respect of the Dublin City Region:

- ✓ To make Dublin the SMART Capital of Ireland,
- ✓ To further improve competitiveness and the environment for enterprise,
- ✓ To harness entrepreneurial potential,
- ✓ To strengthen the SME sector , and
- ✓ To maximise the potential of FDI investment.

Its concern will be to provide a single focus and a means of coordinating the actions and activities across public and private agencies and organisations with a view to reducing duplication, improving coordination and providing a means of more effectively leveraging limited resources.

To ensure that the concerns of enterprise are brought to the heart of **Dublin Enterprise Forum** and become its guiding principle, it is suggested that the chair of the Dublin Enterprise Forum be an outstanding enterprising individual from the private sector committed to the development of the Dublin City Region. Membership of the **Dublin Enterprise Forum** should be made up of other enterprising individuals, relevant Departments, agencies, the third level sector and private sector representative organisations. Public and private nominations to the **Dublin Enterprise Forum** should be at a very senior level.

³⁹ Banking and Treasury, Funds, Insurance and Pensions

When available, the offices of the newly elected mayor of the Dublin City Region should host the **Dublin Enterprise Forum**. In the meantime the **Dublin Enterprise Forum** should be hosted by a central unit of the DLAs, rather than by any one Local Authority, as it must be seen to represent the entire region, while being mindful of priorities and differences across the four Local Authority areas.

In this way, the DLAs can give a focus to the development of enterprise in the Dublin City Region, bring all the various players together, influence a range of actions and monitor the success of initiatives to ensure that enterprise is appropriately fostered and supported in a manner that benefits the entire city region. With the establishment of the **Dublin Enterprise Forum** the DLAs will be providing leadership to drive the economic development of Dublin City Region and demonstrating that a responsive public sector can champion enterprise in an effective manner.

In a manner similar to that of the IFSC Clearing House Group, the **Dublin Enterprise Forum** should meet regularly and may establish sub groups from time to time to address particular issues. These should be time bound, issue specific, and bring together a small group of relevant people. Their method of working should be collaborative, solution driven and they should report to the **Dublin Enterprise Forum**. It must be emphasised that these are not *talking shops*.

Given the extreme urgency attaching to finding a solution to the challenges associated with access and availability of finance, which have been made more difficult in the current environment, it is recommended that a Finance subgroup (**Finance Dublin**) be established as soon as possible.

2.3 Finance Dublin

The **Finance Dublin** sub group should ideally be established at the same time as the establishment of the **Dublin Enterprise Forum**. **Finance Dublin** will report to the **Dublin Enterprise Forum** and the chair of **Finance Dublin** should be a member of the **Dublin Enterprise Forum**.

Membership of **Finance Dublin** would consist of key influencers including the banks, micro lenders (credit unions, First Step), development agencies and representative organisations as appropriate. A well respected accountant or other suitable third party, with an understanding of the needs of enterprise on the one hand and the workings of the financial sector on the other, should be asked to chair **Finance Dublin**. The method of working will be collaborative and solution driven, not confrontational. **Finance Dublin** should be mindful of the work being carried out on a national basis

by various groups in this area, particularly that of the Credit Supply Clearing Group⁴⁰ within the Department of Enterprise, Trade and Employment, and seek to link into them.

The single focus of **Finance Dublin** is to improve access to debt and equity finance for new and existing businesses and to provide appropriate solutions.

Finance Dublin should report within six months and recommend solutions to **Dublin Enterprise Forum** as they are identified.

⁴⁰ The Tánaiste and Minister for Enterprise, Trade and Employment, Mary Coughlan, T.D., together with the Minister for Finance, Brian Lenihan, T.D., established the Credit Supply Clearing Group earlier this summer to identify specific patterns of events or groups of cases where the flow of credit to viable businesses appears to be blocked. The Group includes representatives of small business, the banks and the enterprise development agencies. Although the Group cannot act as an appeal mechanism for individual cases of credit refusal, it is charged with seeking to identify credit supply solutions relating to any patterns identified. Information provided by businesses will inform and assist this work. On 28 August 2009, the Department of Enterprise, Trade and Employment announced that it was calling for submissions from viable businesses that have been refused credit by banks. Such businesses, where the flow of credit appears to be blocked, can now send their details to a dedicated e-mail contact point at the Department.

Section 3: Developing a Competitive and Conducive Environment for Enterprise in Dublin

3.1 Introduction

Competitiveness is central to a thriving enterprise base. Enterprise needs an environment which is competitive in terms of its cost base, with competitively priced inputs of goods, services and labour. While cost competitiveness is an important element of competitiveness, it is important to remember that there are a number of other aspects that affect the competitiveness of the Dublin City Region such as the business and regulatory environment, the availability of appropriately skilled and knowledgeable people, access to markets, innovation intensity, good access to quality physical, communications and transport infrastructure among others.⁴¹

It is recognised in the Economic Development Action Plan that improving competitiveness is essential if the economy of the Dublin City Region is to return to full employment within a reasonable time scale. The need to reduce the relative cost of doing business is highlighted together with the continuing need to invest in both labour and productive infrastructure as a means of enhancing competitiveness.⁴²

The NCC cities report suggests that the governance of cities is a key issue for implementing policy actions to achieve competitiveness objectives: *Apart from providing basic public services, which are a necessity for city competitiveness, efficient and innovative local government can be a differentiating factor that ensures that cities are competitive.*⁴³

3.2 The Nature of the Objective

The objective is to enhance the nature of the environment in the Dublin City Region so that it becomes more competitive and a more conducive environment in which a dynamic enterprise sector may thrive. The challenge is to recognise the strengths of the Dublin City Region as they relate to enterprise and to further strengthen these; to be clear about where the challenges lie; and to take focused measures to address these in an effective manner.

⁴¹ This point is illustrated by the National Competitiveness Council (NCC) pyramid which has been developed by the NCC as a framework for understanding competitiveness.

<http://www.competitiveness.ie/aboutus/ourwork/#Framework>

⁴² *Economic Development Action Plan for the Dublin City Region*, July 2009, Introduction, Page 5

[http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res\[1\].pdf](http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Documents/Dublin_Region_Economic_Action_Plan_-_Lo_Res[1].pdf)

⁴³ *Our Cities: Drivers of National Competitiveness*, Forfás/National Competitiveness Council, April 2009, Section 4.2 Improving City Governance, page 35

3.3 Dublin's Strengths

The Dublin City Region has a range of strengths on which to draw in the development of a dynamic enterprise sector.

A magnet for talent and investment: The Dublin City Region, as the only city of international scale within Ireland, has been a magnet for talent and investment with a strong FDI base, which has grown significantly in the last ten years.⁴⁴ One in three of those born outside the State and living in Ireland are resident in the Dublin City Region.⁴⁵ Over the 20 year period (1996-2006) their number increased in the Dublin City Region by 367% compared to 329% for the country as a whole. Diversity in the Region is a key asset, ensuring that the city attracts major projects and talent to the city.⁴⁶

High number of entrepreneurs: Dublin City Region has the highest number of early stage and established entrepreneurs in the country.⁴⁷

A young educated workforce: There are 571,800 people employed in the Dublin City Region, by far the highest number of all regions.⁴⁸ The Region is characterised by a young, well educated workforce with the highest percentage of young workers⁴⁹ and the highest proportion of workers with third level qualifications⁵⁰ of all regions in the country. 49% of all workers in the county with IT/ICT qualifications, 40% of all engineers and architects, and 40% of all science graduates are working in the Dublin City Region.⁵¹ There are a further 154,000 workers in Dublin with other non science/technical third level qualifications. For example, 54% of all those with third level

⁴⁴ 38% (51,674) of permanent employment in IDA supported companies is in the Dublin region. If the neighbouring countries of Meath, Kildare and Wicklow (Mid East which together comprise the Greater Dublin Area) the proportion rises to 47.6% (64,753). Source: IDA

⁴⁵ 206,094 in 2006 Source: CSO

⁴⁶ Source: CSO census figures. The relative attractiveness of Dublin to young people has acted as a pull to entice those with key language, technical and other skills to seek employment in the region.

⁴⁷ Source: *Entrepreneurship in Ireland*, GEM 2008 Annual Report, May 2009. Approximately 9,000 individuals set up new businesses in the Dublin City Region every year. There are a further 45,000 *established entrepreneurs* who set up businesses more than three and a half years ago in the Dublin City Region, which they still own and manage.

⁴⁸ 29% of all those employed in Ireland are employed in the Dublin City Region. In common with the rest of the country, this represents a decline on the numbers employed just a year earlier. In respect of the Dublin City Region, there is a reduction of 48,800 (7.8%) on the same period in 2008. Source: CSO QHNS Q1 2009.

⁴⁹ 48% of workers in the Dublin region are aged 34 or less. This is the highest proportion of young workers in the country. The next highest is the Mid East with 42% of workers in this age category. Source: Analysis by FÁS (SLMRU) based on CSO data.

http://www.skillsireland.ie/media/egfsn090703_national_skills_bulletin.pdf

⁵⁰ 37.6% of workers in Dublin have third level qualifications. This compares with a national average of 30.7%. The regions with the next highest proportion of workers with third level qualifications are the Mid-East (30.6%) and the South West (30.1%). Source EGFSN 2006

⁵¹ Expert Group on Future Skills Needs, 2006

qualifications in business, law and social science graduates are in the Dublin City Region. Moreover, about six out of every ten PhD students graduate from the Dublin City Region.⁵²

Strong knowledge economy assets: The Dublin City Region has a cluster of three universities,⁵³ four Institutes of Technology⁵⁴ and several other third level colleges.⁵⁵ Two of the universities, Trinity College (49th) and UCD (108th), have world-class rankings.⁵⁶ The majority of SFI supported third level research is in the Dublin City Region.⁵⁷

High productivity: Dublin has the highest Gross Value Added (GVA) per capita of all regions in the country. GVA per capita in basic prices increased in Dublin to €43,314 (2004), an increase of 155% from 1995. This is considerably above the national average of €32,501, which represents an increase of 145% over the same period.⁵⁸ The per capita GDP of Dublin is also higher (20%) than the national average.⁵⁹

Sustained high level of exports: The annual value of exports of goods and services from the Dublin City Region in 2008 was €44 billion.⁶⁰ Exports are remaining strong despite depressed demand in international markets.⁶¹

⁵² Source: HEA Includes universities and Institutes of Technology. If NUI Maynooth is included the figure rises to 67%.

⁵³ Dublin City University (DCU), Trinity College Dublin (TCD) and University College Dublin (UCD)

⁵⁴ Blanchardstown IT, Dublin Institute of Technology, Institute of Art and Design, Tallaght IT

⁵⁵ National College of Ireland (NCI), NUI recognised colleges such as National College of Art and Design, (NCAD), Royal College of Surgeons, Institute of Public Administration (IPA) and various third level independent private colleges.

⁵⁶ Source: The Times Higher Education supplement, 2008

<http://www.topuniversities.com/worlduniversityrankings/>

⁵⁷ In 2008 third level institutions in Dublin were awarded 55% of the awards (263 of a total of 479) and 52% of the grants committed (€127,382,000 of €243,548,000) by SFI. Source: Science Foundation Ireland Annual Report and Accounts 2008, Page 35.

⁵⁸ Source: CSO, regional accounts. It should be pointed out that Irish productivity growth performed poorly between 2004 and 2007, according to the NCC National Competitiveness Report 2008.

⁵⁹ *Our Cities Drivers of National Competitiveness*, Forfás/NCC, April 2009, Section 2, Cities are the Key Drivers of National Economic Growth, page 15.

⁶⁰ Source: Irish Exporters Association estimates.

⁶¹ The latest indications from the CSO (August 2009) are that Irish exports continued to hold up well in June driven in the main by strength in the medical, pharmaceutical and chemical fields. On a seasonally adjusted basis exports were 5% stronger in June than the previous month. When seasonally adjustments are stripped out, the value of exports in June was €7.6 billion, up 6.1% on a year earlier. In the first five months of the year exports increased by 2% on the same period in 2008. Following a number of years where internationally trading sectors have underperformed, net exports are currently making a greater contribution to Irish economic growth. (2.73% in 2008 compared with -1.23% in 2005 when expressed in constant prices) Source: European Commission, AMECO Database, June 2009 reproduced as Figure 1.4 in Forfás Enterprise Statistics at a Glance, August 2009.

Well developed clusters: Strong well developed clusters in financial services⁶² and software which have led to a deeper pool of skilled workers, specialised support services and target education and training courses. There have also been positive developments in the Pharma and Bio Tech sectors within the Dublin Region.

Ease of doing business: The ease of doing business in Dublin and the regulatory environment are internationally recognised. For example, Dublin performed particularly well in the dimension '*ease of doing business*,' ranking 6th just behind New York in a relatively recent MasterCard survey.⁶³ In the European Cities Survey by Cushman and Wakefield,⁶⁴ Dublin consistently ranks 1st for 'Best cities in terms of climate Governments create'.

Well developed supports for enterprise: Enterprise Ireland, the four City and County Enterprise Boards,⁶⁵ together with a network of partnership organisations, enterprise centres, incubator facilities on all the third level campuses, among others offer support to new and developing Irish businesses, with IDA Ireland focused exclusively on FDI. The relatively small size of the Dublin City Region means that it is highly networked, with well developed formal and informal business networks.

Conference centres: A new conference centre has recently been completed in City West (South Dublin) and a National Convention Centre⁶⁶ is nearing completion in Dublin city.

Good international connectivity: Dublin City Region is the location of international airport and port facilities. The airport is currently being upgraded with the introduction of a new terminal due for completion in 2010, while the port facilities need further expansion. English-speaking, within the Euro zone, Dublin is well positioned to avail of tariff free access to 480 million consumers throughout the enlarged EU.

Excellent quality of life and destination of choice for many visitors: Dublin ranks 25th of 215 (in top 12%) in the Mercer 2009 Quality of Living Global City rankings, ahead of several major cities

⁶² The Irish Financial Services Centre (IFSC) is one of the top 10 global financial services centres according to the city of London global financial service index (2009)
http://www.cityoflondon.gov.uk/Corporation/LGNL_Services/Business/Business_support_and_advice/Economic_information_and_analysis/GFCI/.

⁶³ <http://www.mastercard.com/us/company/en/insights/studies/2008/wcoc/index.html>

⁶⁴ <http://www.cushwake.com/cwglobal/jsp/newsDetail.jsp?repId=c19400008p&Language=EN&Country=DE>

⁶⁵ Of Dublin City, Dun Laoghaire Rathdown, Fingal and South Dublin

⁶⁶ Accommodating a 2,000-seat auditorium, two 450-seat multi-media halls, exhibition spaces, conference and banqueting halls, the national convention centre makes use of sustainable energy sources and is due for completion in 2010

including Paris (33rd), London (38th), and Barcelona (42nd).⁶⁷ Home to a variety of historical / cultural sites and world class sporting venues, Dublin City Region attracted 5.7 million visitors in 2007 from home and overseas.⁶⁸ Dublin has secured the City of Science for 2012.

Attractive destination for international students: The Dublin City Region is the major destination within Ireland for international students: three in every four international students that come to Ireland to study at third level do so in the Dublin City Region (77%). It is estimated that there are approximately 27,000 international students in higher level education in the Region. The attraction of international students is an important source of foreign income. They represent approximately €140 million per annum in fee income for the third level colleges in the Dublin City Region.⁶⁹ There is potential to attract an even greater number of international students to Dublin through the Dublin Regional Higher Education Alliance collaborative network (DRHEA)⁷⁰ recently established by the third level colleges.⁷¹

It is reported in the Economic Development Action Plan⁷² that the local authorities, perceiving the potential offered by international students to the Dublin City Region, have identified the need to develop policy measures, in consultation with relevant parties,⁷³ to address the challenges experienced by international students considering Dublin as a location of choice with a view to greatly increasing the number of international students that come to study in Dublin.⁷⁴

3.4 Current Challenges Facing Enterprise in Dublin

While the Dublin City Region has many strong features that support the development of a dynamic enterprise sector, certain challenges must be overcome in order to achieve this objective.

⁶⁷ <http://www.mercer.com/qualityofliving>

⁶⁸ The number of tourist visits to Ireland in 2007 was 5,765,000. These were made up of 4,449,000 tourists from overseas, 1,138 domestic tourists and 178,000 from Northern Ireland. The revenue associated with these visits was €1,714 million. Latest figures available are for 2007. Source: Fáilte Ireland www.visitdublin.com/trade

⁶⁹ Source of estimates: Enterprise Ireland

⁷⁰ www.drhea.ie The key deliverable is an increase in the number of international students attending DRHEA institutions, by 2011/12. This will be achieved through the development of a brand: "Destination Dublin", providing a clear and concise message about the shared values that make Dublin an international location of choice for mobile students.

⁷¹ Enterprise Ireland, which supports the colleges in their efforts to attract greater number of international students, is targeting a net increase of 10,000 international students in third level colleges in Ireland by 2015. It is expected that 60%-70% of these additional students would be studying in the Dublin City Region.

⁷² *Economic Development Action Plan*, July 2009, Section 3.6 *Support the attraction of talent through developing Dublin further as an attractive place to live and visit for workers, students and tourist*, second listed project.

⁷³ Creative Dublin Alliance, Dublin Local Authorities, Education Ireland, Enterprise Ireland, Dublin Tourism, International School of Dublin

⁷⁴ This action is being led by Dublin City Council.

Access and availability of finance: SMEs and new enterprises, like those elsewhere in the country, are experiencing significant difficulties around access and availability of finance.⁷⁵ This includes both debt and equity financing. The support available through the development agencies is also constrained in the present environment. SMEs are experiencing particular difficulties with a fall off in demand, and those remaining customers taking longer to pay and putting pressure on working capital resources.⁷⁶ The delays in redundancy rebate claims are adding to the pressures on companies trying to manage their cash flow.⁷⁷ The situation is exacerbated by the more cautious approach to lending apparent in the majority of banks and an increased level of emphasis on both personal guarantees and levels of security.⁷⁸

High cost base: Dublin is a very expensive city region.⁷⁹ Some improvement is apparent in this situation at present particularly as the private sector reduces its prices/charges.⁸⁰ Real issues

⁷⁵ An online survey was conducted amongst clients and contacts of the County and City Enterprise Boards (CEBs) during June 2009. An issue with availability of credit was identified with over half of respondents expressing the view that their business was curtailed by banking restrictions. The most common means of curtailment was by bank overdraft/bank loan restrictions, also additional charges, no processing of loans and higher levels of security. Many respondents considered the effect of the current banking situation on trading and business operation to be serious, with half of respondents indicating that it was either serious (33%) or very serious (17%). Of those who had sought additional credit from a banking institution almost half (47%), said that they had been rejected, while 27% said they had succeeded (with 26% having just applied). <http://www.dceb.ie/download/1/CreditCrunchSurveyReportJune09.pdf> Recent surveys by the SFA and ISME also highlight difficulties being encountered by SMEs in this area.

⁷⁶ Average debtor days for businesses have tripled since last year, according to a Dublin Chamber survey (August 2009). The survey of Dublin businesses has found that the average length that it takes to get paid for the goods or services provided has increased from 30 days in the summer of 2008 to 90 plus days.

⁷⁷ *Restoring stability in the banking system is part of the picture, but Government can also help by ensuring that it pays on time. In particular, it should ensure that payments to businesses, which are already in trouble and have been forced to make some staff redundant in order to survive, are still waiting for their Government rebate six months on. It seems inane to make companies that are already in difficulty wait this long* - Gina Quin, Dublin Chamber Chief Executive. The Dublin Chamber indicates that while the Tánaiste has reassignment 19 staff to work on claims, the Department is currently only handling rebate claims from January. The reason cited for the delay is the increased number of claims. The number of employer claims lodged halfway through 2009 exceeds the total number of claims received for the full year 2008.

⁷⁸ *Review of Lending to SMEs*, Mazars, June 2009

⁷⁹ The NCC *Cost of Doing Business in Ireland Survey 2008* reports that of fourteen benchmarked locations, Dublin was ranked second most expensive in the biopharmaceuticals, biotechnology, fund administration and telecommunications software sectors and fourth in business hotels, medical technologies and engineering sectors and fifth in food processing. Dublin's international cost competitiveness had also eroded against middle income cities that Dublin competes with for trade and investment such as Singapore, Budapest and Bangalore. This would appear to be confirmed by the more recent CSO report (August 2009) which indicates that Ireland has become less competitive in the last decade, and notes a significant deterioration in price competitiveness for Ireland vis-a-vis our main trading partners. Appreciation of the Euro against other major currencies contributed to this decline. In 2007, Ireland had the second highest price levels in the EU.

⁸⁰ A recent cost of living survey ranks Dublin as the 25th most expensive of 143 cities, a drop of nine places since 2008: The Worldwide Cost of Living Survey (2009) conducted by consultants Mercer and reported in the Irish Times, July 8, 2009. The Irish Times of 29 June 2009 reported that the price gap between Dublin and the rest of the country is narrowing but residents of the capital still pay 4.4% more for their goods and services, according to the latest price comparison by the CSO. This represents a small narrowing of the gap since the last

remain, however, with energy and telecommunications costs that relate to regulation.⁸¹ The cost of commonly used services is reported to be on average 30 per cent higher in Dublin than in Belfast.⁸² In addition, public sector service costs continue to rise while other costs decline.⁸³ It is generally recognised that businesses are contributing a disproportionate amount of Local Authorities' income.⁸⁴ The commercial rates and development charges remain high even at a time of falling valuations.

The NCC cities report recognises that many of the costs associated with doing business are determined outside the scope of city influence (e.g. labour costs⁸⁵ and locally traded services⁸⁶). The key role of local authorities in determining business costs, however, is highlighted: land and building costs (availability of zoned and serviced land), some utilities (e.g. water⁸⁷ and waste) and local

survey in November 2008, which showed a gap of almost 4.5 per cent, but there are still large differences between the prices of some goods and services between Dublin and the rest of the country. Business property values declined sharply in Ireland generally throughout 2008. The decline slowed through the first quarter of 2009. At the end of March 2009, office and industrial values had declined by 11.2% on the previous quarter. In the same period, retail values declined by 10.3%. Notwithstanding these declines, Irish land and property prices remain high relative to the costs faced by businesses in other countries. Source: *Costs of Doing Business in Ireland, 2009*, Forfás/National Competitiveness Council, September 2009, pages 16 and 29

⁸¹ According to the latest Forfás/ NCC Report, electricity costs in Ireland are among the highest of the benchmarked locations while fixed line telecom are competitively priced, business mobile costs are relatively expensive being three times more expensive than the cheapest European location which is Finland. On broadband services, it is stated that telecommunications providers in Ireland offer a relatively low speed service at a relatively high cost in comparison to providers in other benchmarked countries. *Costs of Doing Business in Ireland, 2009*, Forfás/National Competitiveness Council, September 2009, page 20

⁸² Research carried out by Consumer Choice magazine and reported in Irish Times, 6 August 2009

⁸³ Waste disposal costs for example in Ireland are among the highest of the benchmarked locations. Forfás/National Competitiveness Council, September 2009, page 20

⁸⁴ For example the NCC believes that the current funding model for local authorities is unsustainable and over reliant on direct revenues from enterprise and the central exchequer. *Our Cities: Drivers of National Competitiveness*, Forfás/National Competitiveness Council, April 2009. The Commission on Taxation Report 2009 recommends a new configuration of taxation of property in Ireland, including an annual property tax that would provide recurrent and sustainable revenue for the Exchequer and, in due course, for local government financing. Part 6 Taxation of Property, Section 2.1, Page 157

<http://www.taxcommission.ie/downloads/Commission%20on%20Taxation%20Report%202009.pdf>

⁸⁵ For example, while Irish pay and income levels are moderate when compared to other high income economies, wage inflation in Ireland was running at up to 50% higher than the Euro zone average during the 2004-2007 period. Growth in labour costs slowed significantly in 2008 and average industry earnings grew by 2.8 % in the first quarter of 2009. *Costs of Doing Business in Ireland, 2009*, Forfás/National Competitiveness Council, September 2009, page 29. Ireland ranks fifth and sixth most expensive of the 16 locations benchmarked for labour costs across eight occupations analysed. *Costs of Doing Business in Ireland, 2009*, Forfás/National Competitiveness Council, September 2009, page 8

⁸⁶ If sheltered sectors of the locally traded services sector are not exposed to greater competition, services inflation will continue to outpace the Euro zone average and the cost competitiveness of Irish firms will not improve. *Costs of Doing Business in Ireland, 2009*, Forfás/National Competitiveness Council, September 2009, page 32

⁸⁷ Ireland remains competitive with regard to the cost of water but more certainly needs to be provided to enterprise with regard to the manner in which charges for water and waste water services are calculated. *Costs of Doing Business in Ireland, 2009*, Forfás/National Competitiveness Council, September 2009, page 31

authority charges (rates, planning and development charges). These charges, it is said, can reduce cost competitiveness if they do not reflect the true economic cost of providing services.⁸⁸

Dublin as a high cost location has direct effects on the cost structure of Irish and FDI companies and reduces their competitiveness on both the home and overseas markets. A high cost base has significant implications for the relative attractiveness of Dublin for mobile investment (FDI) from overseas and makes existing operations less competitive compared with other locations within multinational groups. The current strength of the Euro relative to the dollar and sterling further compounds these difficulties.

Increased competition on home and export markets: The report of the Small Business Forum points out that while globalisation and international market liberalisation have opened up many foreign markets to Irish business, they have also resulted in a greater international presence in the Irish locally traded market, where the great majority of Irish small businesses trade. Local businesses in Dublin now have to compete with some of the world's biggest international chains in every sector, from retail and entertainment, to tourism and the professions. These were attracted to the Dublin City Region before the current recession, drawn by strong demand from a growing and relatively wealthy population.

Those Irish businesses trading internationally are competing against companies that can produce products and deliver services at a much lower cost, have globally focused business models and operate with economies of scale unavailable to smaller players.⁸⁹

Issues surrounding planning: Lack of integrated economic, social and infrastructural planning in the past, including issues with urban residential densities in the city, which have resulted in urban sprawl well beyond the city-region, long commuting times for those working in the region, suburban congestion with uncompetitive times to travel set distances⁹⁰ and the development of greenfield sites remote from existing social infrastructure. The planning procedures are associated with perceived uncertainty and inconsistency. Heretofore, there has been no coherent Dublin Region-wide Forum, focused on the enterprise needs of the Dublin City Region, which provided a

⁸⁸ *Our Cities: Drivers of National Competitiveness*, Forfás/National Competitiveness Council, April 2009. Section 3, Cost of Doing Business, page 23

⁸⁹ *Small Business is Big Business*, Report of the Small Business Forum, May 2006, Section 2.1, Page 11

⁹⁰ Section 4 Policy Inputs, Figure 4.31 Average Peak Hour Speeds in Major Cities (Km/per Hour) 2002/03, Page 110, *Annual Competitiveness Report, 2009, Volume 1: Benchmarking Ireland's Performance*, Forfás/NCC, August 2009

coordinated approach to economic, social and infrastructural planning in an integrated and influential manner.

Necessary infrastructural improvements: Decisions are outstanding with regard to certain necessary infrastructural improvements including the expansion of port facilities in the region, the provision of high quality broadband infrastructure (next generation networks) to trial and test bed new and emerging digital media products, and the provision of Metro North. Improvements in the provision of water and waste water are also necessary. In the current budgetary environment, uncertainty continues to surround the public capital programme and the provision of necessary infrastructural improvements.

Reconciling sustainability with profitable enterprise development: The demands placed on the environment by the enterprise sector have to be managed in a way that is sustainable so that the concerns of businesses to run profitable operations are not in conflict with the need to reduce their environmental footprint. Reductions are necessary in the use of non-renewable energy, with lower carbon emissions, a greater conservation of water and less waste generated/more recycled. The challenge is to do this in a manner that is both beneficial for the environment and delivers cost savings for the enterprises concerned.

Less positive culture and social norms: The speed and severity of the current economic and financial crisis has had a profound effect on the psyche of those living and working in the Dublin City Region. Consumer and business confidence has been shattered; uncertainty reigns and people are becoming more insecure and cautious. This negative sentiment is further compounded by the media and unremitting bad news. This has had a knock-on effect on demand and even those with money have stopped buying. A defeatist attitude has replaced the more optimistic “can do” philosophy.

3.5 Further Improving the Environment

Drawing on the views expressed during the consultation process, there is a general agreement that while Dublin’s competitive position has weakened in recent years, the City Region retains a wide range of important strengths. The challenge is to further build on these strengths while addressing the perceived weaknesses.

The Dublin Local Authorities can address some of these concerns directly themselves, and by inviting the relevant stakeholders to join the **Dublin Enterprise Forum** can facilitate their working together to create a conducive and more competitive environment for new and existing Irish and FDI enterprises across the Dublin City Region.

Section 7.4 sets out an agenda for improving competitiveness and the environment for enterprise for consideration by the Dublin Enterprise Forum. These agenda items are further elaborated upon in Appendix 3.

Section 4: Harnessing Entrepreneurial Talent

4.1 Introduction

Entrepreneurship is one of the cornerstones of a modern, fully developed economy and the lifeblood of thriving local economies.⁹¹ The establishment of new businesses can bring many benefits to the Dublin City Region and can enrich the base of SMEs while adding to competitiveness, innovation and employment creation.

4.2 The Nature of the Objective

To tap into the benefits that can flow from a dynamic entrepreneurial environment, the Dublin City Region needs to harness all the entrepreneurial talent available from across the population - men and women, across all age groups, those born here and those more recently arrived. The objective is to ensure that there continues to be sufficient numbers of new and emerging entrepreneurs across the region and that the entrepreneurial potential of all those living in the Dublin City Region is harnessed.

The objective goes beyond this and aims to make Dublin a world class environment in which to start and grow a business with a thriving entrepreneurial culture so that its attractiveness as a place to start a business appeals to those not currently resident in the region, including entrepreneurs from other countries.⁹²

4.3 Is There Untapped Entrepreneurial Potential in Dublin?

To assess whether there is untapped entrepreneurial potential among the adult population of the Dublin City Region, it is necessary to ascertain the rate of entrepreneurial activity in the region, then to assess whether there is untapped potential among the population as a whole or within some segments of it.

⁹¹ *Towards Developing an Entrepreneurship Policy for Ireland*, Forfás, September 2007

⁹² The attributes of a Smart Economy include a thriving entrepreneurial culture and an attractive incubation environment for European Entrepreneurs. *Building Ireland's Smart Economy, A Framework for Sustainable Economic Renewal*, Department of the Taoiseach, December 2008 Page 28

4.3.1 Level of entrepreneurial activity in the Dublin City Region

The latest GEM report gives an insight into the rate of entrepreneurial activity within Ireland by region.⁹³ Dublin City Region has a rate of early stage entrepreneurial activity⁹⁴ among its adult population of 7.2% (Table 1).

Table 1: The level of early stage entrepreneurial activity in the Dublin City Region (2004-2008)

	Percentage of all adults
Entrepreneurial Activity	
- Nascent entrepreneurs	3.8%
- New firm entrepreneurs	3.6%
- Total early stage entrepreneurs (TEA) ⁹⁵	7.2%
- Expect to start a business in the next three years	10.5%

This is one of the lowest average rates of early stage entrepreneurial activity across the regions in Ireland during the 2004-2008 period. It compares with an average rate of 8.1% across all the eight NUTS III Regions.⁹⁶ The rate at which individuals in Dublin are open to starting a new business in the coming three years (10.5%), however, is more at the average rate across all the regions (10.5%).

The Dublin City Region is by far the most populous region in the country with 1.2 million inhabitants and almost one third of the adult population in the country. Accordingly, for many categories the Dublin City Region has the highest *number* of entrepreneurs in the country. It is estimated, for example, that 750 individuals are setting up new businesses in the Dublin City Region each month. This is the highest number across all the regions.

⁹³ *Entrepreneurship in Ireland 2008, Global Entrepreneurship Monitor (GEM)*, Paula Fitzsimons and Colm O’Gorman, May 2009. The report was sponsored by Enterprise Ireland, Forfás and AIB. To estimate entrepreneurial activity in NUTS III regions in Ireland, appropriate county level data from annual GEM surveys were combined for the five year period 2004 to 2008 inclusive. This resulted in a sample of approximately 8,600 adults aged 18 to 64 years of age. 2,540 of these were in the Dublin City Region. These sample sizes are sufficient to report on levels of entrepreneurial activity for each region. Given the relatively small sample sizes for some regions, however, and the statistical margin of error attached to such sample sizes, it is important to remember that small differences between NUTS III regions may not be statistically significant differences. http://www.forfas.ie/media/gem_report_2008.pdf

⁹⁴ *Nascent entrepreneurs* are those actively planning a new venture. These entrepreneurs have done something during the last twelve months to help start a business that he or she will at least part own. *New Firm entrepreneurs* are entrepreneurs who at least part own and manage a new business that is between 4 and 42 months old and have not been paid salaries for longer than this period. *Total early stage entrepreneurial activity* is composed of nascent and new firm entrepreneurs. A more detailed explanation of the definitions may be found in the 2008 annual GEM report for Ireland, page 12 http://www.forfas.ie/media/gem_report_2008.pdf

⁹⁵ TEA is the sum of *nascent entrepreneurs* and *new firm entrepreneurs*, discounting any double counts. This discounting means that the TEA figure will not necessarily be the sum of the two added together.

⁹⁶ The South West and Mid West are on the same relatively low rate.

A forthcoming GEM global report on world cities,⁹⁷ demonstrates that due to a combination of complex factors, including education, knowledge spillovers, the existence of specialized markets and sophisticated infrastructure, world cities frequently have a higher level of early stage entrepreneurship activity rates than the country in which they are located. Accordingly, the authors refer to the *entrepreneurial advantage of world cities*. This is particularly the case when the country is not itself very entrepreneurial, for example Germany.

Given that Ireland is relatively entrepreneurial as a whole, Dublin does not enjoy this *entrepreneurial advantage* over the rest of the country, as the rate of *early stage entrepreneurship* in Dublin (7.2%) is below the country average. Moreover, Dublin has the lowest rate of *established entrepreneurs* (5.6%) across the adult populations of all regions of the country (9.0%). Comparing with countries across the OECD, the early stage entrepreneurial activity in the Dublin City Region is about the average recorded across 22 participating EU/OECD countries, while the rate of established entrepreneurs is below average across these countries (7.0%).⁹⁸

When compared to other European cities in terms of early stage entrepreneurial activity, Dublin is to the fore, with the German cities of Hamburg, Berlin, Frankfurt and Munich. It should be noted, however, that Europe is not particularly entrepreneurial. When compared to global cities outside Europe, Dublin ranks behind the likes of Auckland, Vancouver, Los Angeles, Sydney, New York, Shenzhen and Toronto.

In summary, although the Dublin City Region has the highest *number* of entrepreneurs in the country and compares reasonably well with other European cities, it compares less well with other regions in Ireland and with a range of global cities in terms of the rate of entrepreneurial activity among its adult population. Accordingly, **there would appear to be further entrepreneurial potential within the Dublin City Region, which is currently untapped.**

4.3.2 *Entrepreneurial potential among women in Dublin*

Women tend to be under represented in the population of business owners in established businesses and in those more recently started, relative to their number in the population. Accordingly, the EU

⁹⁷ A study of over 30 world cities, the report includes the Dublin region in its analysis as a single world city unit. *The Entrepreneurial Advantage of World Cities, Evidence from the Global Entrepreneurship Monitor*, Zoltan Acs, Niels Bosma and Rolf Sternberg, EIM, H200810 forthcoming.

⁹⁸ The Dublin figure relates to an average across the years 2004-2008, while the OECD average relates to 2008. Of the 43 countries included in the 2008 GEM research, 22 were members of the OECD and/or EU, namely Belgium, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea-South, Latvia, Mexico, Netherlands, Norway, Romania, Slovenia, Spain, Turkey, UK and US.

has highlighted women as having considerable entrepreneurial potential.⁹⁹

The under representation of women among entrepreneurs is true in Ireland as it is in other countries. What is particularly pronounced in Ireland is the gender gap between the level of men and women's participation rates in entrepreneurial activity. This is caused by a higher than average rate of entrepreneurial activity among men to the more average rate of entrepreneurial activity among women. Accordingly, the Small Business Forum was of the opinion that women in Ireland were a source of latent entrepreneurial potential.¹⁰⁰

In the Dublin City Region both of these trends are apparent. The rate of *early stage entrepreneurship* among women (3.3%) is very low and is the second lowest across the regions. In contrast, the rate at which men are *early stage entrepreneurs* (11.4%) is at the mid range. Consequently, there are more than three times as many men as women *early stage entrepreneurs* in the Dublin region. In this regard the gender gap is wider in Dublin than it is in six of the other seven regions.¹⁰¹

Among *established entrepreneurs*¹⁰² there is less of a gender gap. This is not because women are more involved as established entrepreneurs but rather because men are less prominent (8.5%) than they are among *early stage entrepreneurs* (11.4%), while women have the same low level of involvement (3.2%).

Accordingly, **women in the Dublin City Region would appear to be less active as entrepreneurs over an extended period than one might expect and therefore they may constitute a readily available source of untapped entrepreneurial talent.**

Releasing this latent potential in the present circumstances, however, may be more difficult than in other more buoyant times. The reason for suggesting this is based on the manner in which men and women throughout the country appear to be reacting differently to the current economic crisis. Men have become more entrepreneurial and women less so.¹⁰³ In general, women are more risk adverse

⁹⁹ Green Paper *Entrepreneurship in Europe*, European Commission, January 2003, Section A: What does it take to produce more entrepreneurs? iv page 14.

¹⁰⁰ *Small Business is Big Business*, Report of the Small Business Forum, May 2006, Section 5.6.1 page 55.

¹⁰¹ The only region with a wider gender gap is the Mid West region, with 3.6 times as many men *early stage entrepreneurs* as women *early stage entrepreneurs*.

¹⁰² *Established entrepreneurs* are owner managers of businesses that have been more than three and a half years established

¹⁰³ The Irish GEM 2007 report noted a decided narrowing between the rate at which men and women were active as *early stage entrepreneurs*, with men for the first time less than twice as likely to be an early stage entrepreneur relative to women (1.8:1). This was very much welcomed, reflecting as it did policy and actions to encourage more women to engage in entrepreneurial activity. This narrowing of the gender gap has not

and the type of businesses that many of them have been starting - 30% within the retail, hotels and restaurants sector – are being particularly badly hit by the fall in consumer spending and the difficult outlook for businesses in this sector at present. Accordingly, **the rate of women early stage entrepreneurs is unlikely to easily increase in the present environment.**

4.3.3 *Entrepreneurial potential among certain age groups*

The average age of an entrepreneur in Ireland in 2008 was late thirties. This is true for both men (36 years) and women (39 years) with the greatest propensity to start a new business being among the 35-44 age group (9.8%) with a significant proportion of those aged 25-34 (8.4%) and 44-54 (8.2%) also very active as early stage entrepreneurs.¹⁰⁴

While there was an increase in 2008 in the proportion of those in the 18-24 age group who are early stage entrepreneurs (6.4%), younger entrepreneurs are much less common. Most infrequent of all, however, are entrepreneurs in the 55 to 64 years age group. Just 3.5% of individuals in this age group are early stage entrepreneurs. Yet those in the older age group have many resources - skills, experience, well established networks, time, and greater financial independence – than many younger individuals. This group, however, may be more risk adverse and lack the drive and energy of younger individuals. Accordingly, **an innovative means should be found of harnessing the knowledge and skills of those in the older age groups for the benefit of entrepreneurship in the Dublin City Region so that their potential may contribute to the economic and social goals of the region.**

4.3.4 *Entrepreneurial potential among immigrants*

Dr. Jack Pinkowski makes the case for the potential of immigrants as entrepreneurs in respect of the Dublin City Region, stating that not only are they in the right age group,¹⁰⁵ with a high level of educational attainment,¹⁰⁶ often much higher than required in their current employment in Ireland, but also that, in the present environment, their being made redundant offers them a catalyst to

been sustained in 2008, however. The 2008 GEM report noted that more men were involved in early stage entrepreneurial activity (11.2%) and fewer women (4.0%) than was the case in 2007 (10.6% and 5.9% respectively). Accordingly, in 2008, Ireland had a wider gender divide among *early stage entrepreneurs* than is the norm across the OECD (1.9:1) or the EU (2.0:1) and twice as wide as in the United States (1.4:1). The differences in the rate at which men and women are *early stage entrepreneurs* represent the greatest gender divide in Ireland in the last five years.

¹⁰⁴ Dublin enjoys an entrepreneurial advantage over many European cities given the proportion of its population that is in the most entrepreneurially active age groups.

¹⁰⁵ There is a considerably higher proportion of immigrants in the 25 to 44 age group (+50%) than among the Irish population (29.4%). *Challenges and Promise for Immigrant Entrepreneurship in Dublin*, Jack Pinkowski, DCC, May 2009, Page 32.

¹⁰⁶ A high proportion of immigrants have third level education (page 29 Pinkowski report) and GEM research has consistently demonstrated that a high level of education is positive correlated with entrepreneurial activity

create their own employment by becoming entrepreneurs.¹⁰⁷ Building on Jack Pinkowski's findings, the recently published Economic Development Action Plan for the Dublin City Region also clearly sees entrepreneurial potential in the immigrant community in Dublin City Region as it proposes the delivery of actions to support immigrant entrepreneurs.¹⁰⁸

The Small Business Forum identified both immigrants and returning emigrants as providing an untapped and relatively undeveloped source of entrepreneurship.¹⁰⁹

The GEM 2008 survey reported for the first time on immigrant entrepreneurship in Ireland.¹¹⁰ There are more early stage entrepreneurs among those who were not born in Ireland (9.1%) than there are among those born in Ireland (7.3%). The difference is particularly noticeable among those who have started businesses in the recent past (5.5% and 4.1% respectively), as the rates among those actively planning new businesses, *nascent entrepreneurs*, is broadly similar (3.6% and 3.3%).

If one includes those who have lived outside Ireland for more than one year, whether they were born in Ireland or not, the rate involved in early stage entrepreneurial activity is particularly high (10.5%) and even higher if one confines the group to those who came to Ireland within the last ten years having lived at least one year abroad (12.7%). Clearly travel not only broads the mind, it also makes the individual much more entrepreneurial.

Accordingly, **considerable entrepreneurial potential would appear to exist among both immigrants and among those born in Ireland who have either travelled abroad for a period of least a year or emigrated and returned to Ireland over the last ten years.**

It should be noted, however, that citizens from outside the EEA¹¹¹ must seek Business Permission from the Department of Justice, Equality and Law Reform. The evidence would suggest that the failure rate among applicants seeking permission is very high, with few if any Business Permissions granted in recent years.¹¹² The Business Permission requires an initial investment of €300,000 and is only valid for one year. It also requires the employment of two EEA nationals besides the business

¹⁰⁷ *Challenges and Promise for Immigrant Entrepreneurship in Dublin*, Jack Pinkowski, DCC, May 2009, Section 4, page 29.

¹⁰⁸ *Economic Development Action Plan for the Dublin City Region*, July 2009, Section 3.1 page 39

http://www.dublincity.ie/Press/PressReleases/Press_Releases_July_2009/Pages/DublinEconomicDevelopmentActionPlan.aspx

¹⁰⁹ *Small Business is Big Business*, Report of the Small Business Forum, May 2006, Section 5.1 page 58

¹¹⁰ *Entrepreneurship in Ireland 2008, Global Entrepreneurship Monitor (GEM)*, Paula Fitzsimons and Colm O'Gorman, May 2009. The report was sponsored by Enterprise Ireland, Forfás and AIB.

¹¹¹ These are predominantly from China and the Far East.

¹¹² *Challenges and Promise for Immigrant Entrepreneurship in Dublin*, Jack Pinkowski, DCC, May 2009, Chapter 5, page 54. The Business Permission is not required if the individual has been resident in the state for at least five years or is married to an Irish citizen.

owner.

4.3.5 *Entrepreneurial potential among those recently unemployed*

A very significant change took place in Ireland between 2007 and 2008 in terms of the motivation trigger that decided individuals to become entrepreneurs. In 2007 and in the years since 2000, GEM research has clearly shown that entrepreneurs in Ireland were by and large virtually all responding to a perceived opportunity and were making a positive choice to become an entrepreneur (93% in 2007). Pull factors were clearly at work as there were many employment alternatives.

By June 2008 when the GEM survey was carried out, the first signs of the current recession were becoming evident. While the majority of entrepreneurs at that time were responding in a positive manner to a perceived opportunity (81%), a very considerable proportion (19%), were motivated by necessity, believing that there were no better alternatives. As the numbers who are unemployed have grown over the last year, it is probably that the number of necessity entrepreneurs will have also risen.

The current level of enquiries and applications to agencies, organisations and programmes designed to assist entrepreneurs is considerably increased since the beginning of 2009. The increased level of applications and requests is putting the resources of the support agencies under pressure. Most of the enquiries are from those who feel that their employment position is precarious or who have recently been made unemployed. Few with secure employment are making serious enquiries at present. Accordingly, **the potential among recently unemployed/redundant people to consider entrepreneurship as an alternative to their present situation would appear to be considerable.**

It should be pointed, however, that fewer of this group may be approaching entrepreneurship with a clear venture idea in their heads at a time when it is considerably more difficult to identify a commercial proposition given the reduction in demand from businesses and consumers.

4.4 **All Entrepreneurs Are Not the Same**

All entrepreneurs are not the same. They differ in their growth ambitions, their degree of innovation and their international focus.¹¹³ From Dublin's perspective, ambitious entrepreneurs, whose new enterprises incorporate a degree of innovation¹¹⁴ and are focused on export markets, become a

¹¹³ *Towards Developing an Entrepreneurship Policy for Ireland*, Forfás, September 2007, Section 2.5 A Targeted Approach, Page 25

¹¹⁴ *Innovation* is meant in the widest sense of that word.

significant driver of future economic growth for the city as they shift economic resources... *into an area of higher productivity and greater yield.* ¹¹⁵

Enterprise Ireland focuses in particular on supporting entrepreneurs whose new enterprises are export oriented, considered innovative with high growth potential. These are referred to as High Potential Start-ups (HPSUs). In the last five years (2004-2008 inclusive) 163 HPSUs were approved by Enterprise Ireland for the Dublin Region.

Table 2: EI Supported HPSUs for the Dublin Region 2004-2008

Year	Number of HPSUs
2008	29
2007	34
2006	35
2005	35
2004	30

Source: Enterprise Ireland

Dublin is well placed to nurture innovative, ambitious entrepreneurs given the city region's strong knowledge economy assets. The indications from GEM research confirm this intuitive observations, as it would appear that the growth aspirations and international focus of entrepreneurs in the Dublin City Region is above the national norm. This is very positive.

The commercialisation of research out of the third level institutions is a major challenge and has become a strong focus of policy and concerted efforts in recent times. The recently announced alliance between UCD and Trinity College is a welcome development of the Dublin City Region with its ambition to create 300 new companies and thousands of "smart economy jobs" for highly qualified graduates over the next 10 years, through the commercialisation of research and greater collaboration between the two institutions.¹¹⁶

The growth on international markets in recent years of traded services also offers considerable potential:

- To attract global leaders to establish operations in the Dublin City Region,
- For Irish entrepreneurs to set up new businesses in this area, and
- For companies that are currently trading on the national market to win customers overseas.

¹¹⁵The words of the French economist J.B. Say in about 1800 in putting forward a definition of an entrepreneur

¹¹⁶UCD News, 11 March, 2009

4.5 Influencing Factors

The level of entrepreneurial activity within a location is directly influenced by the cultural and social norms and the availability of role models. A thriving entrepreneurial culture is recognised as one of the hall marks of a Smart Economy.¹¹⁷ In this respect, Dublin is starting from a strong position. In 2008, for the first time, GEM reported on the level of the cultural and social norms in Dublin City Region that were relevant to entrepreneurship. These are very positive with successful entrepreneurs being held in very high regard.¹¹⁸ In addition, two in every three in the region (64%) perceive an entrepreneurial career as a good career choice.¹¹⁹

The four City and County Enterprise Boards in the Dublin Region (CEBs) have a specific remit to raise awareness of enterprise in a general sense and to strengthening the culture surrounding entrepreneurship. As part of its fulfilment of their responsibilities in this area, the CEBs organise and run the Student Enterprise Award and other initiatives aimed at the schools in the Dublin City Region. In this way, they seek to develop entrepreneurial mindsets among the school going population.¹²⁰ There is an undertaking in the Smart Economy programme to further raise the profile of the Student Enterprise Awards to encourage participation and ensure that students are motivated through role models to consider careers in enterprise.¹²¹

The media play a significant role in shaping attitudes towards entrepreneurs and their activities. In Dublin, the great majority of people (72%) report seeing positive coverage about entrepreneurs in the media on a regular basis.

Various factors in an individual's personal context have a bearing on their becoming an entrepreneur. These relate to their knowing someone else who has recently become an entrepreneur, believing that they have the knowledge and skills to successfully start businesses, and their perception of good opportunities. More than one in three adults in the Dublin region report knowing another entrepreneur (39%) and one in two believe that they have the required knowledge and skills (50%). The perception of entrepreneurial opportunity, however, among the people of Dublin is relatively low (40%) and among the lowest across the regions, while the other two factors are at the average.

¹¹⁷ The Attributes of the Smart Economy, page 28, *Building Ireland's Smart Economy, a Framework for Sustainable Economic Renewal*, December 2009,

¹¹⁸ 83% - second highest across the regions

¹¹⁹ 64% - at the average across the regions

¹²⁰ 76 second level schools across the region were involved in the competition in 08/09.

¹²¹ *Building Ireland's Smart Economy, a Framework for Sustainable Economic Renewal*, December 2009, Section 6, Action Area 2, Page 72

A forthcoming report, *European Cities Entrepreneurship Ranking*, gives an insight into the framework conditions for entrepreneurs in Dublin and compares these with 36 other major European cities in nineteen countries.¹²² In this report, it is pointed out that one of the great strengths of Dublin relates to the general environment for doing business, with those interviewed giving positive feedback on access to business property, networks, information, availability of skilled staff, lifestyle and the transport network. This finding is also reflected in a recent World Bank report which ranked Ireland 7th out of 181 countries for ease of doing business and 5th for ease of starting a business.¹²³

The report's research indicated that the funding of their new venture was the area that was causing most concern to new entrepreneurs in Dublin. The report concludes that financial assistance to early stage ventures and to SMEs more generally is one of the main areas in which Dublin can act in developing a strategy of continued support systems for businesses. Few of those surveyed had received financial assistance from a development agency. The majority had used bank loans. It was noted that the financial crisis had made access to finance more difficult, particularly for traditional businesses. To further increase the pressure on small businesses in traditional sectors, it was noted that private investors and Enterprise Ireland were more likely to finance innovative businesses with high growth potential. The difficulties surrounding access to finance for new and existing businesses has also been highlighted in client surveys carried out by the CEBs, Dublin Chamber, SFA and ISME.¹²⁴

The area in which there is the greatest gap with other European cities relates to the support available for *nascent entrepreneurs*, that is before they actually start their new venture. The report considers that this area should be a priority area to be addressed when Dublin policy makers seek to close the entrepreneurial support gap with other European cities.

The report authors were of the view that well informed web sites, when sufficiently promoted, are an effective means of communicating the supports available to entrepreneurs. In this regard they commended the Dublin City Enterprise Board on its initiative in centralising the various sources of information available to entrepreneurs in Dublin, while suggesting that the visibility of the website¹²⁵ needs improving. Faced with a multitude of structures presented, the authors were of the

¹²² European Cities Entrepreneurship Ranking 2009, specific Dublin report, written by ALTIDIEM Consulting, ECER, sponsored by Dublin City Council, forthcoming

¹²³Source: *Doing Business 2009*, World Bank Annual Report. The report notes a low number of procedures involved (4), the time involved (13 days), the low cost as a % of income per capita (0.3%) and that no minimum capital is required.

¹²⁴ This point will be a central concern of the **Finance Dublin** sub group.

¹²⁵ www.dcebenterprise.com

opinion that entrepreneurs could quickly “get lost” in the mass of information and organisations presented on the website and that this reduces its effectiveness as an information tool.

The recommendation is for pathways within the structures and organisations listed to allow different types of entrepreneurs with different needs to more quickly identify what he/she is looking for and the supports available. The recommendation is for a new collaborative web site with all the relevant public/ private organisations cooperating on the one site, where the entrepreneur would be guided to the relevant parts of the site depending on his/her profile and requirements. This would seem to be an excellent suggestion, which builds on the initial work already undertaken, and would pool together the information and resources available from several quarters. It is recognised that an information campaign would be necessary to promote the new website in order to give it the required visibility.

As the banks are often the first port of call for new business owners, the authors suggest that partnerships with the banks should be created to disseminate the supports available for entrepreneurs. This would seem a sensible suggestion.

Across European cities, it is clear that those cities that have complete and coherent enterprise support policies obtain better satisfaction scores from the entrepreneurs surveyed. Accordingly, the report suggests that entrepreneurs need a coherent and coordinated process of support, more than they need a list of organisations that can potentially help them. Accordingly, it indicates that in the Dublin City Region, there is a clear need to achieve real cooperation by the different actors involved in order to develop and support entrepreneurs in a visible, effective and coherent manner. This sentiment would have been echoed by many of those consulted as part of the development of this strategy.

A recent report on the Digital Hub makes a similar point: *An inventory of the agencies and organisations that offer some type of business support to Irish companies resulted in a list of 23 separate, but related actors. These actors range from city and state agencies to business networks. Companies indicate that the range of options makes it difficult for them to find the right type of support in an efficient way. The fragmented nature of business support systems negatively affects the perception companies have of the Digital Hub and of Dublin in general.*¹²⁶

¹²⁶ *Developing Locations in the Knowledge Economy, Dublin Case Study*, Willem van Winden and Jeroen van Haaren, European Institute for Comparative Urban Research (Euricur), Erasmus University, Rotterdam, 2009

4.6 A Focus on What Needs to be Done

Drawing on the views expressed during the consultation process, there is a general agreement on the need to harness the entrepreneurial talent of the Dublin City Region to the greatest extent possible.

To achieve this objective, the coordinated and collaborative actions of many players within the private and public sectors are required. By their establishment of the **Dublin Enterprise Forum**, the Dublin Local Authorities (DLAs) can bring all the various players together across a range of organisations to ensure that entrepreneurship is appropriately fostered and supported so that the benefits of entrepreneurial success benefit the entire Dublin City Region.

Section 7.5 sets out an agenda for consideration by the **Dublin Enterprise Forum** in respect of harnessing the entrepreneurial talent of the Dublin City Region. These agenda items are further elaborated upon in Appendix 3.

Section 5: Strengthening Small Businesses

5.1 Introduction

The importance of the SME sector was highlighted in the Report of the Small Business Forum which declared that *Small Business is Big Business*. The reasons given for this assertion were as follows:¹²⁷

- **Contribution to employment:** Over 97% of businesses are small, that is they employ fewer than 50 people and more than half of the total private sector, non agricultural, workforce are employed in firms of this size.¹²⁸
- **Contribution to Gross Value Added (GVA):** They account for over 70% of GVA in construction, over 40% of GVA in services and 34% of GVA in indigenous manufacturing.
- **Contribution to Revenue:** They contribute over 50% of VAT on services, 11% of corporation tax and 37% of income taxes.
- **Contribution to social and economic infrastructure:** They form an essential part of the infrastructure for social life and to a significant extent determine the base for consumer and businesses. They also form the supply chain for larger firms, and in particular are part of the support infrastructure needed to attract and retain foreign investment.
- **Incubator to large firms of the future:** While many firms start small and remain relatively small, a new generation of indigenous companies is already beginning to emerge with the potential to grow, and in some cases grow rapidly, to succeed on international markets.

While each of these enterprises is relatively small, it is their combined impact that is significant. The performance of the small business sector is, therefore, an important contributor to the overall quality of life and standard of living in the Dublin City Region.

5.2 The Nature of the Objective

Given the importance of small firms, the objective is to identify the challenges facing small businesses in the current environment and to understand the influencing factors in order to create the conditions and provide the supports that will enable SMEs to grow and prosper in the Dublin City Region.

5.3 The Issues Facing the SME Sector

The current recession is putting particular pressures on the existing SME base which, accordingly to the Small Business Forum, had already been facing challenges in respect of access to finance,

¹²⁷ *Small Business is Big Business*, Report of the Small Business Forum, May 2006, Section 1.6, Page 5 The majority of small companies (95%) are Irish owned.

¹²⁸ More than one in three (36.3%) of employees in small firms are employed in micro enterprises that employ less than 10. The figures relate to 2005 and are quoted in the report of the Small Business Forum. They are based on CSO data.

regulatory burden, high local development charges, management capability deficiencies, inadequate innovation capacity and a difficulty in accessing relevant information.¹²⁹

GEM research also highlights the more cautious, less ambitious nature of established owner managers and their greater focus on the domestic market, compared to more recent entrepreneurs.¹³⁰

Given the pressure to reduce prices to try to retain sales,¹³¹ a major priority for existing small businesses is reducing costs, with companies seeking to *cut costs across the board* – prioritising labour costs cuts (reduced hours, wage cuts and redundancies), renegotiating with suppliers, renegotiating rent with landlords and cutting the consumption of utilities.¹³²

The current fall-off in demand and difficulties in getting paid on time, is leading to pressure on cash flows, as additional credit is not available for many businesses.

The fall in the value of sterling is an added significant challenge, particularly for indigenous exporters who are focused on the UK market, and compete against UK firms in other markets.¹³³

Rising to the competitiveness challenge will require small firms to increase their efficiencies, lower their costs, and become more innovative in developing their businesses. The difficulty they have is that not all of the costs are under their control. The costs of utilities and private services, including accountancy fees, IT and legal fees, are higher in Dublin than in many international cities.¹³⁴ In

¹²⁹ *Small Business is Big Business*, Report of the Small Business Forum, May 2006, Section 2.3, Page 13

¹³⁰ 51% of *established entrepreneurs* are totally focused on the domestic market having no customers outside the country. This compares with 36% of more recent entrepreneurs. (*Established entrepreneurs* have businesses that are more than three and a half years old). Source: *Entrepreneurship in Ireland*, GEM 2008 Annual Report, May 2009.

¹³¹ Improved productivity and competitiveness should result, although margins and profitability will be severely affected in the short term.

¹³² **Dublin Chamber** identified the need to reduce costs as the number one priority for Dublin business followed by managing cash flow and maintaining market share. More than half the businesses (54%) surveyed in Dublin indicated their intention to reduce prices. Source: Dublin Chamber of Commerce, Emergency Budget 2009, Presentation to Political Parties, April 2009. **ISME** reported (July 2009) that small businesses were continuing to implement pay cuts and staff reductions in a fight for survival: 94% of SMEs had introduced pay cuts / freeze since the start of the year; 45% had introduced a pay cut, with 49% implementing pay freezes; average pay had been cut by 13%; a quarter of companies were planning further redundancies in the following 3 months; 50% of companies had reduced their working hours.

¹³³ Annual Competitiveness Report 2009, Volume 1: Benchmarking Ireland's Performance, August 2009, Section 1.2.2 page 11

¹³⁴ *Annual Competitiveness Report 2009*, Volume 1: Benchmarking Ireland's Performance, August 2009, Section 1.2.2 page 76/77, figures 3.42, 3.43 and 3.44 in which fees in Dublin for these professional services are compared with eight other cities. In 2008 they were 6th, 7th and 8th highest respectively. The cities were Bangalore, Boston, Budapest, Copenhagen, London, Maastricht and London.

addition, local development rates and service charges have not decreased in line with the general trend in prices.

The recent boom and bust cycle in the construction sector has had a major impact on small firms and employment in the sector. In the decade 1995 to 2005, an increasing proportion of small firms were in the construction sector. By 2005, employment in construction related small businesses represented 27% of all employment in small businesses, up from 20% ten years earlier.¹³⁵ The numbers employed in construction further increased until 2006, when numbers employed in the sector began to decline.¹³⁶ Employment in private firms (with five or more persons engaged) in the construction industry decreased by 21.9% in December 2008 compared with December 2007.¹³⁷

The environment for the remaining firms is particularly difficult at present with the slowdown in construction related activity continuing. Some businesses are seeking to diversify into the home improvements/energy efficient/green sectors, but many are finding it very difficult to stay in business.

Another issue, which impacts on consumer choice, the streetscape of the city and its attractiveness to visitors, relates to the presence of small independent retail shops many of which appear to be disappearing across the Dublin City Region to be replaced, usually by UK based, High Street stores – frequently many branches of the same store - resulting in each street looking like the last. While these shops still exist, it is often due to the fact that they are currently owner occupied or on long leases. In cases where these shops are rented, they seem to be disappearing fast.

While this reflects the market in operation, it begs the question of whether in five to ten years time the unrestricted operation of market forces will turn Dublin into a boring clone of any mid-sized UK provincial city. This would seriously impact on the region's attractiveness as a tourist destination. In this regard, Dublin City Region does not compare favourably with cities like Paris and Venice which have vibrant centres full of interesting little independent shops, catering both to tourists and to citizens, living and working in the City Region.

¹³⁵ *Small Business is Big Business*, Report of the Small Business Forum, May 2006, Section 1.4 Sectoral Distribution of Employment, Figure 1.2, page 4

¹³⁶ Numbers employed in the construction sector declined from 105,000 in December 2006, to 98,400 in 2007 and further to 76,900 in 2008. Source: CSO Index of Employment in Construction, February 2009.

¹³⁷ The monthly employment index decreased from 98.4 in December 2007 to 76.9 in December 2008. Source: CSO Index of Employment in Construction, February 2009.

5.4 Influencing Factors

The Small Business Forum recognised that the level of general management skills in small Irish businesses is generally poor, particularly in specific functional areas such as human resources, marketing and finance, and in forward planning and strategic management.¹³⁸

A recent study commissioned by the Management Development Council¹³⁹ has confirmed that management practise in manufacturing companies in Ireland lags those of other developed countries in particular the US, Germany, Sweden and Japan. The report suggests that the deficiencies are most evident in small, owner managed companies, which trade on local markets, as exporting companies tend to be more exposed to greater competition and are forced to improve, if they are to survive and thrive in the more competitive environment.

There is no reason to suggest that management practises in Dublin based SMEs are different in this respect, as they share many of the same characteristics. The research suggests that improving areas of weakness and achieving consistently good management practice may be a highly effective way for firms to leverage their existing labour and capital and improve their profitability.

In the opinion of the Small Business Forum entrepreneurs and small business owner/managers do not place sufficient emphasis on developing management capability, usually because of time or cost constraints or because the available training programmes are not perceived to be relevant.¹⁴⁰ The recommendations of the Management Development Council, which has been deliberating on this area for the last two years, will be available in the autumn.

It should be noted, however, that the training budgets of Fás, Skillnets and other providers of training to existing businesses have been severely curtailed in recent months, as tightened budgets are being redirected towards the unemployed and those starting new businesses.

Innovation is often stated by policy makers and development agencies to be vital to the future viability and growth of Irish enterprises. Yet *innovation* is frequently perceived by small business owner managers as being very esoteric and related to high tech only. It may be a matter of interpretation of the word, as many SMEs do not see its relevance to their individual businesses. In addition to the possible communication difficulties in interpreting the word *innovation* and in

¹³⁸ *Small Business is Big Business*, Report of the Small Business Forum, May 2006 Section 4.2.3 page 41

¹³⁹ *Management Matters in Northern Ireland and Republic of Ireland*, March 2009. The research was carried out by McKinsey and Company. The establishment of the Management Development Council (MDC) was one of the key recommendations of the Small Business Forum and the MDC was established by the then Minister for Enterprise, Trade and Employment, Mr. Micheál Martin, T.D., in May 2007.

¹⁴⁰ *Small Business is Big Business*, Report of the Small Business Forum, May 2006 Section 4.2.4 Page 41

perceiving its relevance, according to the Small Business Forum the innovative capacity within many small firms is poor and inhibits their capacity to access, absorb and exploit new knowledge, both technological and non technological, to create innovative products and processes.¹⁴¹

The confidence of owner managers has been severely affected in recent times¹⁴² and a short term focus on survival is preventing many firms from seeking out opportunities and positioning to develop their long term growth for growth.

5.5 Strengthening the SME base

Drawing on the views expressed during the consultation process, there is a general agreement that the SME sector is under extreme pressure at present and that urgent action is required to strengthen these companies given their employment, revenue and social contribution to the economy of the Dublin City Region.

To achieve this objective, the coordinated and collaborative actions of many players within the private and public sectors are required. By their establishment of the **Dublin Enterprise Forum**,¹⁴³ the Dublin Local Authorities (DLAs) can bring all the various players together across a range of organisations to ensure that the concerns of small businesses are brought to the fore, innovative solutions are found to address their current difficulties in a way that ensures the survival of the greatest number and positions them for growth in the future.

Section 7.6 sets out an agenda for consideration by the **Dublin Enterprise Forum** in respect of strengthening the small firms sector of Dublin City Region. These agenda items are further elaborated upon in Appendix 3.

¹⁴¹ *Small Business is Big Business*, Report of the Small Business Forum, May 2006, Section 2.3, Page 13

¹⁴² SFA Autumn Business Sentiment Survey, conducted during August 2009, reveals that many small firms remain under pressure remained under serious pressure although the pace of deterioration seemed to be slowing: 67% rate the overall business environment currently as 'poor' or 'very poor':35% of small firms are less confident about their own business than was the case 3 months ago; 44% will restructure, decrease in size or close down in the next 3 months; only 50% expect to maintain their current employment. The SFA survey indicates, however, that small businesses are more positive for the second quarter, albeit from a very low base (SFA: 14 September, 2009)

¹⁴³ Details of the **Dublin Enterprise Forum** and its associated sub groups are outlined in Section 7

Section 6: Maximising the Potential of FDI for Dublin

6.1 Introduction

The Dublin City Region has been a successful magnet for IDA supported Foreign Direct Investment (FDI) and has developed as a significant centre for international trade. Dublin now confidently hosts world class companies such as Citibank, Hertz, Microsoft, IBM, Yahoo, eBay and Xerox among many others.

Employment in IDA supported companies in the Dublin City Region recorded significant growth in the ten years from 1998, when 38,729 were employed in 582 companies, to 2008 when 51,674 were employed in 479 IDA client companies. The Dublin City Region is now the location of almost half of all IDA supported companies (48%) and 38% of all IDA supported employment in the country.¹⁴⁴

Dublin traditionally had been a centre for manufacturing industry for FDI. In recent years, however, there has been a shift away from manufacturing, due to cost competitiveness issues, to a more knowledge base, higher value added projects in fund management,¹⁴⁵ e-commerce,¹⁴⁶ software¹⁴⁷ and high end back office.¹⁴⁸

There have also been positive developments in the Pharma and Bio Tech sectors within the Dublin City Region. For example, the IDA supported Wyeth Biopharma development in Grange Castle, which officially opened in 2005, is one of the world's largest biotechnology plants, with over 1,000 people already employed.

The IDA supported companies are located throughout the Dublin City Region. Included among the larger employers are Citibank Europe (Dublin 1), Dell Direct (Dun Laoghaire), IBM International Holdings (Mulhuddart), Wyeth Biopharma (Clondalkin), eBay (Dublin 15), Microsoft European Operations (Dublin 18) and Hertz Europe Service Centre (Swords).

¹⁴⁴ Source IDA. The figures relate to 2008.

¹⁴⁵ For example *State Street and HSBC*

¹⁴⁶ For example Oracle, Hewlett Packard, IBM and Ingersoll Rand have chosen Dublin as their site for their e-commerce centres. Internet related companies include Google, Overture, Dell, Viking Direct, Adobe, eBay, Yahoo and Amazon.

¹⁴⁷ Ireland has now overtaken from the US as the World's leading exporter of software products (OECD Report 2000). The IDA supported companies located in the Dublin City Region in the software sector have played a major part in this achievement. They include Microsoft and IBM

¹⁴⁸ For example, AEGON Scottish Equitable and Allianz Worldwide Care operating in the insurance sector

Dublin, as the only internationally comparable metropolitan area within the country, is often the only Irish base under consideration by mobile FDI, alongside international locations of comparable or larger scale. As relatively small by international standards,¹⁴⁹ it is important that the attractiveness of the Dublin City Region is further enhanced to ensure that it remains a competitive location for such investments and that it can continue as an international hub.¹⁵⁰

6.2 The Nature of the Objective

The objective is to maximise the potential which FDI offers to the Dublin City Region by creating an environment in which companies from overseas can locate and run profitable businesses, which is attractive to new mobile investment and provides a base for existing companies to further deepen and strengthen their activities.

6.3 Influencing Factors

In order to continue to promote the attractions of the Dublin City Region to new and existing client companies, the Region must have the following available within a cost competitive environment:

- A critical mass of population with relevant skills and experience,
- An attractive environment for international workers,
- International access connections,
- First rate telecoms infrastructure,
- Available appropriate property and fully serviced greenfield sites,
- A first class third level and research eco system ,
- World Class professional services.

IDA Ireland, which is the agency responsible for the attraction and development of FDI, must rely on a range of other stakeholders to ensure that these factors are in place for the Dublin City Region. The IDA has appointed a manager for the Dublin City Region, who is responsible for liaising with all the appropriate Departments, Authorities and Agencies with this objective in mind.

6.4 IDA Strategy for Dublin

The IDA strategy for Dublin City Region is as follows:

- *Progress the development of a knowledge economy in order that the region can compete both nationally and internationally for foreign direct investment:* The implementation of the

¹⁴⁹ Dublin is the 76th smallest city region in the top 77 metro regions in the OECD
http://www.oecd.org/document/2/0,2340,en_2649_34413_37801602_1_1_1_1,00.html

¹⁵⁰ Dublin as the only internationally comparable metropolitan area within Ireland and is the magnet for many companies from overseas considering locating within a metropolitan city area.

Government's Smart Economy programme and the continued close working of the IDA with Science Foundation Ireland (SFI) and the third level institutions will be critical in achieving this objective.

- *Work with the existing client base in Dublin City Region to encourage them to expand and diversify into higher added value added goods and services:* The significant expansions of IBM, Paypal Europe Services Ltd , Helsinn Holdings SA, and Rottapharm Ltd are examples of the type of continued investment which leads to the creation of high quality, well paid jobs for graduates that IDA is encouraging its established client base to consider.
- *To act as a broker with the higher education authorities, key client companies and Science Foundation Ireland, to encourage further research and development:* The significant recent R&D project investments announced by IBM, Business Objects and Citi Bank are examples of the type of strong cooperative developments in the area of R&D that are intended as a result of IDA, SFI and third level colleges' interaction.
- *To provide modern property solutions with supporting infrastructure:* At present Dublin City Region has a variety of high quality manufacturing and office buildings in well maintained Business Parks owned by the IDA and private developers strategically placed around the Dublin City Region that are suitable and readily available to meet the needs of new companies seeking to locate in the area. The IDA constantly monitors this situation to ensure that the property needs of new and expanding clients can be readily provided.
- *To work with the local authorities and other relevant agencies to influence the delivery of the necessary infrastructure in the Dublin City Region:* For example, IDA partnered with South Dublin County Council and with Fingal County Council to promote two high specification, fully serviced sites at Grangecastle and College Business Park. These sites enable IDA Ireland to meet the needs of international investors in Bio Pharma and ICT who have demanding and utility intensive requirements.

6.5 Strengthening the Existing Base of FDIs

There is an opportunity to build further on the strong base of FDI in the Dublin City Region through deepening the innovation capacity of existing companies, and by encouraging the deepening of their commitment to carry out high value research, development and innovation (RDI) in the region in collaboration with the third level colleges.

The Irish Financial Services Centre (IFSC) has been a great success story and is now one of the top 10 global financial services centres according to the city of London global financial service index

(2009).¹⁵¹ The IFSC continues to prosper with over 450 companies employing over 12,000 and is guided in its development by the dedicated Clearing House Group (CHG), chaired by the Secretary General to the Department of the Taoiseach.¹⁵² It would appear that the IFSC has been less affected than might have been expected as a result of the current global financial crisis. It will be important for all stakeholders to continue to collectively work to minimise the reputational damage that Ireland has suffered internationally in connection with financial regulation in the current financial crisis.

The Smart Economy Programme proposes that a range of measures be identified to reinvigorate the financial services sector. It also identifies complimentary internationally traded services with potential, such as the active management of Intellectual Property,¹⁵³ which could leverage the business services infrastructure already associated with the financial services sector. This is just one of several such complimentary sectors. All should be actively pursued.

6.6 Positioning Dublin as a Magnet for new FDI

Notwithstanding the increasing global competition for a decreased level of mobile FDI and the effects of the continuing global recession, there is potential to further build on Dublin's standing as an attractive location for knowledge intensive FDI operations, particularly in the high growth sectors such as creative industries, clean tech/green industries, digital media, internationally traded services and Life Sciences.

6.7 Maximising the Potential of FDI for Dublin

Maximising the potential of FDI for Dublin will entail a strengthening of the existing base of companies and a positioning of Dublin as a magnet for new mobile investment. Accordingly, IDA Ireland, as the agency charged with the attraction and development of FDI, will be invited to join the **Dublin Enterprise Forum**. In carrying out its remit, IDA Ireland will continue to liaise as and when required with relevant stakeholders in order to maximise the potential of FDI for the Dublin City Region (Section 7.7 contains further details in this regard).

¹⁵¹http://www.cityoflondon.gov.uk/Corporation/LGNL_Services/Business/Business_support_and_advice/Economic_information_and_analysis/GFCI/

¹⁵² The CHG brings together influential and informed persons, representing all the stakeholders, into a single forum with a clear focus. It has proven to be a successful model for the development of the International Financial Services Industry.

¹⁵³ Whether generated or domiciled in Ireland

Section 7: Driving Implementation

7.1 Introduction

Creating a truly enterprising society within a competitive environment in the Dublin City Region is an imperative if Dublin is to lead Ireland out of the current recession, develop as the SMART capital of Ireland and provide well paid employment in the provision of competitively priced goods and services for sale on Irish and overseas markets.

In meeting this challenge a great number of individuals and organisations across Dublin City Region must play their part, coordinate their actions and leverage their resources in the most efficient way possible. A single and clear focus will be required with buy-in from all parties.

The *Dublin Enterprise Strategy* has been deliberately framed to allow entrepreneurs, SME owner managers, FDI executives, policy makers, educationalists, Departments of State, local authorities, agency executives, providers of finance, representative organisations, those within the science and technological community, the media and other key players in an enterprising society to identify with it and to be appropriately involved in its implementation.

7.2 Framing an Agenda

The **Dublin Enterprise Forum**, which is intended to coordinate actions and drive implementation, will have very clear objectives in respect of the Dublin City Region:

- ✓ To make Dublin the SMART Capital of Ireland,
- ✓ To further improve competitiveness and the environment for enterprise,
- ✓ To harness entrepreneurial potential,
- ✓ To strengthen the SME sector, and
- ✓ To maximise the potential of FDI investment.

The following paragraphs set out the points which the Chairman and members of the Dublin Enterprise Forum, when appointed, may like to consider as they approach the task of achieving these objectives. The points are informed by the comments and recommendations of those consulted as part of this process and by the analysis carried out in the earlier sections. Further details on each of these points are contained in Appendix 3.

It is not the intention that the **Dublin Enterprise Forum** would seek to carry out these tasks itself as responsibility for them already exists and in many instances spans several organisations and agencies. The task of the **Dublin Enterprise Forum** is to coordinate activities in a way that eliminates

duplication, dispels confusion and provides effective services to entrepreneurs, SME owner managers and FDI corporations in a manner that positions Dublin City Region as a competitive location of choice for new and developing businesses.

7.3 Making Dublin the SMART Capital

In order to ensure Dublin's position as the SMART capital and driver of the Smart Economy programme, it is recommended that the following objectives/action should be the focus of the **Dublin Enterprise Forum**:

- ✓ **Position Dublin as the SMART Capital,**
- ✓ **Maximise the potential and implementation of the Smart Economy programme for Dublin,**
- ✓ **Stay alert to further opportunities associated with the implementation of the SMART economy programme and ensure that these are identified and their potential for Dublin City Region maximised,**
- ✓ **Incorporate "SMART Capital" in developing a brand and marketing strategy for Dublin City Region.**

7.4 Improving Competitiveness and the Environment for Enterprise

In respect of further improving the environment for enterprise, it is recommended that the following objectives/actions should be the focus of the **Dublin Enterprise Forum**:

- ✓ **Address problems in accessing finance,**
- ✓ **Put enterprise concerns high on the planning agenda,**
- ✓ **Reduce the relative costs of doing business, including the direct and indirect costs imposed by the DLAs,**
- ✓ **Match infrastructure provision to enterprise demands,**
- ✓ **Ensure a balanced regulatory environment,**
- ✓ **Ensure that the skill profile of the citizens of Dublin City Region match the enterprise needs now and in the future,**
- ✓ **Develop strong clusters,**
- ✓ **Enhance the attractiveness of Dublin City Region as a destination of choice for international students,**
- ✓ **Improve the prevailing negative culture,**
- ✓ **Improve the level of customer service provided by the DLAs, initiate a single contact point for business customers, and ensure that a customer approach is adopted by DLAs towards businesses and commercial enterprises.**

7.5 Harnessing Entrepreneurial Potential

In respect of entrepreneurship, it is recommended that the follow objectives/actions should be the focus of the **Dublin Enterprise Forum**:

- ✓ **Foster entrepreneurial mindsets,**
- ✓ **Provide accreditation to teachers who are interested in promoting enterprise or are teaching enterprise at primary or secondary school,**
- ✓ **Create Entrepreneurial Ambassadors for the Dublin Region,¹⁵⁴**
- ✓ **Host an international conference on entrepreneurship,**
- ✓ **Encourage an increase in the overall level of entrepreneurial activity,**
- ✓ **Improve support for entrepreneurs,**
- ✓ **Provide a single point of contact,**
- ✓ **Develop a centralised calendar of events,**
- ✓ **Ensure that all promotion activities profile women as well as men as successful entrepreneurs,**
- ✓ **Encourage more entrepreneurs to have growth ambitions for their new businesses,**
- ✓ **Foster entrepreneurs among the unemployed,**
- ✓ **Encourage a greater engagement with enterprise among the 50+ age group,**
- ✓ **Foster the latent entrepreneurial potential among immigrants and those returning to Ireland from a period of travelling or living abroad,**
- ✓ **Foster serial entrepreneurs,**
- ✓ **Maximise the number of innovative businesses with growth potential established and developed in the Dublin Region,**
- ✓ **Improve the rate of commercialisation out of the third level colleges,**
- ✓ **Maximise the potential of the Enterprise Platform Programmes (EPPs) for the Dublin City Region,**
- ✓ **Maximise the potential offered by the growth of internationally traded services for the Dublin Region,**
- ✓ **Ensure that enterprise, space with appropriate supports, is available for new and developing companies.**

7.6 Strengthening Small Businesses

In respect of strengthening the SME sector, it is recommended that the follow objectives/actions should be the focus of the **Dublin Enterprise Forum**:

- ✓ **Improving access and availability of finance through the establishment of *Finance Dublin*,**

¹⁵⁴ This initiative should contribute to fostering entrepreneurial mindsets

- ✓ Encourage owner managers to behave in an entrepreneurial manner in order to drive the development and growth of their existing businesses,
- ✓ Promote increased innovation among SME firms across the Dublin City Region in a manner that is meaningful for the owner managers concerned,
- ✓ Improve use of ICT to drive competitiveness and greater efficiency,
- ✓ Strengthen the capacity of small companies,
- ✓ Review the existing balance throughout the Dublin City Region between large multinational owned “High Street” named shops and small independent retailers and consider the barriers to this kind of small retail enterprise,
- ✓ Improve the export presence of small companies,
- ✓ Focus on small firms becoming lean in order to grow strong.

7.7 Maximising the Potential of FDI Investment

In respect of FDI investment IDA Ireland has a clear remit. In carrying out its responsibilities, it is recommended that the following objectives/actions should be its focus and the **Dublin Enterprise Forum** should assist as appropriate in this regard:

- ✓ Support existing FDI to deepen its commitment to the Dublin City Region,
- ✓ Identify Future Skill Requirements,
- ✓ Further develop the IFSC,
- ✓ Attract companies in internationally traded services sector to Dublin,
- ✓ Ensure that necessary infrastructure is in place and is available at an internationally competitive price,
- ✓ Promote the Dublin City Region to international companies in growth sectors,
- ✓ FDI to contribute to the development of specific clusters in the Dublin City Region.

7.8 Dublin Finance

It is recommended that the single focus of **Dublin Finance**, which will be a sub group of the **Dublin Enterprise Forum**, will be to improve access to debt and equity finance for new and existing businesses in the Dublin City Region and to provide appropriate solutions.

In addressing this challenge, the following areas are recommended for **Finance Dublin** to focus on:¹⁵⁵

- ✓ Investigate means of providing debt facilities to Dublin based new and existing businesses,
- ✓ Make available European loans to Dublin based SMEs through a wider number of financial channels,

¹⁵⁵ As noted previously, **Finance Dublin** should be mindful of the work being carried out on a national basis by various groups in this area, particularly that of the Credit Supply Clearing Group¹⁵⁵ within the Department of Enterprise, Trade and Employment, and seek to link into them.

- ✓ Develop clear guidelines so that new and existing businesses are clear on the manner in which their case should be presented when applying for finance facilities,
- ✓ Provide innovative means of providing greater access to business angels /informal investors for new and SME businesses,
- ✓ Improve cooperation between the banks and the development agencies in order to provide entrepreneurs with suitable finance and other supports,
- ✓ Investigate the possibilities of developing appropriate investment funds for new and developing businesses in the Dublin Region,
- ✓ Develop a programme of support in cooperation with lenders, which addresses the specific difficulties that immigrants have in obtaining credit.

7.9 Driving implementation

The current challenges facing enterprise in the Dublin City Region provide the context in which this enterprise strategy for the Dublin City Region has been framed. The current period of discontinuity also provides opportunities to regain competitiveness and to position for future growth and development. These have been taken into account. The imperative is to action and the creation of the **Dublin Enterprise Forum** provides an important implementation mechanism to drive development and to monitor the success of various actions. The benchmarking already underway will provide important base line data across a range of measures, whereby the success of this enterprise strategy and the work of the **Dublin Enterprise Forum** can be tracked.

It is recommended that the four DLAs formally adopt this enterprise strategy for the Dublin City Region without delay, establish the **Dublin Enterprise Forum** and its associated **Finance Dublin** sub group within weeks and make a real start on drawing together all the various parties focused on the further development of a competitive and dynamic enterprise sector in the Dublin City Region. The benefits of which will be felt throughout the country.

Appendices

Appendix 1: Members of the Advisory Group

Greg Swift (Chair)	Chief Executive Officer	Dublin City Enterprise Board
Patrick King	Policy & Communications Manager	Dublin Chamber of Commerce
Gerry McMahon	Regional Director, Dublin/Mid-East	Enterprise Ireland
Orla Nic Mhathúna	Regional Manager, East Region	IDA Ireland
Loman O'Byrne	Chief Executive Officer	South Dublin County Enterprise Board
Philip O'Connor	Director	Dublin Employment Pact
Patricia Potter	Director	Dublin Regional Authority

Assisted by Brendan O'Neill, Student Intern from DCU Business School

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Appendix 2: Acknowledgements

The consultation process has been a key element in the development of the enterprise strategy for the Dublin City Region. Those consulted in association with the development of this strategy and who gave freely of their views and opinions are most gratefully acknowledged.

First Name	Surname	Organisation
Wessel	Badenhorst	Dun Laoghaire Rathdown County Council - Economic Development
David	Begg	ICTU
Mary	Beggan	FAS
Alan	Breathnach	Enterprise Action
Dr. Stephen	Brennan	Digital Hub Development Agency
Dr. Josephine	Brown	IADT
David	Burke	Freight Wise
Anne	Byrne	South Dublin County Council
Pat	Byrne	Business Consultancy and Advisory Services
Peter	Byrne	South Dublin Chamber of Commerce
Patricia	Callan	SFA
Garvan	Cerasi	Balbriggan Chamber of Commerce
Pat	Coman	IT Tallaght
Niall	Comber	BAP
Derval	Concannon	Fire Cracker
Don	Corbett	GetmobiEd Ltd and Wotcorp
Jamie	Cudden	Dublin City Council
Eibhlin	Curley	Dublin CEB
Pat	Delaney	IBEC
Declan	Dunne	Ballymun Partnership
Derek	Elders	FAS
Anne-Marie	Farrelly	Fingal County Council - Economic Development
Mark	Fielding	ISME
Prof. Des	Fitzgerald	UCD
Fiona	Fitzgibbon	AIB
Tom	Flanagan	DIT
Walter	Foley	Dublin Regional Authority
Eamonn	Furlong	The Square Tallaght
Mainard	Gallagher	Dublin CEB
Mary	Gallagher	Consultant
Caoimhe	Gavin	Forfás
Oisín	Geoghegan	Fingal CEB
Dr. Aoibheann	Gibbins	UCD
Maria	Ginnity	Forfás
Michelle	Hannan	Terenure Enterprise Centre
Aileen	Hannon	SortMyBooks
Siun	Hanrahan	NCAD
Joe	Harford	Fingal CEB

First Name	Surname	Organisation
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Dr. Ellen	Hazelhorn	DIT
Miriam	Hegarty	Dun Laoghaire Enterprise Centre
Joanne	Hession	QED International
Sara	Hogan	DIT
Martin	Hogan	Media Cube
William	Horkan	Merge-Print-Post
PJ	Howell	Fingal County Council - Council Development
Ron	Immink	Small Business Can
Michael	Johnson	Dun Laoghaire Rathdown CEB
Martin	Kavanagh	Dublin City Council - Council Development
John	Kearns	Partas
Joe	Keating	Fingal CEB
Bertie	Kelly	National College of Ireland
David	Kennedy	Chair South Dublin Tourism
Kristian	Kofoed	Dublin City Council
Tony	Lambert	Fingal Dublin Chamber
Hal	Ledford	Dun Laoghaire Rathdown Chamber of Commerce
Anna	Lee	Tallaght Partnership
Dr. Ciara	Leonard	UCD
Nicky	Logue	DLR Tourism Company
Prof. Brian	Lucey	TCD
Pat	Lynch	Dublin CEB
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Lorna	Maxwell	Dublin City Council - Economic Development
Michael	McBennett	South Dublin Chamber
Noel	McCabe	Enterprise Ireland
Eoin	McDonnell	Precious
Esther	McGearty	Southside Partnership
G.	McGibbon	South Dublin County Council
Aebhric	McGibney	Dublin Chamber of Commerce
Celine	McHugh	Forfás
Gerard	McHugh	Director Dublin West Education Ctr.
John	McInerney	DBIC
Gerry	McMahon	Enterprise Ireland
Avine	McNally	SFA
Bernard	McNally	FAS
Terry	McParland	Enterprise Ireland
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Nicola	Mountford	Synergy Centre (IT Tallaght)
Ciara	Murphy	CPA Ireland
John	Murphy	FAS
Orla	Nic Mhathuna	IDA Ireland
Jane	Neville	DCU

First Name	Surname	Organisation
Dr. Aidan	O'Boyle	Chairman SFA, together with the other members of SFA National Council
John	O'Brien	IDA Ireland
Loman	O'Byrne	South Dublin CEB
Breasal	O'Caollai	Dun Laoghaire Business Association
Carmel	O'Carroll	CTL
Gus	O'Connell	Councillor South Dublin LA
Dr. Larry	O'Connell	National Economic & Social Council
Philip	O'Connor	Dublin Employment PACT
Pat	O'Donnell	IT Tallaght
Rory	O'Donnell	National Economic & Social Council
Shane	O'Donovan	Castleknock Print Blog
Prof. Colm	O'Gorman	DCU Business School
Dervila	O'Mahony	Bank of Ireland
Colm	O'Maolmhuire	D 15 Chamber of Commerce
Bernadette	O'Reilly	DIT Hothouse
Gerard	O'Reilly	Newmarket Partnership
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Aileen	O'Toole	Amas
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Patricia	Potter	Dublin Regional Authority
Jackie	Prendergast	Consulting Excellence
Justin	Purcell	Ballyfermot Partnership
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Tony	Tyrrell	WRC Social & Economic Consultants
Eugene	Vesey	DLR County Council
Prof. Ferdinand	von Prondzynski	DCU
Jim	Wadden	FAS
Jim	Walsh	South Dublin County Council - Economic Development
John	Whelan	Irish Exporters Association

First Name	Surname	Organisation
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Damian	Young	Bank of Ireland

Appendix 3: Some Further Agenda Items for the Dublin Enterprise Forum

The recommendations have been built on the consultation process and the expertise and insights of the author. They have been fleshed out further in this Appendix for consideration by the Chair of the **Dublin Enterprise Forum** and its members, when appointed.

MAKING DUBLIN THE SMART CAPITAL

- **Position Dublin as the SMART capital:** Dublin should be positioned as the SMART Capital in the context of the Government's Smart Economy programme, clearly communicating that making Dublin the Smart Capital does not deprive other regions of resources, but provides a focus and engine of growth to the benefit of the whole country.
- **Maximise the potential of the Smart Economy programme for Dublin:** The potential of the implementation of this programme for the Dublin City Region should be maximised, in particular the further development of dynamic clusters within specific internationally traded services, which have particular potential for development and are well suited for growth within the Dublin City Region.
- **Stay alert to further opportunities:** Opportunities, associated with the implementation of the SMART economy programme, will arise for further initiatives to support innovation and R&D credits, IP development, and the commercialisation of research among others. Ensure that these are identified and their potential for Dublin City Region maximised.
- **Incorporate SMART capital in developing a brand and marketing strategy for Dublin:** Link to the work underway to develop a suitable branding of the Dublin City Region.

FURTHER IMPROVING THE ENVIRONMENT FOR ENTERPRISE IN THE DUBLIN CITY REGION

- **Put enterprise concerns high on the planning agenda:**
 - ✓ Develop a greater understanding among planners and the general public of the needs of enterprise, and its contribution to the economy and well being of the citizens of the Dublin City Region.
 - ✓ Ensure that the needs of new and developing business for enterprise space, for serviced green field sites and for the conversion of suitable brown field sites are met, within the Dublin City Region. Review current provision in light of new requirements.
 - ✓ Make the planning process user friendly and improve the transparency of the process,
 - ✓ Examine any restrictions in planning approvals that inhibit the use of empty public/private commercial units and other potential centres for enterprise.

- ✓ Planning around Universities and institutes of Technology to encompass mixed as well as residential use.
- **Reduce the relative costs of doing business:**
 - ✓ Review procedures, bureaucratic requirements and form filling required of businesses by the DLAs and seek to reduce the burden on businesses,
 - ✓ Increase the efficiency of service provision with a single point of contact for all services within DLAs and reduce time taken to provide services/respond to requests,
 - ✓ Address upward only rent reviews,
 - ✓ Drive efficiencies and remove unnecessary duplication within the DLAs, thereby reducing the cost of running them and the burden placed on businesses as the main contributor to their budget,
 - ✓ Use any new sources of revenue to reduce the rates and development charges placed on businesses,
 - ✓ Concerted effort to drive utility costs down within Dublin,
 - ✓ Ongoing benchmarking to monitor costs and relative international competitiveness,
 - ✓ Prompt payment by DLAs and other public sector organisations/agencies for goods and services obtained from the private sector to assist SMEs in managing cash flows.
- **Match infrastructure provision to enterprise demands:**
 - ✓ Region wide approach to major infrastructural developments,
 - ✓ Make the case strongly to central Government that major infrastructural developments planned for the Dublin City Region are for the benefit of the country as a whole and must be implemented even in these straitened times,
 - ✓ Further improvements to water, waste and sewage infrastructure must be made,
 - ✓ Improve port facilities for the benefit of the entire region,
 - ✓ Develop Metro North and the enterprise and innovation potential of the extended Dublin Airport area. These then become development corridors,
 - ✓ Work with Dublin Transportation Authority (check name) to improve public transport links to connect the various parts of Dublin City Region with each other in an orbital not just radial manner,
 - ✓ Dublin City Region wide approach to working with providers to ensure that next generation broadband with higher speeds and lower costs are provided throughout the region,
 - ✓ Consider a public /private partnership in order to make the Dublin City Region a WIFI zone with widespread availability of free WIFI on public transport and in public areas.

- **Businesses to be seen as customers of the DLAs:** The concerns of businesses must be brought to the heart of the DLAs. Incorporate an enhanced customer focus within the DLAs, adopt a customer charter and report back annually to business customers on the value provided for the rates and other charges levied.
- **Address problems in accessing finance:** Establish the **Finance Dublin** as a matter of urgency to develop creative solutions to this very real problem for businesses in the Dublin City Region. Concerted approach by all parties to ease access to finance for commercially viable businesses.
- **Balanced regulatory environment:** Monitor changes to the regulatory environment to ensure that they balance the needs of Government and customers in a manner that does not unnecessarily stifle enterprise and increase its costs.
- **Ensure that the skill profile of the citizens of Dublin City Region match the enterprise needs now and in the future:**
 - ✓ Review Dublin Regional Authority commissioned study currently underway on the employment and training needs of people within the Dublin City Region.¹⁵⁶
 - ✓ Drawing on the expertise within the Expert Group on Future Skills Needs, identify any gaps in third level college courses at undergraduate or post graduate level within the Dublin City Region which might inhibit the development of sophisticated knowledge based enterprises particularly those within sectors that are sustainable within the Dublin City Region, offer potential for development and well paid employment. Liaise with development agencies and course providers to address any identified gaps in course provision.
- **Develop strong clusters:**
 - ✓ Further strengthen existing clusters in software and finance,
 - ✓ Increase linkage between Irish and overseas companies as appropriate, maximise the *knowledge spillovers* within clusters wherever possible,
 - ✓ IDA and EI to work together to seed and develop sectors with potential e.g. bio Pharma, digital media, internationally traded services among other priority growth sectors identified in the SMART Economy programme.
 - ✓ DLAs to work closely with EI and IDA to identify sites suitable for cluster development around particular sectors. Outline planning permission and infrastructure should be put in place.

¹⁵⁶ *Employment and Skills Strategy for the Dublin Region:* This report is being coordinated by the Dublin Employment PACT, researched and written by WRC Social & Economic Consultants, with publication expected by November 2009.

- **Enhance the attractiveness of Dublin City Region as a destination of choice for international students:** Identify the challenges facing international students who wish to study in Dublin and seek appropriate means to address these.
- **Improve the prevailing negative culture:**
 - ✓ Build citizen recognition of the importance of enterprise to the well-being of Dublin,
 - ✓ Concerted campaign to provide civic leadership, vision for the future of Dublin City Region and a move from defeatist attitude back to “can do,”
 - ✓ Communicate need to leverage the many resources and talents that are in the Dublin City Region in a collaborative manner,
 - ✓ Create a spirit of confidence in the future.

HARNESSING THE ENTREPRENEURIAL POTENTIAL OF DUBLIN CITY REGION

- **Foster entrepreneurial mindsets:** There should be a concerted effort to foster entrepreneurial mindsets among the general public, those within the labour force and those among the student population at school ¹⁵⁷and at college.
- **Provide accreditation to teachers who are interested in promoting enterprise or are teaching enterprise at primary or secondary school:** IADT is currently developing an accredited scheme in the form of a HETAC Special Purpose Level 9 award (Masters Level) in consultation with the DLR CEB. Teachers in the Dublin City Region should be encouraged to attend on a pilot basis, so that the teaching of entrepreneurship and enterprise is improved in a manner that benefits both teachers and pupils.
- **Create Entrepreneurial Ambassadors for the Dublin Region:**¹⁵⁸ A concerted and coordinated campaign should be undertaken to identify entrepreneurship ambassadors for the Dublin City Region. Their task would include briefing local public representatives, policy makers, local authority officials, those involved in education, and the media among others about the importance of entrepreneurship and its potential for the Dublin City Region, at the same time encouraging them to champion initiatives to support entrepreneurial endeavours.
- **Host an international conference on entrepreneurship:** An international conference on entrepreneurship, perhaps the annual ISBE conference, should be held in Dublin.¹⁵⁹ This brings together renowned scholars and thinkers on entrepreneurship as well as international policy makers and others interested in entrepreneurship. This would allow Dublin to

¹⁵⁷ The Country Enterprise Boards have well developed initiatives in this area focused on the Student Enterprise Award. Follow through on the undertaking in the Smart Economy programme to raise the profile of the Award in this regard. Target should be to ensure that all students in the Dublin Region have an encounter with enterprise at least once during their time at second level.

¹⁵⁸ This initiative should contribute to fostering entrepreneurial mindsets

¹⁵⁹ The ISBE conference this year is Liverpool. Last year it was held in Belfast. <http://www.isbe.org.uk/>

showcase entrepreneurship to a wide audience and would present an opportunity to have the leading edge thinkers in this area meet with local politicians, policy makers and other stakeholders. A conference of this size would also contribute significant revenues to the region.

- **Encourage an increase in the overall level of entrepreneurial activity:** A general promotional campaign should be initiated to encourage more individuals both men and women, whatever their circumstances, to consider becoming an entrepreneur. The campaign should incorporate advice as to where relevant information and supports are available. This should be ongoing. It should be supplemented by a series of events dedicated to enterprise which should be held at local level throughout the Dublin City Region.
- **Encourage more entrepreneurs to have growth ambitions for their new businesses:**¹⁶⁰ The emphasis should not just be on encouraging individuals to start businesses, but on encouraging entrepreneurs to have ambitions for their new businesses, to strategically position for growth from the outset, and to develop the capabilities to achieve those ambitions. This is particularly true of potential women entrepreneurs.
- **Improve support for entrepreneurs:** There are many good supports available to entrepreneurs in the Dublin City Region. There is a need, however, to improve the visibility of available support and to improve its coordination.
- **Provide a single point of contact:** Introduce a single portal¹⁶¹ with telephone contact for those thinking of setting up new businesses¹⁶² so that the information they require, on a range of issues, is easily accessible by them. This would include the full range of available supports, services from local authorities, fiscal and regulatory requirements. The website should be user friendly, build on the information available on a range of public and private sites and should provide a road map for different types of entrepreneurs with different types of queries. The information on the website should be available in a number of languages to facilitate immigrant entrepreneurs. The service will need to be heavily promoted, including through the banks, accountants, lawyers and more generally, to provide wide visibility as to its existence and to the range of information it provides. It may be that this is provided on the basis of a public /private partnership of relevant stakeholders.¹⁶³

¹⁶⁰ Entrepreneurs that significantly grow their businesses have a greater impact on the economy and the general community as a result of their entrepreneurial efforts. One third of female entrepreneurs (33%) and a quarter of male entrepreneurs do not expect to become employers. This lack of ambition limits their growth potential from the outset.

¹⁶¹ This may be on a regional or national basis

¹⁶² This resource should also be available to owner managers of existing businesses.

¹⁶³ The Report of the Small Business Forum recommended that a first stop “**Knowledge Base**” be developed, launched and promoted. It was envisaged that this would be a comprehensive central resource of relevant,

- **Develop a centralised calendar of events:** There should be greater coordination of the activities of the agencies and other providers of support to entrepreneurs and those interested in entrepreneurship. To this end a centralised calendar of events across Dublin City Region should be developed, kept updated, suitably promoted, and available on the web. This calendar would indicate all events scheduled to take place, including training courses, workshops and talks in the third level colleges, so that duplication is avoided, all stakeholders are aware of each other's planned activities and those interested in participating have a single point to check for relevant activities.
- **Ensure that all promotion activities profile women as successful entrepreneurs:** Ensure that all promotional material encouraging entrepreneurial activity is gender neutral, that profiles of women entrepreneurs are available and that the entrepreneurial ambassadors for the region include a number of women.
- **Foster entrepreneurs among the unemployed:** Tailored initiatives and supports for those being made redundant and recently unemployed should be introduced. The supports should recognise that, in the present circumstances, individuals may not be responding to a perceived opportunity and may need more assistance in identifying a viable proposition for a new venture and in rebuilding their confidence. Particular attention should be paid to those previously employed in the construction sector, with specially tailored initiatives.
- **Encourage a greater engagement with enterprise among the 50+ age group:** An initiative aimed at involving older people (50+) in a variety of ways with enterprise is being developed with European partners by the Mid East Regional Authority. The potential for *Senior Enterprise* in the Dublin City Region should be investigated and, if suitable, the initiative should also be implemented in the Dublin City Region.
- **Foster the latent entrepreneurial potential among immigrants and those returning to Ireland from a period of travelling or living abroad:** Ensure that information is made available to immigrant entrepreneurs through their own language media as well as more generally and that relevant advice, information and support is available to them if they are thinking of setting up a business. Consider ways of communicating with Irish people returning to Ireland.¹⁶⁴
- **Foster serial entrepreneurs:**¹⁶⁵ In association with the representative organisations, encourage existing owner managers to consider starting a new business.

up-to-date, user led business information for entrepreneurs, owner/managers and their advisers. Section 3.3 Enhanced Access to Information and Advice, page 27-30.

¹⁶⁴ For example, an advertising hoarding could be placed at Dublin airport inviting those returning to Ireland from travelling abroad to consider starting a business as their next adventure.

¹⁶⁵ At present one in four early stage entrepreneurs (27%) have prior entrepreneurial experience.

- **Maximise the number of innovative businesses with growth potential established and developed in the Dublin Region:** Given the significant economic benefits that are associated with new businesses of this kind, a particular emphasis should be given to increasing their number.
- **Improve the rate of commercialisation out of the third level colleges:**
 - ✓ An annual baseline rate of research being commercialised (spin out, licence, patent etc.) out of the third level colleges should be established and monitored annually.
 - ✓ Identify common barriers to commercialisation across the third level colleges and address these in a coordinated fashion.
 - ✓ Monitor the implementation of the UCD/TCD Alliance to ensure that the milestones to achieving its objectives are met.
 - ✓ Monitor the use of third level incubators to ensure that the optimum use is being made of them with regard to the type of tenants located within them, their interaction with the third level college, and the duration of their stay.
- **Maximise the potential of the Enterprise Platform Programmes (EPPs) for the Dublin City Region:**
 - ✓ Seek secure funding for the EPPs beyond September 2010.
 - ✓ Increase the number of places available annually by 20% on EPPs in the Dublin City Region (Hothouse Venture, Create and M50), given the increased demand from good quality prospects.
 - ✓ Investigate the need to provide further supports for Dublin based entrepreneurs who have completed EPP programmes and have developed innovative businesses capable of further development and growth.
- **Maximise the potential offered by the growth of internationally traded services for the Dublin Region:** The Dublin Region has significant potential for internationally traded services. The emergence of new companies in this area should be actively encouraged, while companies currently trading locally with potential to trade internationally in the Dublin City Region should be identified and supported.
- **Ensure that enterprise space with appropriate supports is available for new and developing companies:** The enterprise space needs for new and developing business in the Dublin City Region should be reviewed.

STRENGTHENING SMALL BUSINESSES

- **Improving access and availability of finance:** The establishment of the associated **Dublin Finance** will play an important role in bringing key players together from the financial

community, the development agencies and the representative organisations in a collaborative manner to assist SMEs and established owner managers to gain access to sources of finance. This will be a small high-level group of influential people who will seek to imaginatively meet the financing needs of the SME sector through corporate finance, private investors and other sources of funding.

- **Promote increased innovation among SME firms across the Dublin City Region:**
 - ✓ Promotion campaign to demystify innovation so that more SMEs see it as having relevance to themselves and a means to drive efficiencies, win new customers and increase profitability.
 - ✓ Innovation vouchers scheme to be extended beyond November 2009 and promoted in a manner that appeals to micro enterprises and other small companies that would not normally consider *innovation* as applying to them
 - ✓ Communicate that in a time of change the best way to survive and thrive is to convert change into opportunity through innovation.¹⁶⁶
- **Improve use of ICT to drive competitiveness and greater efficiency:** Promote potential of e-business for efficiency and as a means of winning customers in overseas markets
- **Strengthen the capacity of small companies:**
 - ✓ Explore a means of making available the knowledge and skills of unemployed /redundant individuals (recent graduates or experienced workers) to SMEs in a manner that is cost effective for the companies and does not interfere with the social welfare entitlements of the individuals concerned.
 - ✓ **Finance Dublin** to consider means of matching those with capital, experience, networks and other resources with small companies with long term potential.
 - ✓ Monitor the Management Development Council Report, due to be published in October 2009, in seeking appropriate means to improve management practices in SMEs across the Dublin City Region.
 - ✓ Communicate the vital importance of small companies and their continuing need to strengthening their management practices. Put forward the case for budgets not to be further cut in this area.
- **Review the existing balance throughout the city centre between large multinational owned “High Street” named shops and small independent retailers:** To the extent that the latter are, or are becoming, seriously under represented

¹⁶⁶ *Innovation and Entrepreneurship*, Peter F. Drucker, Classic Edition 2007 “And it is change that always provides the opportunity for the new and different. Systematic innovation therefore consists in the purposeful and organized search for changes and in the systematic analysis of the opportunities such changes might offer for economic or social innovation” page 31.

- ✓ Consider the barriers to this kind of small retail enterprise,
- ✓ Consider the extent to which they can and do avail of assistance from existing sources of assistance or advice,
- ✓ Consider ways in which such support could be proactively extended with a view to improving the attractiveness and variety of retail outlets and sustaining the resulting streetscapes throughout the city.
- **Improve the export presence of small companies:**
 - ✓ Increased numbers of SMEs in Dublin City Region to be encouraged and supported by the development agencies as *first time exporters* to explore export opportunities and to find customers on export markets.
 - ✓ SMEs currently focused on the UK market as their main export market to be encouraged and supported to diversity into euro zone markets in mainland Europe.
 - ✓ Communicate, through the representative organisations and other means to locally trading services the potential of internationally traded services with case examples, so that they can judge for themselves the potential offered on export markets.
 - ✓ Investigate the difficulties relating to SMEs obtaining export insurance.
- **Focus on becoming lean in order to grow strong:** Encourage a view that the drive to reduce costs and improve efficiencies will improve the competitiveness of SMEs and enhance the appeal of their products and services on domestic and export markets when demand recovers.

MAXIMISING THE POTENTIAL OF FDI INVESTMENT

- **Existing FDI to deepen its commitment to the Dublin City Region:** IDA Ireland, working with the third level colleges and SFI, to continue to support its existing client companies in the Dublin City Region to deepening their knowledge intensive activities, recognising that these types of activities are more sustainable and more suited to the educated and highly skilled workforce, which is part of the attractiveness of the City Region.
- **Identify Future Skill Requirements:** IDA Ireland to continue to work with the third level colleges, HEA and the Expert Group on Future Skills Needs (EGFSN) to identify the future skill requirements of their existing clients and those companies not yet established here, but within growth sectors targeted for attraction to Ireland.
- **Further develop IFSC:** IDA Ireland to continue to actively work with the IFSC Clearing House Group to ensure that the commitments to further invigorate and build the financial services sector are carried through for the benefit of existing and future clients.

- **Attract companies in internationally traded services sector to Dublin:** Sectors within internationally traded services with potential to leverage the established financial services eco system should be fully explored and a target campaign undertaken to attract these to the Dublin City Region.
- **Ensure that necessary infrastructure is in place and is available at an internationally competitive price:** Local Authorities and other stakeholders in the Dublin City Region to support IDA Ireland in its efforts to maximise the attraction of new and already established FDI to the Dublin City Region by assisting in the provision of the necessary infrastructure, including communication, transport and water/waste disposal, to competitively meet the needs of sophisticated companies, with world class standards that trade globally.
- **Promote Dublin to international companies in growth sectors:** IDA Ireland to continue its promotion of the Dublin City Region, building on its attributes as a successful location for International Financial Services, Digital Media and the other high tech sectors such as ICT, Life Sciences, and Globally Traded Business. Link to the development of a brand for the Dublin City Region being development by the DLAs.
- **FDI to contribute to the development of specific clusters in the Dublin Region:** Using the examples of the strong well developed clusters in the financial services and software sectors to promote similar clustering within other sectors. The **Dublin Enterprise Forum**, for example, will link IDA Ireland, Enterprise Ireland, the third level sector and the DLAs and other relevant players in order to support the creation of the innovation ecosystem, identified in the government programme “Building the Smart Economy,” and to explore the potential role, capacity and viability of establishing an International Digital Services Centre in Dublin.¹⁶⁷

¹⁶⁷ Identified in the *Economic Development Action Plan for the Dublin City Region*, July 2009 , Section 3.5 page 41

