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**A CELEBRATION OF 20 YEARS OF EUROPEAN FUNDS IN WESTERN SCOTLAND**

**Project Title**            **LINC Strathclyde**  
**Project Sponsor**       **LINC Scotland**

### **PROJECT ORIGIN AND DEVELOPMENT**

Under the 1997-99 West of Scotland Objective 2 Programme, LINC Strathclyde was the first business angel initiative in the European Union to receive support from the European Regional Development Fund, successfully leveraging over £5m of private investment into Small and Medium Sized Enterprises seeking finance in the so-called 'equity gap'. Recognition of the business angel contribution to creating more high growth small and medium sized businesses (SMEs) increased dramatically. However, it was also found that the equity gap tends to be 'treatable not curable' given:

- the cost structures of Venture Capitalists
- financial services rules which make offering shares to the public prohibitively expensive for small SMEs.

LINC Scotland therefore went on to develop a further project to help more SMEs to access venture capital by addressing issues of investment readiness.

### **PROJECT AIMS AND OBJECTIVES**

LINC Strathclyde which was supported by the 2000-06 Western Scotland Objective 2 Programme, aimed to enhance the investor readiness of selected SMEs and facilitate the links between these firms and potential investors. The project particularly targeted small firms with high growth potential - especially from the Objective 2 key target sectors.

### **PROJECT ACTIVITIES**

A suite of inter-connecting activities was undertaken by the project:

- database development - growing the business angel and mentor database
- linking supply and demand - matching SMEs with appropriate investors.
- awareness raising among business developers - staff secondments from business development organisations to LINC or to leading angel syndicates aimed at transferring investment knowledge and understanding into the facilitator and investor community
- increasing investor readiness - a key tool here is a grant scheme which enabled SMEs to enlist specialist help to address any legal, financial and marketing-related issues preventing them from accessing investment and benefiting fully from it.

### **PROJECT STRUCTURE**

The project was run by LINC Scotland, and was delivered across the whole of the West of Scotland Objective 2 eligible and transition areas. It continued until the end of December 2004.

### **PROJECT FINANCE**

**Funding Partners**                            **LINC Scotland**

Eligible Costs (£) £831,746  
ERDF Support (£) £404,891  
Priority/Measure Western Scotland Objective 2 Programme 2000-06 -  
Priority 1, Measure 1.2 – Enhance SME advice and  
support services to develop a competitive and innovative  
business base

## PROJECT PERFORMANCE

<b>Indicator</b>	<b>Target</b>	<b>Achievement</b>	<b>% Target Achieved</b>
No of business/sectoral networks supported	30	24	80.00%
No of existing businesses receiving advice	50	52	104.00%
No of instances of advice to existing businesses	72	79	109.72%
No of instances of advice to new businesses	312	193	61.86%
No of new businesses receiving advice	168	74	44.05%
Private sector leverage (£ million)	4.15	12.97	312.53%
Total no of instances of assistance to new businesses	32	41	128.13%