



SHEFFIELD CITY COUNCIL Cabinet Report

Report of: Simon Green, Executive Director of Place

Date: 16th April 2014

Subject: Sheffield: An International, Competitive, Exporting City

An International Trade and Export Strategy For Sheffield

Author of Report: David Campbell-Molloy (0114 223 2368)

Summary:

The city's Economic Strategy focuses on rebalancing growth so that it is more sustainable and private sector-led. To achieve this Sheffield needs to become more outward facing: an international, competitive, exporting city.

This Cabinet report presents a new International Trade and Export Strategy, which has been developed with key partners and the Local Enterprise Partnership, for approval by Cabinet. Delivering this strategy will impact on the 'Competitive City' Strategic Outcome, improving the competitiveness of the city's economy to achieve stronger, more sustainable economic growth, based upon competitive advantage in internal markets and higher levels of productivity.

The strategy sets out how Sheffield and the wider city region will work together to increase our trade and export performance. We need to do all that we can to support our growth potential businesses to export their products and services to overseas markets. This includes helping more of our start-ups and existing businesses to take their first steps to exporting and encouraging our businesses that do currently export to look to growing markets for new business opportunities.

The strategy provides a framework for meeting our objectives, working in partnership to deliver:

- increase the propensity of our businesses to export, getting them to a tipping point where they take steps to develop their export potential

- help more of our growth potential businesses, and ‘accidental exporters’, to secure international orders and develop long-term trade relationships, and
 - assist our experienced exporters to access new markets, exploiting new business opportunities
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Reasons for Recommendations:

An International Trade and Export strategy for Sheffield will launch a new international partnership and outline key strategic interventions designed to drive up export performance across Sheffield and the wider City Region.

Recommendation:

Cabinet is recommended to:

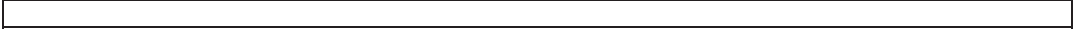
- i. Approve the new International Trade & Export Strategy appended to this report as a statement of the city’s trade and export priorities and ambitions
 - ii. Note the financial implications of implementing the strategy
 - iii. Agree that officers in Creative Sheffield will continue to work with the SCRLEP as part of the development of this wider export support offer
 - iv. Delegate to the Director of Creative Sheffield the authority to take such further steps, including the making of agreements or arrangements with third parties, as he considers appropriate to achieve the delivery of this Strategy, subject to (a) the availability of any necessary funding within a suitable approved Council budget, and (b) consultation as appropriate with the Director of Legal and Governance and the Director of Finance.
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Background Papers:

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications	
NO	Cleared by: Paul Schofield
Legal Implications	
YES	Cleared by: Andrew Bullock
Equality of Opportunity Implications	
NO	Cleared by: Ian Oldershaw No negative impact
Tackling Health Inequalities Implications	
NO	
Human rights Implications	
NO:	
Environmental and Sustainability implications	
NO	
Economic impact	
YES	
Community safety implications	
NO	
Human resources implications	
NO	
Property implications	
NO	
Area(s) affected	
City Wide	
Relevant Cabinet Portfolio Leader	
Councillor Leigh Bramall	
Relevant Scrutiny Committee if decision called in	
Economic and Environmental Wellbeing Scrutiny Committee	
Is the item a matter which is reserved for approval by the City Council?	
NO	
Press release	
YES	



AN INTERNATIONAL TRADE & EXPORT STRATEGY FOR SHEFFIELD

1.0 SUMMARY

- 1.1 The city's Economic Strategy focuses on rebalancing growth so that it is more sustainable and private sector-led. To achieve this Sheffield needs to become more outward facing: an international, competitive, exporting city.

This Cabinet report presents a new International Trade and Export Strategy, which has been developed with key partners and the Local Enterprise Partnership, for approval by Cabinet. Delivering this strategy will impact on the 'Competitive City' Strategic Outcome, improving the competitiveness of the city's economy to achieve stronger, more sustainable economic growth, based upon competitive advantage in internal markets and higher levels of productivity.

- 1.2 The strategy sets out how Sheffield and the wider city region will work together to increase our trade and export performance. We need to do all that we can to support our growth potential businesses to export their products and services to overseas markets. This includes helping more of our start-ups and existing businesses to take their first steps to exporting and encouraging our businesses that do currently export to look to growing markets for new business opportunities.

- 1.3 The strategy provides a framework for meeting our objectives, working in partnership to:

- increase the propensity of our businesses to export, getting them to a tipping point where they take steps to develop their export potential
- help more of our growth potential businesses, and 'accidental exporters', to secure international orders and develop long-term trade relationships, and
- assist our experienced exporters to access new markets, exploiting new business opportunities

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 By setting out our international trade and export priorities and ambitions, this strategy aims to put in place an export support framework that will deliver international economic success for the city, helping to bring wealth into the city, and creating jobs for the people of Sheffield.
- 2.2 The strategy supports the delivery of the Corporate Plan, detailing key actions which contribute to the Council's four key aims of: being a business-friendly Council; focusing on jobs; supporting and protecting communities; and, standing up for Sheffield.

3.0 OUTCOME AND SUSTAINABILITY

- 3.1 This strategy is focused on developing and delivering strong economic interventions that will help the city's businesses to increase our trade and export performance. This includes helping more of our start-ups and businesses to begin exporting, as well as encouraging our businesses that do export to look to new markets for fresh business opportunities.
- 3.2 The successful delivery of our International Trade & Export Strategy will contribute towards the delivery of our Economic Strategy. Supporting more of our existing businesses and start-ups to trade internationally will help to accelerate their growth prospects, making them more competitive from their exposure to greater foreign competition, ultimately improving their productivity and efficiency processes and creating jobs.
- 3.3 As a result of the strategy's interventions, by 2020 we aspire to:
- increase the propensity of our businesses to export, getting them to a tipping point where they take steps to develop their export potential
 - help more of our growth potential businesses, and 'accidental exporters', to secure international orders and develop long-term trade relationships, and
 - assist our experienced exporters to access new markets, exploiting new business opportunities
- 3.4 To achieve these aims, the table in figure 1 sets out the strategy's core objectives to:
- target 20% of the business base to proactively sell the benefits of exporting
 - increase the export propensity to 5% of the business base, creating a pipeline of future exporters
 - increase the number of exporters from 8% to 12% of the business base, and
 - support 20% of our existing exporters to exploit new market opportunities

	Purpose		Sheffield	SCR	Objective
Baseline	An estimated 8% of the business base currently exports, with a further 2% estimated as having a 'high propensity' to export	Business base	16,305	56,390	
		Estimated number of exporters	1,300	4,500 ¹	
		Estimated high propensity exporters	400	1,000 ²	
Aims	Increase the propensity of our businesses to export, getting them to a tipping point where they take steps to develop their export potential	Proactive communication on business benefits of exporting	11,000		We will target 20% of the business base to proactively sell the benefits of exporting
		Number of businesses with a high propensity to export	3,000		We will increase the export propensity to 5% of the business base, creating a pipeline of future exporters
	Help more of our growth potential businesses, and 'accidental exporters', to secure international orders and develop long-term trade relationships	Increase in number of businesses beginning exporting	860	2,150	We will increase the number of exporters from 8% to 12% of the business base
	Assist our experienced exporters to access new markets to exploit new business opportunities	Number of existing exporters accessing new markets	360	900	We will support 20% of our existing exporters to exploit new market opportunities
	Estimated economic impact	To grow the economy through increased trade and	Increase in turnover	£263m	£650m
Increase in GVA			£80m	£200m	

¹ Estimates based upon 2010 Eco Tech Business Survey which found that 8% of businesses operated across international markets

² Based upon UKTI 'experian' data of the SCR business base, highlighting businesses that have strong characteristics and capabilities to export but are not currently doing so

	exports	Number of jobs created	1,300	3,250 ³	
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Figure 1: The economic objectives of Sheffield's International Trade and Export Strategy

4.0 AN INTERNATIONAL TRADE & EXPORT STRATEGY FOR SHEFFIELD

4.1 Background and Introduction

The city's Economic Strategy acknowledges a number of significant challenges that need to be overcome if Sheffield is to fulfil its economic potential. These include:

- a persistent prosperity gap of £1.6 billion to the national average, representing the difference between what the Sheffield economy does produce and what it could produce
- since 2005, job growth in the city being too reliant on the public sector, highlighting the need to strengthen our private sector and rebalance growth, and
- the strength and productivity of our sectors being below national average

Increasing the amount we trade and export as a city overseas has been identified as a critical area to help address these challenges. This is also the case at a city region level. The need to export more has been identified as part of the developing Strategic Economic Plan. The LEPs Independent Economic Review clearly identified trade and exports as an area for future growth stating that, 'Sheffield City Region needs to increase the number of companies exporting and to support existing exporters to increase sales and reach new markets. While Europe is the most straightforward focus for new entrants a global view of opportunities and markets is required. Increasing exports is critical to maintaining manufacturing employment and to developing key growth sectors'.

4.2 Why a new strategy?

The Council's current International Strategy is 2010 to 2013/14. This strategy set out broad objectives, focusing on a range of internationalisation activities for the City Council. Although this strategy has provided a framework for greater coordination of international work, further focus is now needed to drive forward the trade and export performance of the city's business base.

This responds to the changing economic climate following the 2008 financial crisis. Whilst the current International Strategy had a broad economic focus, in order to rebalance to private sector growth and boost SME competitiveness a stronger, more explicit economic focus on trade and export is now required. The proposed International Trade and Export Strategy delivers this, focusing and prioritising trade and export support for the economic wellbeing of the city as a whole.

4.3 Partnership with the Sheffield City Region

³ Estimated Economic impact has been calculated in consultation with UKTI and the strategy steering group. Increase in turnover and jobs created are calculated using previous evaluations of UKTI support. The figures assume that over the period to 2020, 2150 new exporters will increase turnover on average by £50,000 each and 0.25 FTE job, and that the 900 existing exporters we work with will generate on average £611,000 in turnover and 3 jobs each. (this is taken from the evaluation of OMIS at median levels).

The development of this strategy preceded the SCR Strategic Economic Plan, with Sheffield being asked to lead on the international business development offer as a result of more exports and trade being identified as a strategic city region priority. The city's International Trade and Export Strategy sets out the Sheffield commitment as part of the wider city region wide Strategic Economic Plan. In the short-term we will formally establish and work with partners to make progress on delivering the Sheffield commitments up to April 2015. During this period we will also support SCR negotiations with Government on the Strategic Economic Plan. Through this approach, Sheffield will take the lead on initial delivery, partnering with key organisations and city region Local authorities. This will enable Sheffield and SCR to evidence a successful track record to Government, and demonstrates our willingness and ability to deliver on a larger city region scale.

Sheffield recognises the opportunity to work at a city region level to secure larger funding through European Structural and Investment Funds, Local Growth Fund and through closer commissioning relationship with UKTI and the department of Business Innovation and Skills. Sheffield City Council is committed to working in partnership to drive this agenda forward.

4.4 Our current civic relationships are not economically aligned

At a civic level, the Council has a number of international sister city agreements. A full list of these are listed at Appendix 2.

However, most of our current sister city relationships are not aligned to trade activity. A review of Sheffield's current International Strategy concluded that the city has few operational links that make a contribution to the achievement of our strategic economic objectives.

A new international strategy, therefore, is required to refocus and activate proactive trade links. In making our new strategy fit-for-purpose we need to ensure it is focused on Sheffield's economic interests. Our future international sister city agreements, therefore, need to act as an economic lever for our businesses and growth sectors to gain access to important, strategically significant global markets.

Accessing new and bigger international markets is often done most effectively through quality business relationships and effective supply chain matching. However, to access certain markets, particularly growing Asian markets, and to project the city's profile internationally, we need to harness and align our civic relationships. Often a civic presence as part of a business delegation can help Sheffield businesses to gain greater access to strategic international companies and contact during international visits.

4.5 Exporting is important for growth

Evidence demonstrates that doing business internationally leads directly to economic growth, bringing money into the local economy, boosting employment and business competitiveness. It helps to improve business efficiency, productivity and innovation through the fostering of new ideas for products and services, gaining access to new customers and reducing business costs through an increase in volumes.

UK Trade & Investment research has found that:

- 59% of UK companies found that overseas business led to fresh ideas and innovation, helping to upgrade their products and services
- 58% of entrepreneurs said exporting led to a level of growth not otherwise possible
- 44% of firms reported a link between exporting and increased turnover in 2011
- 44% of firms said exporting significantly improved their profile and credibility, and
- It is over 11% more likely that a UK company will survive if it does business overseas

Export is particularly important for Sheffield's economic future. Sheffield's economic growth strategy prioritises private sector growth, particularly within the city's small and medium sized businesses (SMEs), in order to meet the city's economic growth ambitions. Small and medium sized enterprises (SMEs) are the foundation of Sheffield's economy; they make up the majority of the business base and contribute around half of the employment and turnover produced within the local economy. In order for the city to meet its growth ambitions we need to see a significant increase in the number of SMEs in Sheffield and the city region growing through exporting. As such this strategy must be focused on working with those SMEs with growth potential to develop competitive advantage in their products and services and help them reach new customer markets abroad.

4.6 **Significant barriers to international trade**

Despite the business benefits, barriers to international trade continue to persist. Evidence indicates that a large majority of businesses lack awareness of their export potential or demand for their product or services in overseas markets. They often underestimate the potential benefits of exporting, and overestimate the potential costs. This results in fewer firms investing in building the capabilities or acquiring the knowledge needed for active exporting or for entering new markets.

It is also difficult for a business to begin trading and exporting alone. Evidence demonstrates that international trade and exports can be boosted through strong support networks. For instance, a 2011 Department for Business, Innovation and Skills paper indicated that strong export support networks helped businesses to trade by:

- acting as trusted intermediaries in strengthening social networks which often underpin international trade
- strengthening the internationalisation capabilities of innovative and high growth businesses
- providing access to information and advice, and
- facilitating beneficial cooperation within the business community, enabling them to work together to overcome specific barriers to market access

Barriers also exist for experienced exporters. These include gaining access to relevant networks and information in new markets without trusted intermediaries.

4.7 **Opportunity for change**

The national, regional and local importance placed on trade and exports presents us with an opportunity to change our approach to leverage greater impact. In November 2011, The Prime Minister launched 'The National Challenge: Exporting for Growth', the aim of which is to increase the number of new SME exporters by 100,000, and doubling the value of UK exports to £1 trillion a year by 2020. This requires a 9% year-on-year increase in our current export performance.

Local partners already work together and partner with UKTI, continuing to develop these relationships and improving the coordination of export support will help to deliver an improved offer to the business community. However, this will only achieve so much, and alone this will not deliver the step change in export performance that is required if we are to transform our economy and the economy of the wider city region. The establishment of the Local Growth Fund presents the Sheffield City Region, through its Strategic Economic Plan, with a much bigger prize; an opportunity to secure significant investment to upscale our export support offer into a more comprehensive, bespoke service that will help to achieve our export objectives and truly transform the economy.

To take advantage of this opportunity, our approach at a city region level will be of critical importance. Demonstrating our willingness and ability to work effectively across the city region in partnership, for the benefit of the wider business community, will be significant to unlocking Local Growth Fund resources to upscale our export support offer.

4.8 **Engagement**

Sheffield City Council officers in Creative Sheffield have worked extensively with a range of stakeholders in the development of the strategy. This has included UK Trade & Investment, South Yorkshire International Trade Centre, South Yorkshire International Trade Forum, SCR Chambers, SCR local authority economic development officers and the SCR Local Enterprise Partnership. A strategy development group has been established, and has met regularly over the past 9 months to provide a steer on the identification of priorities and targeted actions to address these.

In October 2013, the Council hosted a successful Business Summit with over 150 local businesses on the topic of international trade and exports. To help maximise our exporting potential, the Summit identified the following actions as being of critical importance:

- offering business-led, business-focused support tailored to the needs of individual businesses
- proactively mapping and targeting export support packages towards SMEs that have the potential to export
- providing more opportunities for exporters and non-exporters to network, and
- developing a stronger brand that showcases our competitive strengths around the world

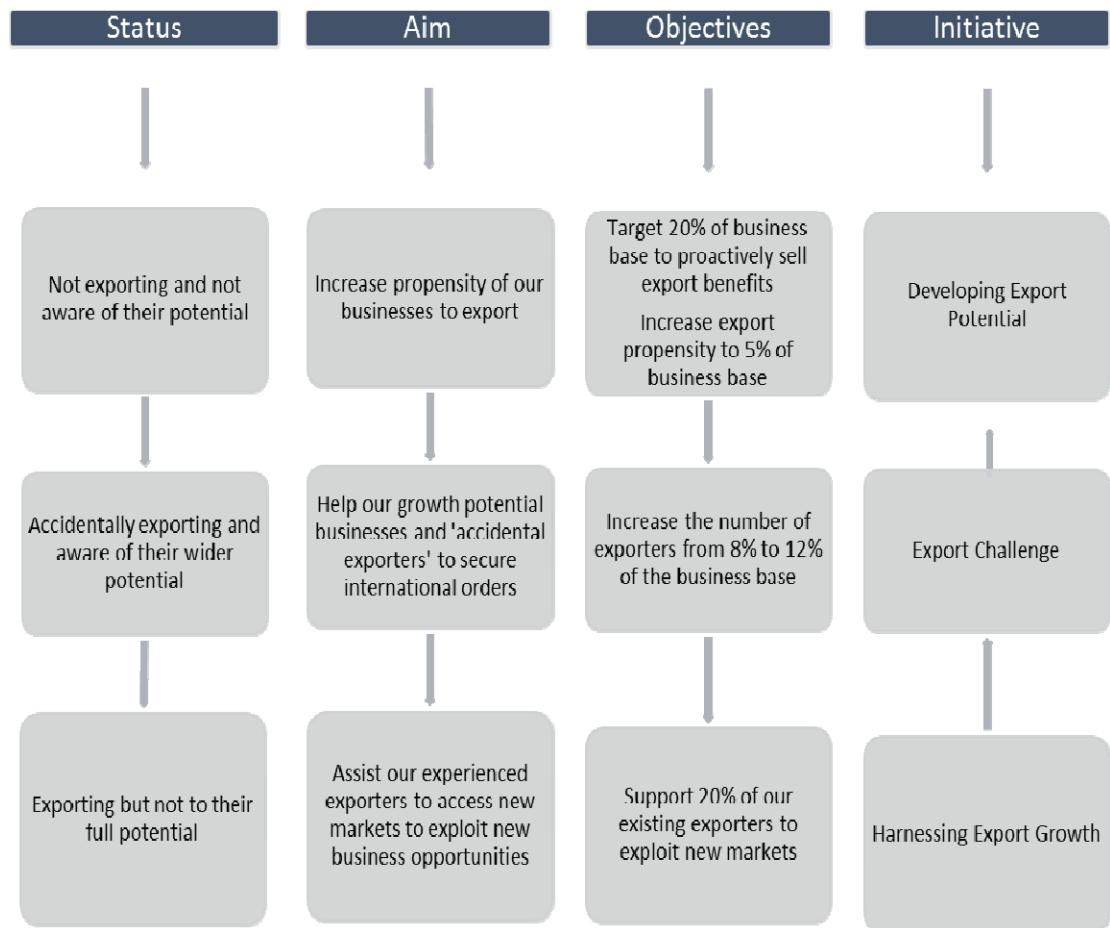
This stakeholder engagement has helped to identify the key principles underpinning

the strategy. They are:

- **The strategy is economic in focus:** ensuring our future international activity is centred increasing trade and export performance to achieve higher levels of economic growth
- **The strategy is proactive in approach:** taking the initiative to actively increase the amount we export, working at SCR level with UKTI and national partners to secure the resources and support we need locally
- **The strategy will be delivered through partnership:** working together to deliver a comprehensive, simplified package of export support measures that the business community requires so they understand the types of support available and where to go to access it

4.9 Priorities

The strategy at Appendix 1 sets out the new approach to increase the amount we trade and export internationally. The 3 tiered framework sets out the key priorities and interventions that will enable us to meet our aims and objectives as set out in figure 1:



This framework identifies specific actions to help businesses reach a tipping point

in their decision to start exporting and increase their propensity to export, helping our growth potential businesses and 'accidental' exporters to secure international orders for their products and services, and assisting our experienced exporters to access new markets to exploit new business opportunities.

The purpose of these interventions is set out below:

- **Developing Export Potential:** increasing the propensity of our businesses to export, getting them to a tipping point where they take steps to develop their export potential
- **The Export Challenge:** help more of our growth potential businesses and 'accidental exporters' to begin exporting for the first time
- **Harnessing Export Growth through Accessing New and Bigger Markets:** assisting our experienced exporters to exploit new markets to benefit from additional business opportunities

4.10 **Measuring progress**

The strategy identifies a number of economic measures to enable effective monitoring of the city's international trade and exporting performance. These are set at in this cabinet report at figure 1. It is intended that progress will be overseen by the Sheffield International Partnership (see section below). Our economic measures are underpinned by a set of progress measures which relate to the international trade and export objectives we want to achieve.

4.11 **Partnerships and governance**

To oversee the implementation and delivery of the International Trade Strategy we will ensure that strong governance arrangements are established. Through the creation of a 'Sheffield International Partnership' (SIP) we will manage and coordinate the delivery of the export support offer to businesses. Membership of the SIP will be drawn from the private sector, city institutions and relevant international business support agencies. The steering group brought together to design the strategy has been acting as a shadow board for the SIP.

We will continue to work in partnership with the City Region and take a lead on the international dimensions of the Strategic Economic Plan. We will take the lead on the initial delivery elements of our new export offer up to April 2015, during the SCRLEP negotiations with Government. As we develop a clearer picture of the funds that could be available to the City Region to upscale the export support offer we will integrate further into SCR partnership and delivery. For example, there is a desire to develop an integrated International Trade Centre within an SCR Growth Hub. We would also welcome the extension of the Sheffield International Partnership to city region level to develop further the city region export support offer.

4.12 **Legal Implications**

The Council has the power to take steps to promote the economic development of the city by virtue of section 1 of the Localism Act 2011 (the so called 'general power of competence'). However, in implementing the new Strategy the Council will need

to be mindful of the need to comply with any applicable UK or EU laws, e.g. state aid legislation.

4.13 Financial Implications

There are no immediate financial implications in approving this strategy. However, the strategy does set the framework for where we will invest our resources and how we prioritise our international trade and exporting activity to 2020:

- i. Creative Sheffield business support resources will be harnessed to support the delivery of the International trade and export strategy
- ii. On 7th March 2014 Special Budget Council resolved that it is a priority for the Council to continue to invest in growing the local economy and therefore directed that the 'Keep Sheffield Working Fund' should receive a further £200,000 of investment. The Keep Sheffield Working Steering Group has agreed that a priority for any further funding would be to pump prime key elements of the delivery of export support, aligned with this International Trade and Export Strategy.
- iii. Creative Sheffield will continue to work with the SCRLEP to secure additional funding to upscale the wider city region export support offer through European Structural and Investment Funds and Local Growth Funding.

4.15 Equality of Opportunity Implications

By setting out the city's future international trade and exporting priorities this strategy aims to establish a comprehensive Sheffield export support offer for long-term economic success to the benefit of Sheffield residents and businesses. No negative equality impacts have been identified.

Economic Implications

The strategy's framework is designed to achieve Sheffield's 2020 international trade and exporting ambitions. It focuses on delivering economic interventions that will accelerate the amount we trade overseas in the short and medium term, thereby helping to improve our business competitiveness and productivity. By taking this approach, the economic implications arising from this strategy will be substantial and will be felt across the city in different business sectors and communities.

5.0 ALTERNATIVE OPTIONS CONSIDERED

5.1 Retain our current International Strategy

The Council's current International Strategy is 2010 to 2013/14. There has been a need for a review to evaluate the strategy's successes. Over the lifetime of this strategy the national and international economic climate has changed considerably following the repercussions of the 2008 financial crisis. Whilst the current International Strategy had an economic focus, it has been concluded that a stronger, more explicit economic focus is required in a new strategy. Hence the development of this International Trade Strategy which focuses and prioritises international economic activity for the economic wellbeing of the city as a whole.

5.2 Delivering a Sheffield Strategy without SCR

Developing a Sheffield strategy in isolation from the SCRLEP Strategic Economic Plan may lead to increased impact through the improved coordination of existing resources and additional limited resources. However, this would achieve limited economic benefits to the scale and flexibility of current export support. The city could miss out on significant opportunities to truly transform Sheffield's, and it's wider city region's, economy through harnessing the SCR SEP to negotiate increased resources and co-commission powers for UKTI resources..

5.3 Work purely within the framework of the SCR Strategic Economic Plan

The development of the International Trade Strategy preceded the SCR Strategic Economic Plan, with Sheffield being asked to lead on the wider international business development offer as a result of more exports and trade being identified as a strategic city region priority. To not proceed with a clear Sheffield plan and a positive commitment to trade and export, and to further partnership working, would lead to a significant delay in activity starting, a move backwards in terms of the coordination and support we have in the trade organisations in the city region and a less bold and clear ask with the SEP for future resources and support. In the short-term we will formally establish and work with the SIP to make progress on delivering the Sheffield commitment up to April 2015 during the period of SCRLEP negotiations with Government on the Strategic Economic Plan. Through this approach, Sheffield will take the lead on initial delivery, evidencing a successful track record to Government, and demonstrating a willingness and ability to deliver on a larger city region scale.

6.0 REASONS FOR RECOMMENDATIONS

- 6.1 An International Trade and Export Strategy for Sheffield will launch a new international partnership and outline key strategic interventions designed to drive up export performance across Sheffield and the wider City Region.

7.0 RECOMMENDATION

- 7.1 Cabinet is recommended to:

- v. Approve the new International Trade & Export Strategy appended to this report as a statement of the city's trade and export priorities and ambitions
- vi. Note the financial implications of implementing the strategy
- vii. Agree that officers in Creative Sheffield will continue to work with the SCRLEP as part of the development of this wider export support offer
- viii. Delegate to the Director of Creative Sheffield the authority to take such further steps, including the making of agreements or arrangements with third parties, as he considers appropriate to achieve the delivery of this Strategy, subject to (a) the availability of any necessary funding within a suitable approved Council budget, and (b) consultation as appropriate with the Director of Legal and Governance and the Director of Finance.

Appendix 2: Sheffield's Current International Sister City Relationships

City (alphabetical order)
Anshan, China
Bangalore, India
Bapaume, France
Bochum, Germany
Chengdu, China
Cheonan, Korea
Donetsk, Ukraine
Esteli, Nicaragua
Jeonju, South Korea
Kawasaki, Japan
Kotli, Kashmir
Malealea, Lesotho
Minoh, Japan
Pittsburgh, USA
Sapporo, Japan
Sheffield, Australia

Sheffield

2020: An International, Competitive, Exporting City
An International Trade and Export Strategy for
Sheffield

April 2014



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Foreword

The importance of export and trade for the purposes of economic growth has been recognised at a local, regional and national level. Doing business internationally leads directly to economic growth, bringing money into the economy, boosting employment and business competitiveness. It also improves business efficiency, productivity and innovation through the fostering of new ideas for products and services, and gaining access to new customers. In rebalancing the local economy towards stronger private sector growth, increasing the amount we trade and export internationally will play a critical role.

This strategy sets out how Sheffield and the wider city region will work together to increase our trade and export performance: to position Sheffield as a truly **international, competitive, exporting city**.

We know there is more we can do to help our firms export and we are committed to supporting our growth potential businesses to export their products and services to international markets. Through our **Developing Export Potential, Export Challenge**, and **Harnessing Export Growth through Accessing New Markets** initiatives we will:

- Increase the propensity of our businesses to export, getting them to a tipping point where they take steps to develop their export potential
- Help more of our growth potential businesses, and 'accidental exporters', to secure international orders and develop long-term trade relationships, and
- Assist our experienced exporters to access new markets, exploiting new business opportunities

We are being purposefully ambitious in this strategy. Through working together more closely as a partnership we can help to improve coordination and collaboration locally to deliver a stronger export support offer to the business community. However, our current resources are not at the required scale for us to overcome some of the challenges to truly transform our trade and export performance by 2020. Sheffield and the Sheffield City Region are therefore united in our efforts to gain greater control over national resources, as well as investing locally to ensure we can deliver the required step change in our trade and export performance.

This International Trade and Export Strategy, in support of the Sheffield City Region Growth Plan, offers a unique opportunity to utilise local, regional and national resources, as a result of greater freedoms and flexibilities, to fundamentally change our approach to trade and export. Moving from a reactive and generic service to a proactive, targeted, flexible, growth focused approach.

Section 1: Aims, Objectives and Principles

Aims, Objectives and Principles

Aim: Improving our trade performance

This strategy sets out how Sheffield and the wider city region will work together to increase our trade and export performance. We need to do all that we can to support our growth potential businesses to export their products and services to international markets. This includes helping more of our start-ups and existing businesses to take their first steps to exporting and encouraging our businesses that do currently export to look to new and bigger markets for new business opportunities.

It is important that we collaborate with trade organisations and associations that can help to support businesses to trade internationally, to both coordinate our offer and raise awareness. UK Trade & Investment, South Yorkshire International Trade Centre and the South Yorkshire International Trade Forum, are committed to working with us, through this strategy, to help realise our international trade ambitions.

We know there is more we can do to help local firms and we are committed to improving coordination and collaboration locally to deliver a strong support offer to the business community.

Whilst export support exists across Sheffield and joint work is happening, more collaboration is needed to connect multiple services and present them to the business base in a more coordinated, proactive way. However, greater collaboration may be a necessary action, but it is not sufficient if we are to achieve our economic ambitions to significantly increase our trade performance.

We need to influence and commission the type and scale of trade and export support available to ensure it reflects the strengths and weaknesses of the local business and sectoral base. We need greater control and further investment in trade and export resources locally to ensure that:

- trade and Export is integrated into the wider business support framework and is seen as a primary source of business growth.
- we proactively target businesses with a high propensity to export
- interventions are delivered at the right scale to reach our economic ambitions.
- we can invest in flexible, bespoke support, above and beyond the existing generic support offer

This strategy aims to:

- increase the propensity of our businesses to export, getting them to a tipping point where they take steps to develop their export potential
- help more of our growth potential businesses, and 'accidental exporters', to secure international orders and develop long-term trade relationships, and
- assist our experienced exporters to access new markets, exploiting new business opportunities

Objectives

This strategy is purposefully ambitious, its aims and objectives are set at the scale of our economic challenge and not the scale of current resources.

The city and city region are united in our efforts to gain greater control over national resources, as well as investing locally to ensure we can deliver a step change in our trade and export performance. This strategy, in support of the Sheffield City Region Growth Plan, offers a unique opportunity to utilise future European Structural Fund Investment, coupled with national UKTI investment and local resources to fundamentally change our approach to trade and export. Moving from a reactive and generic service to a proactive, targeted, flexible growth focused approach.

The objectives below indicate this change in focus and scale. We will proactively talk to our business base about exporting as part of their business growth strategies, getting more of our SME base to the 'tipping point' where they start to see that the bottom line benefits of trade and export can far outstrip the barriers to doing business abroad. We need to create a pipeline of future exporters, and work within the wider business growth framework to increase the number of firms with a high propensity to export – we then need to convert this into real orders and long term trading relationships.

Currently we estimate around 8% of the SCR business base are exporting, this needs to be much higher and we aim to increase this to 12% by 2020. This represents a 47% increase in the number of SMEs exporting across Sheffield City Region. However ambitious, this is not impossible and is an absolute economic requirement. This also represents Sheffield taking its share of national targets to increase the number of exporters by 100,000 by 2020. It effectively means delivering 2150 new exporters across the city region, with at least 860 from within Sheffield.

As well as converting new and 'accidental' exporters into fully fledged exporters, we will also support more of our exporting businesses to look to new and bigger markets for their products, winning a larger share and a greater value of international business for Sheffield and the city region.

The table below sets out the strategies core objectives to:

- Target 20% of the business base to proactively sell the benefits of exporting
- Increase the export propensity to 5% of the business base, creating a pipeline of future exporters
- Increase the number of exporters from 8% to 12% of the business base
- Support 20% of our existing exporters to exploit new market opportunities

SECTION 1: AIMS, OBJECTIVES AND PRINCIPLES

Economic Objectives to 2020

	Purpose		Sheffield	SCR	Objective
Baseline	An estimated 8% of the business base currently exports, with a further 2% estimated as having a 'high propensity' to export	Business base	16,305	56,390	
		Estimated number of exporters	1,300	4,500 ¹	
		Estimated high propensity exporters	400	1,000 ²	
Aims	Increase the propensity of our businesses to export, getting them to a tipping point where they take steps to develop their export potential	Proactive communication on business benefits of exporting	11,000		We will target 20% of the business base to proactively sell the benefits of exporting
		Number of businesses with a high propensity to export	3,000		We will increase the export propensity to 5% of the business base, creating a pipeline of future exporters
	Help more of our growth potential businesses, and 'accidental exporters', to secure international orders and develop long-term trade relationships	Increase in number of businesses beginning exporting	860	2,150	We will increase the number of exporters from 8% to 12% of the business base
	Assist our experienced exporters to access new markets to exploit new business opportunities	Number of existing exporters accessing new markets	360	900	We will support 20% of our existing exporters to exploit new market opportunities
Estimated economic impact	To grow the economy through increased trade and exports	Increase in turnover	£263m	£650m	
		Increase in GVA	£80m	£200m	
		Number of jobs created	1,300	3,250	

Figure 1: Economic objectives of Sheffield's International Trade and Export Strategy

¹ Estimates based upon 2010 Eco Tech Business Survey which found that 8% of businesses operated across international markets

² Based upon UKTI 'experian' data of the SCR business base, highlighting businesses that have strong characteristics and capabilities to export but are not currently doing so

Engagement and Principles

Engagement

Sheffield City Council officers in Creative Sheffield have worked extensively with a range of stakeholders in the development of the strategy. This has included UK Trade & Investment, South Yorkshire International Trade Centre, South Yorkshire International Trade Forum, SCR Chambers, SCR local authority economic development officers and the SCR Local Enterprise Partnership. A strategy development group has been established, and has met regularly over the past 9 months to provide a steer on the identification of priorities and targeted actions to address these.

In October 2013, the Council hosted a successful Business Summit with over 150 local businesses on the topic of international trade and exports. The Summit identified the following actions as being of critical importance:

- Offering business-led, business-focused support, tailored to the needs of individual businesses
- Proactively mapping and targeting export support packages towards SMEs that have the potential to export
- Providing more opportunities for exporters and non-exporters to network, and
- Developing a stronger brand that showcases our competitive strengths around the world

Principles

This stakeholder engagement has helped to identify the key principles underpinning the strategy. They are:

- **The strategy is economic in focus:** ensuring our future international activity is centred on increasing our trade and export performance to achieve higher levels of economic growth. The need for stronger private sector-led growth in the rebalancing of the Sheffield economy means that the economy is our key priority. Our export support will therefore be targeted on those businesses that have the greatest export potential.
- **The strategy is proactive in approach:** taking the initiative to actively increase the amount we export, working at SCR level with UKTI and national partners to secure the resources and support we need locally
- **The strategy will be delivered through partnership:** delivering a comprehensive package of support measures that the business community needs. In delivery, we will move towards a more coordinated, 'business-friendly' offer of export support so that the business community understands the type of support available, and where to go to access it.

Section 2: Strategic Context

Strategic Context

The Challenge: Achieving our potential

The financial crisis of 2008 brought home the dangers of unbalanced growth. As a city and wider city region, we need to work with our growth potential businesses to support them to export their products and services to overseas markets. Our drive towards more sustainable, private sector-led growth makes this a necessity. We need to be proactive in our SME base, which makes up over 95% of our total business base, helping them to recognise, and act upon, the benefits of exporting to enable them to grow more quickly, increase turnover and generate additional employment opportunities to meet international demand.

The need to increase trade and exports from the Sheffield City Region has been acknowledged across the business community. A recent SCR Chambers Survey evidenced the rebalancing of the SCR economy in favour of international trade as a particularly significant challenge. A more detailed business survey commissioned on behalf of South Yorkshire's Chambers of Commerce³ identified a number of business trends in relation to international trade and exports. These included:

- a strong sense that the UK market is flat for business opportunities
- international sales growth being an important aim for a lot of businesses across the city region
- around half of business respondents not currently exporting and being unlikely to do so in the future, predominantly because they believe they do not have a suitable export product or service

- a lack of business proactivity in relation to exporting
- the need for improved business export support

To reach Sheffield's, and its city region's economic ambitions, we need more businesses and we need to increase the growth, competitiveness and productivity of the existing business base, particularly amongst our SMEs. In overcoming this challenge, increased international trade and export activity will be critical.

The Opportunity: Exporting is good for the economy

Doing business internationally leads directly to economic growth, bringing money into the local economy, boosting employment and business competitiveness. It also improves business efficiency, productivity and innovation through the fostering of new ideas for products and services, and gaining access to new customers. It can also deliver reductions in business costs through an increase in volumes. UKTI research⁴ found that:

- 59% of UK companies found that overseas business led to fresh ideas and innovation, upgrading their products and services
- 58% of entrepreneurs said exporting led to a level of growth not otherwise possible
- 44% of firms reported a link between exporting and increased turnover in 2011
- 44% of firms said exporting significantly improved their profile and credibility

³ Barnsley, Doncaster, Rotherham and Sheffield Chambers of Commerce Business Surveys, 2013

⁴ Bringing Home the Benefits: How to Grow through Exporting, *UK Trade & Investment*, 2013

- the creation of an overseas site led, on average to an extra 3.5 UK employees per company
- it is over 11% more likely a UK company will survive if it does business overseas

Evaluations have further demonstrated the economic impact of exporting. For instance, an independent evaluation estimated that the median impact of UKTI's Overseas Market Introduction Service (OMIS) was £611,000 additional turnover and 3 additional jobs per business supported⁵.

Overcoming business barriers to export

Despite the business benefits, barriers to international trade continue to persist. Evidence indicates that a large majority of businesses lack awareness of their export potential or international demand for their product or service. They often underestimate the potential benefits of exporting, and overestimate the potential costs. This results in fewer firms investing in building the capabilities or acquiring the knowledge needed for active exporting or for entering new markets.

It is also difficult for a business to begin exporting alone. Evidence demonstrates that international trade can be boosted through the establishment of strong support networks. Two recent Government reports support this thinking:

1. A 2011 Department for Business, Innovation and Skills paper⁶ analysed the economic evidence for international trade and exports. It found that there remains a significant unrealised export potential among many

innovative and productive UK businesses. Its policy conclusions cautioned against a blanket encouragement to all firms to export, instead recommending a targeted approach towards companies that have the characteristics to succeed in international markets. The report argues there is a clear role for Government in supporting international trade. Specifically in relation to:

- acting as a trusted intermediary by strengthening the social networks which often underpin international trade
- strengthening the internationalisation capabilities of innovative and high growth businesses
- providing access to information and advice, and
- facilitating beneficial cooperation within the business community, enabling them to work together to overcome specific barriers to market access

2. A 2013 House of Lords Select Committee report⁷ into SME exports highlighted the significant export potential of UK SMEs. The report identified a key tendency amongst SMEs to have an 'accidental' approach to exporting, whereby they export as a result of being approached by an overseas customer rather than developing a proactive strategic export plan. The Select Committee recommended that more needs to be done to help those SMEs that have export potential, including: disseminating more information about exporting; helping SMEs to reap the benefits of exporting whilst minimising the risks; helping SMEs to take their first exporting steps and making it clear to SMEs where they can turn to for help when difficulties arise. The report stated that whilst some barriers to export are real, most are a matter of

⁵ Intellectual Property, Overseas Sales, and the Impact of UKTI Assistance in Entering New Overseas Markets by Dr. Holger Breinlich (Essex), Dr. Giordano Mion (LSE), Dr. Patrick Nolen (Essex), and Dr. Dennis Novy

⁶ International Trade and Investment: The Economic Rationale for Government Support, *Department for Business, Innovation and Skills*, May 2011

⁷ *Roads to Success: SME Exports, House of Lords Select Committee on Small and Medium Sized Enterprises*, March 2013

SECTION 2: STRATEGIC CONTEXT

perception and there is rarely not an answer to a problem. In addition, one of the key findings from the report was that export has to become an integral part of the wider discussion in relation to the growth potential of SMEs.

Policy Drivers

Sheffield is the core city at the heart of the Sheffield City Region. We are committed to being a driving force of growth across the wider economic area, and delivering Sheffield's share of growth for UK plc.

This strategy will contribute to current economic policy – locally, regionally and nationally.

Sheffield's Economic Strategy

The city's Economic Strategy⁸ sets out the economic vision to 2020, whereby:

Sheffield is a strong, sustainable, international economy driven by enterprise, innovation and knowledge. The city is known for its distinctive and high performing sectors, its unrivalled quality of place and its highly skilled workforce

The strategy is focused on securing a bigger economy, better businesses and faster private sector growth, through the delivery of 6 economic objectives:



An SME Economy

Export is particularly important for Sheffield's economic future. Sheffield's economic growth strategy prioritises private sector growth, particularly within the city's small and medium sized businesses (SMEs), in order to meet the city's economic growth ambitions. Small and medium sized enterprises (SMEs) are the foundation of Sheffield's economy; they make up the majority of the business base and contribute around half of the employment and turnover produced within the local economy. In order for the city to meet its growth ambitions we need to see a significant increase in the number of SMEs in Sheffield and the city region grow through exporting. This strategy is focused on working with those SMEs with growth potential to develop competitive advantage in their products and services and help them reach new customer markets abroad.

⁸ Sheffield Economic Strategy, *Bigger Economy, Better Business, Faster Growth*, April 2013

The Sheffield City Region Strategic Economic Plan

In March 2014, the Sheffield City Region Local Enterprise Partnership (SCRLEP) submitted its plans to Government to transform the city region's economy by growing its business base over the next decade.

The draft Growth Plan sets an ambitious target of creating 70,000 new jobs in the Sheffield City Region by 2023 and £3 billion of additional economic output.

The SCRLEP Growth Plan reasserts the challenge to develop a stronger and larger private sector. It sets at its heart the need for more of our businesses to become more outward looking to grow our level of exports.

As part of the SCR LEP Growth Plan, the UK Government has invited LEPs to develop plans for how to invest EU funds in our area to generate jobs and growth from 2014 to 2020. The Government is giving LEPs responsibility for delivering a large part of the new round of European Structural and Investment Funds for 2014 to 2020⁹. The Sheffield City Region will receive €203.4 million (£175 million) of European Structural and Investment Funds for this seven year period. What the funds will be spent on will be determined by an SCR EU Investment Strategy which will be agreed with the UK Government.

The SCR EU Investment Strategy's thematic priorities have been determined by the priorities of the Growth Plan. Of particular significance in relation to international trade, the strategy sets out to actively support the existing SCR business stock to grow, survive and move up the value chain via:

- identifying new market opportunities nationally and internationally, and supporting businesses to trade in them

- intensive coaching and mentoring for growth, including developing strong networks and peer groups
- help in securing finance
- support for research, innovation and knowledge transfer
- developing a strong innovation and collaboration environment

As part of the Sheffield City Region's EU funding to 2020, there is the opportunity for the SCRLEP to 'opt-in' to UKTI matched funding for a programme of export activity focused on building business capacity to trade and grow through international trade, along with opportunities to support key Sheffield City Region growth sectors.

Through the Sheffield City Region Growth Plan, we have included a number of wider export 'asks' of Government. In an era of increased devolution, we believe that these asks will act as the real 'game changers' for Sheffield and its city region, enabling us to significantly upscale our export support offer to help truly transform the wider economy. A summary of these asks are set out at Appendix 1.

The National Export Challenge

In November 2011, The Prime Minister launched 'The National Challenge: Exporting for Growth'. This 'challenge' involves increasing the number of new UK SME exporters by 100,000, and doubling UK exports to £1 trillion a year by 2020. By matching the European average for companies trading overseas, from one in five to one in four, the UK would be on a more stable trading footing through the elimination of the national trade deficit.

The main delivery body for the export challenge, and international trade policy in general, lies with UK Trade & Investment, a UK Government department that are tasked with working with businesses to help them succeed in international markets and encourage the best overseas companies to look to the UK as their global partner of choice.

We will work with UKTI to build upon current provision, and fill gaps that currently exist such

⁹ Sheffield City Region EU Investment Strategy 2014-20

SECTION 2: STRATEGIC CONTEXT

as around pre-export support: developing an export pipeline of propensity through bespoke, flexible and tailored support.

Export Britain

To help achieve the UK Government's ambitious export aims, the British Chambers of Commerce (BCC) have announced a ground-breaking venture with UK Trade and Investment (UKTI) to develop and accredit overseas Chambers of Commerce in 21 key growth markets. This will give UK firms practical support when they travel overseas and provide them with a first port of call

in the following countries: Nigeria, Southern Africa, Qatar, Saudi Arabia, UAE, Brazil, Colombia, Mexico, China, Hong Kong, Indonesia, Malaysia, Singapore, South Korea, Thailand, Vietnam, Poland, Romania, Russia and Turkey.

As part of this, the BCC have launched Export Britain, an online resource to help UK businesses find connections in these key markets. Export Britain will help to showcase the opportunities that are available in these key international markets and help UK businesses to reach out and find new connections overseas.

Section 3:

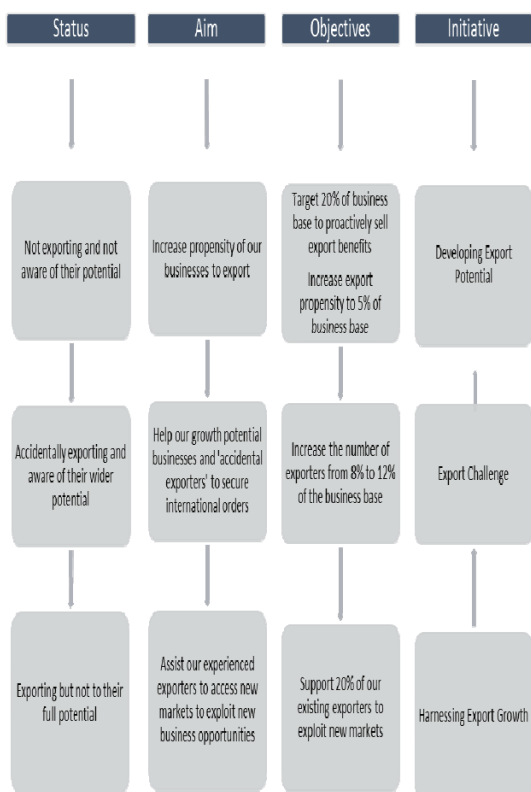
What this means for Sheffield

What This Means For Sheffield

A New Strategy

In order for the Sheffield economy to grow and bridge its prosperity gap we need to support our businesses to help them succeed across international markets. For too long, the city's economy has been over-focused, and over-dependent, on the domestic market for both economic growth and job creation purposes. This needs to change. We believe our interventions will significantly increase the international trade and export performance of Sheffield; thereby helping to make us a more international, competitive, exporting city.

To tackle head-on our export challenge, and achieve our objectives, we have developed, in partnership, a 3 tiered framework. This framework, set out below, assists our businesses at different stages of their respective 'export journey', and helping to create a pipeline of future exporters



We believe that this framework will enable us to meet our aims and objectives (set out in figure 1). Underpinning this framework, we have identified the following strategic interventions:

- **Developing Export Potential:** increasing the propensity of our businesses to export, getting them to a tipping point where they take steps to develop their export potential
- **The Export Challenge:** help more of our growth potential businesses and 'accidental exporters' to secure international orders and develop long-term trade relationships
- **Harnessing Export Growth through Accessing New and Bigger Markets:** assisting our experienced exporters to exploit new markets to benefit from additional business opportunities

Sections 4, 5 and 6 of this strategy set out the detailed interventions of our export support framework.

A New Approach

To deliver our interventions a new approach is needed. We need to develop a fresh, focused and coordinated package of business support measures. The type and scale of trade and export support needs to reflect the strengths and weaknesses of the local business and sectoral base. We need greater control and further investment in trade and export resources locally to ensure:

- Trade and Export is integrated into the wider business support framework. Our current programmes are too reactive. They are often based upon providing support to business following an

approach from abroad, and are not proactively integrated into overall business growth objectives. There is a need to identify companies that have the potential to export, and support them to tackle head-on the risks and barriers that prevent businesses from venturing into foreign markets.

- Interventions are delivered at the right scale to reach our economic ambitions. Our current support arrangements, including various contracts, are not scaled at the required level to deliver against our export objectives
- We proactively target businesses with a high propensity to export. The provision of tailored support to companies with high export growth potential is more beneficial in delivering greater returns from such companies compared to generic support available to all. UKTI work with Experian has identified 1000 businesses across the Sheffield City Region with a high propensity to export
- We can invest in flexible, bespoke support, above and beyond the existing generic support offer. There is therefore a need for targeted, bespoke export support to SCR businesses that reflects a firm's previous export experience. Whilst generic support needs to be available so that all businesses are able to benefit from some support, there is an economic case to provide more tailored support for growth firms.
- Our civic links are established on a strong economic footing. Very few of our current sister city agreements act as an economic lever to enable our businesses to gain access to important overseas markets.

Explicit economic focus in our international activity

In 2010 the Council developed its International Strategy – 'Helping to Forge a Better World'. The aim of the strategy was to maximise the city's international opportunities, cementing the city's links with other cities and ensuring that international activity impacts positively on the city and its people. Setting our broad objectives, the strategy focused on a range of international actions for the City Council to undertake.

This International Strategy provided a framework for improved coordination of international work, however focus is now needed to drive forward the trade and export performance of the city's business base. We need to respond to the changing economic climate following the 2008 financial crisis.

Whilst the International Strategy had a broad economic focus, in order to rebalance to private sector growth and boost SME competitiveness a stronger, more explicit economic focus on trade and export is now required.

This International Trade and Export Strategy delivers this, focusing and prioritising trade and export support for the economic wellbeing of the city as a whole.

At a civic level, the Council has a number of international relationships. These relationships, both current and historic, include:

SECTION 3: WHAT THIS MEANS FOR SHEFFIELD

International City Relationships (Alphabetical Order)	
Anshan, China Korea	Jeonju, South Korea
Bangalore, India	Kawasaki, Japan
Bapaume, France	Kotli, Kashmir
Bochum, Germany	Malealea, Lesotho
Chengdu, China	Minoh, Japan
Cheonan, South Korea	Pittsburgh, USA
Donetsk, Ukraine	Sapporo, Japan
Esteli, Nicaragua	Sheffield, Australia

Most of these international relationships, however, are not closely aligned to trade activity. A review of Sheffield's international relations concluded that the city has few operational links that make a contribution to the achievement of our strategic economic objectives.

A new strategy, therefore, is required to refocus and activate proactive trade links. In making this strategy fit-for-purpose we need to ensure it is focused on Sheffield's core economic interests. Our future international sister city agreements need to act as an economic lever for our businesses and growth sectors.

Integrating trade into business growth

The Council and its partners are committed to doing all they can to supporting economic growth. Through being a 'business friendly' Council and city, our Corporate Plan outlines our commitment to doing everything we can to help businesses succeed in Sheffield.

The commitments set out in this International Trade and Export Strategy fit strongly with our wider economic ambitions and commitments. It firmly integrates trade and exports into the business growth agenda of the city and wider city region, ensuring that trade and export are viewed as a strong route to business and economic growth. This applies to all Sheffield businesses, whether they are at the very beginning of their respective 'export journey' or further down the

line, and irrespective of their products and/or services.

Increasing the amount we trade and export internationally as a city will help us to tackle our economic challenges. Supporting more of our start-ups and existing businesses to trade and export internationally will help to accelerate their growth prospects, making them more competitive from their exposure to foreign competition, thereby improving their productivity and efficiency processes.

Working in partnership across the Sheffield City Region

The need for more exports and trade has been identified as strategically significant for the wider Sheffield City Region as well as for Sheffield. Given the work that Sheffield has undertaken in this area, the city has been taking the lead on the wider trade and export ambitions for the Sheffield City Region.

The national, regional and local importance placed upon trade and exports as a route to stronger economic growth presents us with an opportunity to change our approach to leverage greater impact. For instance, the establishment of the Local Growth Fund and European Structural Investment Funds present the Sheffield City Region with a greater economic prize: an opportunity to secure significant investment to upscale our export support offer into a more comprehensive, bespoke service that will help to achieve our export objectives and truly transform the city region's economy.

The city of Sheffield recognises the opportunity to work at a city region level to work at a geography that truly reflects economic linkages and secure larger funding to upscale our trade and export support offer. We are committed to working together in partnership to drive this agenda forward.

This International Trade and Export Strategy therefore fits strategically with the trade and export ambitions for the wider Sheffield City Region. In the longer-term, the key infrastructure for future business-related support across the

SECTION 3: WHAT THIS MEANS FOR SHEFFIELD

Sheffield City Region is the SCR Growth Hub. In relation to trade and exports, we are looking to create an SCR International Centre of Expertise to be embedded within the Growth Hub. This will

help to connect national and local export support offers in one place, providing intensive support to the SCR's high export propensity businesses.

Section 4: Interventions: Developing Export Potential

Initiative 1: Developing Export Potential

Why we are doing this

The critical factor to influence business propensity to export is understanding the expected business benefits. Specifically, that export can help to achieve a higher level of business growth. It is critical that we provide businesses with the information they need to make informed decisions on the benefits of trade for their business.

Evidence shows that a large majority of our businesses lack awareness of their export potential, underestimating the potential benefits of exporting, and overestimating the potential costs and risks. This results in fewer firms investing in building the capabilities or acquiring the knowledge needed for active exporting or for entering new markets.

Businesses also underestimate the potential demand for their product or services in overseas markets, resulting in fewer firms exporting, and fewer of those who do export being willing to tackle new markets. A recent business survey¹⁰ suggested that 35% of Sheffield City Region businesses cite a lack of information and access to contacts as key barriers. This is despite the various support organisations based within the city region. In addition, 60% of businesses surveyed said they do not currently export as their product or service is not suitable for international markets. This indicates an underestimation of the propensity to export for their products and/or services.

What we are trying to achieve

To increase the propensity of our businesses to export by 3,000, getting them to a tipping point

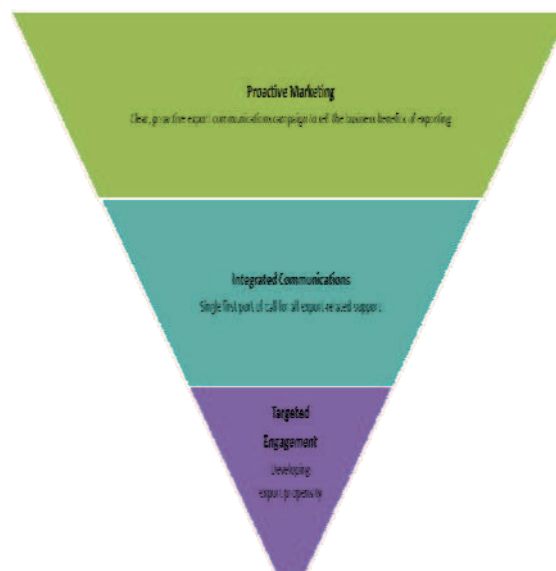
where they take steps to develop their export potential

What we will do

We want to get firms to a tipping point where they reappraise their thinking and take steps to develop their export potential. We believe the best way to tackle this issue is business to business, using experienced exporters who have been on the 'export journey', to articulate the business benefits and share how they negotiated the barriers they faced

We will achieve this through our Developing Export Potential Programme. Our interventions will focus on 3 key areas of activity:

- Proactive marketing
- Integrated communications
- Targeted engagement



Proactive Marketing

We will develop a clear, proactive and business friendly export campaign for Sheffield and the wider Sheffield City Region. This will allow us to communicate about exports with one clear voice to deliver important, high level export messages to businesses, helping to demystify the export landscape. We will deliver on an annual basis:

¹⁰ Barnsley, Doncaster, Rotherham and Sheffield Chambers of Commerce Business Surveys, 2013

- A **Sheffield City Region Growth Day** to deliver export insights and further promote trade and exports as a route to business growth
- An **I Export, Do You? Pass it on Campaign** to raise awareness of the number of businesses across the city and wider city region that are actually exporting
- A series of **Export Roadshows** with key intermediaries to showcase the international trade and export support available
- A number of **Business Growth Seminars** to help myth-bust some of the perceived barriers to exporting e.g. getting my first international order, getting paid, and maximising the international impact of my company website

Integrated Communications

We will integrate and develop a single port of call for all business enquiries in relation to trade and export. This will help to simplify the export landscape for our businesses, providing a business-friendly route into this aspect of doing business. As part of this general marketing offer we will:

- Create a single **Export Website** for all export-related business support across Sheffield and the wider Sheffield City Region. This will help to answer export-related questions and signpost to wider export support when required. The website will also help to sell the business benefits of exporting through the business case studies and signpost to other local businesses that have specific markets
- As part of the single export support offer, we will develop an online **Diagnostic Toolkit** to assist businesses on their export journey. This online toolkit will help businesses with guidance on the readiness of their products or services for particular markets where they may

demand, along with signposting to other areas of export support

Targeted engagement

We will proactively engage with businesses that are not exporting but who have the characteristics to succeed in international markets. Working initially with UKTI's 'high propensity to export' data we will stimulate aspiration and ambition for growth amongst these businesses by:

- Initiating regular **Business Growth Conversations**, using key intermediaries such as lawyers and accountants, to make these businesses aware of their growth potential and exports and trade as a strong route towards achieving this. As part of this process, our Growth Advisors would provide regular briefings to the SCRLEP Business, Professional and Financial Services sector to ensure the available business support is well communicated to their clients
- Working with UKTI to develop and deliver a tailored **Exports Insight Programme**. This would provide a low cost and accessible programme to help introduce our high export potential businesses to the world of international trade, allowing them to 'dip their toes' into this aspect of doing business and giving them a flavour of what international trade could do for their business growth prospects

Critically, our targeted engagement will not just be limited to UKTI's high propensity data.

Initiative 2: The Export Challenge

Why we are doing this

When seeking to begin exporting, or entering into a new trade relationship, firms can face a variety of barriers which represent an initial 'fixed cost' of beginning to export. These barriers can be internal or external to the business, ranging from the resources and capabilities of the business, to gaining access to contacts and legal or regulatory issues.

Evidence from a recent survey of UK exporters and firms who are expected to begin exporting within the next year, shows that legal and regulatory issues are the most frequently cited barriers, presenting significant difficulties to two-fifths of exporters, followed by customs issues and access to contacts. Language and cultural barriers are cited as presenting significant difficulties by around a fifth, as are difficulties within finding sufficient management time. These barriers influence the perception of the potential rewards and difficulties of tackling particular markets, especially where established links with UK business are relatively weak. Further research also highlights limited internationalisation capabilities and management attitudes are important barriers to SME internationalisation.

What we are trying to achieve

Through our Export Challenge we will convert 860 new and accidental Sheffield exporters into fully fledged exporters, focused on helping businesses to get real enquiries for their products or services from abroad and building capacity to maintain and build on these exporting relationships.

What we will do

Through our 'Export Challenge' we will focus efforts towards businesses that have the characteristics to succeed in international markets.

We will support these businesses to take the next steps in their export journey and have a

successful export experience, to build confidence and capability. This could mean helping a business get their first international enquiry, or turning a one-off ad-hoc export order into a meaningful trade relationship.

To do this we have identified the key elements of support where there is a need for intervention:



Our Export Challenge offer to businesses will focus on raising the growth ambition of businesses through international trade – integrating exporting into their business growth strategies and facilitating business opportunities and building business capacity to export. This will involve **providing a rounded support offer, including the elements highlighted in the model above.**

At the centre of this model is a dedicated trade advisor, who will work intensively with businesses to broker appropriate support and more importantly help apply within the business the new skills and knowledge. This Export Challenge model supports the principles of the SCR Growth Hub and would be integrated into wider growth hub services in the medium term.

SECTION 5: INITIATIVE 2: THE EXPORT CHALLENGE

The table below highlights the type of support that could be brokered as part of the Export Challenge offer:

	Purpose	Offer
Skills for Export	Helping companies to build the knowledge and skills to export	Can I Export seminars Passport to Export Training Graduate employment Up-skilling Export case studies
Networks/ Mentoring	Building confidence for exporting by learning from businesses already doing this	SCR Business Growth Day Export case studies I Export, Do You? Pass it on Campaign SCR Business Growth Conversations SCR Export Roadshows Meet an Exporter seminars SYITF networking Dedicated Export Mentor
Finance for Export	Incentivising and enabling businesses to invest in their export capacity	Access to finance seminars Export case studies SCR Export Tax Credit pilot Credit checks UK Export Finance
Systems	Ensuring that business products and processes are in place to enable problem free international interactions	Export case studies How do I get paid seminars Support on legislation and documentation International website seminars Export documentation training System checks
Markets	Helping businesses to attract overseas customers and get enquiries for their products/services	Export case studies SCR Export Insights Programme Market research Passport to Export

Working intensively with our high potential to export businesses, our Trade Advisors will build export confidence, knowledge and capabilities amongst this cohort, giving them the rounded support they need to become fully fledged exporters.

This model builds upon the success of the Council's Export Pilot Project, financed through its Keep Sheffield Working Fund. This pilot addressed a key gap in the current export support market, demonstrating the demand for and added value of the provision of brokerage that provides intensive one to one support in the lead up to exporting. This intensive support has had demonstrable economic impact through increased business turnover as a result of new international orders for products in both number and scale.

Delivering our Export Challenge will involve integrating current support, both nationally and locally, to align this with our model. We are already working together and will formalise this through a Sheffield International Partnership (SIP). However, coordination alone will not deliver our ambitions. Working locally with UKTI, South Yorkshire International Trade Centre and South Yorkshire International Trade Forum we have identified this intensive and early stage support as one of the largest gaps in export support. Only parts of the model currently exist, but these are not at the scale needed to effect the change we need to see in our export capacity.

Our Export Challenge model will utilise, and better coordinate, existing products (such as Passport to Export) and establish new ones to address important gaps in provision, some of which have been set out under our Developing our Export Potential initiative. In addition, some of the new products in this model are included within wider SCR Growth Plan asks of Government, such as devolved powers to establish an SCR Tax Credit pilot programme

which would help to incentivise exports through a tax break on profits from exporting.

Section 6:
Initiative 3: Harnessing
Export Growth through
Accessing New
Markets

Initiative 3: Harnessing Export Growth through Accessing New Markets

Why we are doing this

Analysis of the evidence shows that some barriers to export can arise even after a firm has exported for a period of 2 years. One of the reasons for this is that many firms begin exporting by entering the closest or easiest markets, or in response to enquiries received from overseas purchasers. They then progressively move to more difficult markets, including those which are culturally and linguistically more distant.

The evidence shows that firms which are just beginning to export face more 'internal' barriers. This is where our Export Challenge is focused. External barriers, on the other hand, such as gaining access to the relevant networks and information in new markets without a trusted intermediary, will persist even after an exporter has years of experience. These barriers can help to explain why the proportion of UK exporters selling into high growth markets is small.

This is also true in Sheffield and the wider city region. Sheffield is synonymous with high quality, innovative products that are exported around the globe, promoted by the 'Made in Sheffield' brand. The city's, and wider city region's, economic base has transformed over the last 20 years from being dominated by more traditional manufacturing to a wider range of innovation driven sectors, including advanced manufacturing, healthcare technologies, creative and digital industries and a developing low carbon sector. Despite this, we know that we are not fulfilling our export potential.

Improving export performance within markets where we have strongest capabilities will be critical to transforming our economy, bringing wealth into the city and wider city region, and

stimulating supply chain opportunities throughout the rest of the economy.

Developing export capacity and capabilities within our business base is critical to securing long-term, sustainable economic growth. Whilst it is vital to increase the number of businesses that are exporting, thereby increasing our overall export business base, it is only through harnessing our export capabilities that we will sustain economic growth. We need to ensure that exporting becomes a fully integrated aspect of business growth: **a critical component rather than a 'nice to do'**.

What we are trying to achieve

To support 20% of our existing exporters to exploit new market opportunities.

What we will do

Our interventions to sustain exporting in the long-term will focus on 2 key areas:

1. Building long-term export capacity and capabilities
2. Proactively targeting high growth markets

Building long-term export capacity and capabilities

We will work together locally to provide a more rounded support offer to our experienced exporters as they progress further on their respective export journeys. In developing our own capacity further, we will support our successful Export Challenge businesses to network with other successful exporters, for example through the South Yorkshire International Trade Forum, an independent members networking forum. This will expose our

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Export Challenge businesses to a wide range of successful local exporters, thereby broadening their export networks to pursue business opportunities in wider global markets.

In addition, working with UKTI we will develop a Sheffield City Region Targeted Export Scheme for our experienced exporters looking to grow their business, and create jobs, through exploiting new markets. This scheme will include, but not be limited to, access to:

- UKTI products and services for experienced exporters such as Gateway to Global Growth, High Value Opportunities Programme and the Mid-Sized Business Programme
- Support from UK Export Finance and local schemes
- Utilising key skills gaps to exploit new markets e.g. graduate placements and/or language student placements

To build longer-term export capacity we will build upon the success of sector partnership organisations, such as Medilink Yorkshire & Humber for the healthcare technologies industries and the SCR Manufacturing Forum, to develop support organisations for our other key sub-sector specialisms. We will build upon the successful Medilink model to develop international trade support for our specialist sectors, with the aim being to support the international development of the city's competitive strengths to maximise their global potential, exposing them to international networks and contacts across the globe.

Proactively targeting high growth markets

We will also ensure that our international activity is focused on the right global locations for Sheffield and the wider Sheffield City Region. We will be proactive in identifying and focusing on our key target markets based upon our key sub-sector specialisms, to ensure that it has maximum economic impact.

To achieve this we will develop evidence-based market intelligence through commissioning an Export Market Study, including supply chain mapping of our growth specialisms, including advanced manufacturing, healthcare technologies, creative and digital and low carbon industries, to proactively target our international activity on global markets where it will have most economic impact and benefit for the city and wider Sheffield city region. This proactive mapping is something we have already done in our oil and gas sector, with the South Yorkshire International Trade Forum leading a dedicated oil and gas and aerospace trade mission to the Singapore Airshow, Asia's largest aerospace and defence event.

We will also utilise our international civic relationships to help and support our businesses and key sectors to gain access to important global markets. We will use the findings of our Export Market Study to develop proactive economic and business relationships with important international cities. This will ensure that our international relationships are based on a solid economic footing, and are evidence-based so that they help to generate the maximum economic return for Sheffield and the wider Sheffield City Region. For example, we will use these relationships to help overcome barriers to particular markets, helping our businesses and sectors to exploit economic opportunities in these markets.

Moreover, we will further raise Sheffield's international profile through working more closely with the British Chambers of Commerce to assist our businesses and key growth sectors to exploit important global markets. Specifically, through the Overseas Business Networks Initiative we will develop a strategic partnership with the British Chambers of Commerce to enable our businesses and growth sectors to take advantage of the increased global exposure such a partnership will provide in high growth markets, helping us to increase the amount we export as a city, and wider city region.

However, our international ambitions go beyond this. If we are to achieve the step change in

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export performance that our economy requires we need to be both bold and ambitious. This is something that Sheffield will continue to do, leading the way in our international ambitions and asks of Government as part of the Sheffield City Region Growth Plan. For example, as part of the Growth Plan, we are being bold in our ambition to establish international satellite offices in key target markets for trade and investment purposes, helping to generate real international enquiries for our products and services overseas. This is something we will continue to pursue as a city as the Growth Plan develops.

Section 7: Delivery and Governance

Delivery and Governance

To oversee the implementation and delivery of our International Trade and Export Strategy, we will create a **Sheffield City Region International Partnership for Trade** (SCRIPT). This partnership will manage and coordinate the commissioning and delivery of our international activity.

The partnership's 3 core purposes will be:

1. To strategically coordinate the city and wider city region's international trade and export activity, ensuring it is streamlined to maximise impact and deliver against strategic objectives
2. To manage the commissioning and delivery of the Sheffield International Trade Strategy and the Trade and Export Offer as part of the SCR Strategic Economic Plan
3. To feed the views of the private sector and city institutions into wider economic issues, making sure that international business concerns are factored into these considerations

The membership of the SCRIPT will be drawn from the private sector, key institutions and relevant international business support agencies in the city and wider city region and will include:

- UK Trade and Investment
- South Yorkshire International Trade Centre
- South Yorkshire International Trade Forum
- SCR Chambers of Commerce
- Higher and further education institutions
- Private sector representation
- Sheffield City Region Local Enterprise Partnership
- Creative Sheffield
- Trade Associations e.g. Medilink, SCR Manufacturing Forum

Meetings will be chaired by the SCR Local Enterprise Partnership and will be held quarterly.

Appendix 1

The Sheffield City Region Strategic Economic Plan includes a number of key 'asks' of Government as part of our wider city region export and trade ambitions. These export freedoms and flexibilities include:

From the Department for Business, Innovation and Skills we need:

- A commitment from UKTI and UK Export Finance to work in partnership with and be accountable to SCRIPT to 2015 including a £2m ask p.a.
- An agreement that from 2015 UKTI and UK Export Finance will co-commission with SCRIPT to deliver the single operational export programme for 2015-18 which combines local, national and European resources into a more proactive, efficient and focused export package of support.
- Based on performance, from 2018 UKTI resources to be devolved into SCRIPT as part of the SCR Growth Hub.

From the Foreign and Commonwealth Office we need:

- SCR to develop a strategic relationship with British Chambers of Commerce, to agree SCR operational presence and management of up to 5 British Chambers abroad, aligned to SCR sub sector strengths and target overseas markets.

From Her Majesty's Revenue and Customs we need:

- Export intelligence data for the SCR. Without intelligence and comprehensive export data analysis at LEP level we cannot accurately identify emerging opportunities in geographic and sector markets.

From HM Treasury we need:

- A tax credit for an export pilot programme for SCR companies, to be designed and tested with the SCR Local Enterprise Partnership, HM Treasury, UKTI and the private sector.

The SCRIPT will be responsible for the Year 1 delivery of the milestones set out in this strategy. This Year 1 delivery plan is set out at Figure 2:

SECTION 7: DELIVERY AND GOVERNANCE

Figure 2: Year 1 Delivery Plan for the Sheffield Trade and Export Strategy

Year 1 - Draft delivery plan structure for single operational programmes		UKTI Opt In	ERDF	Local and Private sector	£Million 'Asit'	Summary of key interventions funded through 'asit'	Total
Developing Export Potential							
Increasing the propensity of our businesses to export, getting them to a tipping point where they take steps to develop their export potential	Proactive Communication Campaign to sell the business benefits of exporting (SCR Export day, 'I Export, do you?' Campaign, Export Roadshows, Integrating export into business growth seminars)	£ 0.000	£ 0.000	£ 80.000	£ 25.000	Contribution to development of a clear, concise, business-friendly export communications campaign with one clear voice on behalf of the SCR, helping to demystify the export landscape	£ 67.000
	Single communications for all export related support (centre of expertise in growth hubs, online tool-kit)	£ 0.000	£ 0.000		£ 00.000	Finance to provide support to establish a SCR centre of excellence across SCR and development of online Export tool-kit (drawing on 'open to success')	£ 00.000
	Targeted Engagement with High export potential firms (export insights programme, harnessing intermedia etc)	£ 0.000	£ 0.000	£ 100.000	£ 115.000	Internal's works to engage with the 1000 identified companies with high export potential	£ 227.000
		£ 18.000	£ 18.000	£ 150.000	£ 190.000	8 % of single operational programme	£ 376.000
Export Challenge (2150 new exporters, aim 1000 in first 3 years)							
Helping more of our growth potential businesses and ancillary exporters to secure international orders and develop long-term trade relationships	Trade Advisors/ export broker (pre/early export support) - skills for export - finding the customer - bespoke and hands on export support to find and convert new international orders	0	0	120000	500000	This is the largest gap in export support and a key intervention to develop a new pipeline of exports. We have piloted a scheme which shows this requires tailored, 1-2-1, practical support help companies win and maintain international orders. This will allow us to meet our share of the UK's target. To deliver 360 new exporters per year. Based on 1 FTE working with 30 companies each, drawing on a small flexible fund (below)	£ 620.000
	Passport to Export	50000	50000	0	0	Through average an funding we would see a doubling of passport to export provision. The early export advisors would refer to this provision.	£ 100.000
	Mentor network	0	0	50000	50000	Building on SYFM strong network of successful exporters.	£ 100.000
	Finance for export (first steps, flexible fund up to £3000)			50000	200000	Our pilot scheme provided flexible funds of up to £3000 to break down barriers to export for new exporters. In combination with trade advisor support this was a powerful tool to unlocking new orders.	£ 250.000
	Readying business systems			100000		Helping with alignment, support across Chamber network and within the SYFM.	£ 100.000
		50000	50000	440000	750000	23% of single operational programme	£ 1,290,000
Harnessing Export Growth through Accessing new and bigger markets							
Assist our experienced exporters to access new markets, exploiting new business opportunities	Building long term export capacity and capabilities - Main focus of UKTI delivery including trade advisors, OS, significant events, Export marketing Research scheme, OHSB, High Value Opportunities, Trade show access programme	700000	700000	300.000		This is the core focus of the UKTI offer, and does yield significant returns so should be continued. We plan to utilise our ERDF again to increase provision in one of UKTI delivery which are most appropriate for SCR. The chambers also provide key support in this area.	£ 1,700,000
	Proactively targeting of high growth markets - delivery of market specific export seminars led by leading exporters (led by UKTI, Trade Forum and Chamber) - Focused export market studies, to map supply chain activity and identify key geographic markets against our sector specific firms	57000	57000	50000	70.000	We are looking for contribution towards a clear sector and market strategy for SCR. This may include Export Market Studies for SCR key sector specialisms to develop market intelligence to determine key overseas markets that will offer greatest economic return for the city. This will build on significant experience with the SYFM.	£ 224.000
	British Chambers Abroad (4 direct management relationships)	0	0		250000	SCR are looking for finance to provide staff resources in SCR Export centre of excellence to proactively manage relationships, and FTE's across 5 key British Chamber abroad offices to proactively sell SCR sector strengths and supply chain.	£ 250.000
	Financing Export Capacity (drawing on Export Finance, develop SCR targeted export support schemes to work intensively with high growth exporters looking to significantly expand market reach and scale)	0	0	0	700000	Business Feedback and recent trail through our 'threshold companies pilot' shows that flexible investment in high growth companies can accelerate and bring forward new growth opportunities as part of a business growth strategy. This would require a long-term support strategy, match funding and commitment to job and turnover targets. This would enable us to work with up to 40 business with flexible loan direct and loan line support (average investment by SCR £ 10,000-£ 15,000, plus bespoke support).	£ 700.000
	700000	700000	350000	1020000	62% of single operational programme	£ 2,884,000	
			50000	40000	1% of single operational programme	60000	
Year 1 delivery Programme		£ 1,720,000	£ 1,720,000	£ 1,100,000	£ 2,100,000		£ 4,640,000