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**CEEI Asturias “FINANCIA”, experience at the services of  
business projects validation to access early stage finance**

Roundtable 2

Business Acceleration and Incubation

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## **CEEI Asturias “FINANCIA”, experience at the services of business projects validation to access early stage finance**

### **Executive summary**

CEEI Asturias, as public Business Centre, Incubator of the Technology Park of Asturias, in collaboration with IDEPA Regional Development Agency, promotes the creation and consolidation of innovative SMEs to boost employment and wealth in Asturias. To achieve these objectives CEEI Asturias pays special attention not only to disseminate the culture of innovation and the valorization of technology, but also to provide global support to innovative entrepreneurs and SMEs such as advice, training, hosting at incubator and bio-incubator or support for seeking for finance, among other supports.

As part of its services to innovative entrepreneurs and technology-based firms, CEEI Asturias is an organization highly specialized in SMEs' business acceleration regarding their financial planning improvement and business modelling capabilities, by designing an itinerary and specific service identified as "CEEI FINANCI" which also facilitates entrepreneurs access to various public and private funding lines such as: new technology-based firms subsidies, ASBAN- business angels funding, venture capital, microfinance, etc.).

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## 2. Regional Background

The deep reorganization of the productive sectors is one of the traits that have most significantly characterized the Asturias regional economy since the beginning of the 90's, marked by the collapse of agriculture and industry, and the transfer of part of these assets to the construction and services sector.

After the hard years of industrial decline in Asturias, which saw unemployment increase significantly and a substantial reduction in production in the traditional sectors of activity, the turn of the century has marked a turning point and the beginning of recovery, moving gradually towards a more productive economy.

This situation has given a relevant role for SMEs considering them the main source of economic support. This dynamism is the natural consequence of the active regional economic policy focusing on the SMEs promotion and the current situation in Asturias involved the creation and consolidation of innovative business forms as part of strategic economic policy in the region.

| Economy sectors in TP of Asturias  |
|--|
| Energy and Environment, Engineering, Biochemistry, IT and Communication, Electronics, Healthcare, Biotechnology, among others. |

In this context the Technology Park of Asturias as infrastructure, and CEEI Asturias, a key operating body, play an important role as reference place to boost innovative businesses in the region.

## 3. Response of the Technology Park of Asturian SMEs challenges.

CEEI Asturias, as public Business Centre, Incubator and bioincubator of the Technology Park of Asturias, in collaboration with IDEPA Regional Development Agency, promotes the creation and consolidation of innovative SMEs to boost employment and wealth in Asturias. CEEI Asturias is really active not only in the dissemination of the culture of innovation and the enhancement of the technology, and providing global supports to innovative entrepreneurs and SMEs such as business advice, training, managing of the administrative procedures affecting the creation of the company, providing spaces for hosting and support for seeking for finance among other supports.

As part of its services to innovative entrepreneurs and technology-based firms, CEEI Asturias has paid a particular attention to the business acceleration regarding their financial planning improvement and business modelling capabilities, designing an itinerary and specific service

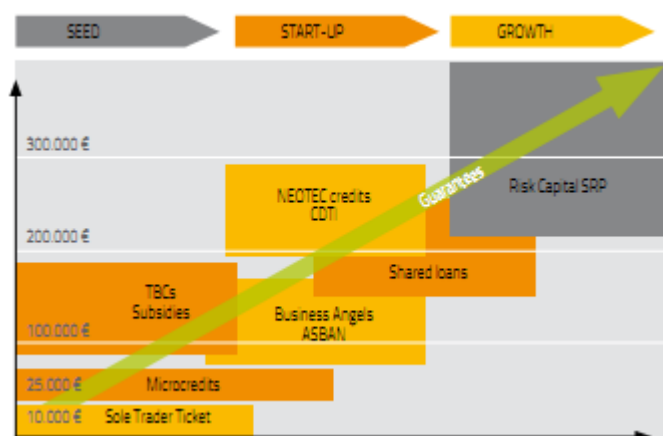
identified as "CEEI FINANCIA" which also facilitates entrepreneurs access to various public and private funding lines such as: New Technology-based firms subsidies, ASBAN- business angels funding, micro finance, venture capital, etc.

It is in the nature of the technology parks to offer value added services to enterprises and institutions housed, to contribute both to the virtuous system of innovation and the transformation of knowledge into wealth. It is well known that Asturian SMEs have serious difficulties in accessing

to finance - both private and public - in order to start-up or grow. These obstacles to access to finance can be found on the side of the SMEs as well as on the side of financiers; limited financial resources, ignorance about the financial products offer, essential business information missing or lack of projects understanding, are some of the usual barriers.

CEEI Asturias and the Technology Park of Asturias are aware that is necessary to support the creation of high-tech companies, not only filling the gap between the financial offer and demand, but also attracting talent and investors to the region, supporting the growth and competitiveness in a global market. For all those reasons, CEEI Asturias committed itself to the business acceleration, through an innovative service targeted to innovative entrepreneurs and technology- based firms.

#### 4. "CEEI FINANCIA" scheme:

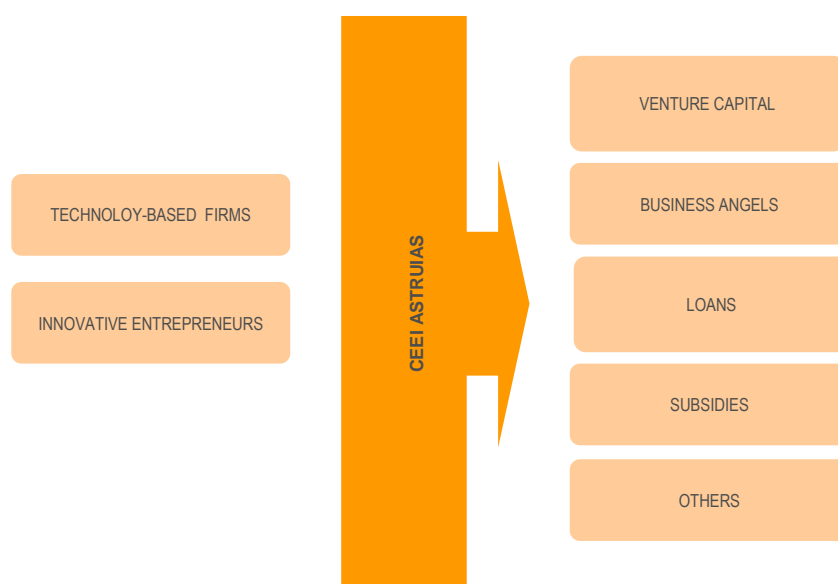


In the aim of focussed on innovative entrepreneurs and technology-based firms, CEEI Asturias designed an itinerary and specific service identified as "CEEI FINANCIA" which also facilitates entrepreneurs access to various public and private funding lines such as: New technology-based firms subsidies, ASBAN- business angels funding, microfinance (microcredits, participatory loans, self-employed grants), risk capital measures, etc.

In the framework of this service and as the key point of this best practice, CEEI Asturias, who is not acting as a direct financing entity but "bridge to" or "facilitator", plays in collaboration with different regional financing entities the role of formal "quality validator" of projects, which proves the recognition for his background and experience, reflecting his excellent positioning within the business promotion regional scenario. For this goal CEEI Asturias has developed a successful methodology to support the entrepreneurs and business when searching for finance.

In this sense the role of CEEI Asturias is to serve as a bridge between entrepreneurs and official bodies and financial institutions that are able to supply the funding necessary for them to launch their projects. CEEI Asturias, as interface in the process, takes on a dual role; on the one hand, it helps entrepreneurs to define their business, by analyzing their needs and helping to channel their business projects towards the most suitable type of financing; on the other hand, as regards

financial institutions, it serves as a filter by passing on to them only those projects that receive “validations of their viability”.



#### 4.1 “CEEI Financia” scheme: a powerful methodology underlying:

This service/support is developed by CEEI Asturias through a multidisciplinary and specialist technical team. Regarding this developed methodology, while each of the lines of funding has specific tools, the methodology follows the following common principles and phases:

- *Formal Analysis*: both in the analysis of pre-viability and in subsequent analyses followed a procedure previously established.
- *Planning*: both the technical adviser and entrepreneur agree a scheduled work plan, also flexible.
- *Agreement / consensus*: the process and decision making takes place by agreement of both sides.
- *Quality*: the working procedure, and the product follows the quality principles of CEEI Asturias.
- *Results-oriented*: the working procedure is aimed at getting results, in other words, obtaining financing.

The service’s itinerary is structured in several stages methodologically very defined, from Phase 1 which carries a first contact that includes an analysis of pre- feasibility study, the phase 2 which is the signature of the agreement and work plan with a period maximum of 2 months, assigning specialized tutor and work in periodicals tutorships until the validation of Business Plan and Technical Report.

| Phase1                   | Phase2                                   | Phase 3                     | Phase 4                               | Phase 5                                    |
|--------------------------|--|-----------------------------|---------------------------------------|--|
| Pre-feasibility analysis | Support Agreement<br><br>Work's Schedule | Business Plan's development | Business Plan and checking validation | Formal application to the financing entity |

Each phase has specific guide and support documents, being some of these:

Analysis of pre-feasibility, Agreement, Work's Schedule, Review of tutorship, Guidelines for setting-up a company, Guidelines of the Legal Environment, On-line tools, Simulation Economic and Financial Tool, Technical Report, Application forms, Sheet inspection, certificate etc.

This powerful methodology ensures consistency, quality standards and highly satisfactory results, regardless the technician providing the service. And what is most importantly, the validation of the feasible business plan and credibility towards the financial institution.

#### Lines of Funding

- Small microcredits
- Small shared loans
- Subsidies for new technology-based companies
- Risk Capital (shared loans)
- Business Angels
- Guarantees

#### 4.2. Lines of funding:

CEEI Asturias supports develops an intense activity in supporting entrepreneurs' access to finance (at seed, start ups and growth) and the lines of funding that CEEI Asturias is covering the range that goes from small micro credits to risk capital or private investors. The methodology of "CEEI FINANCIA" is flexible and adaptable to the entrepreneur's needs.

#### 4.3. ITC implementation:

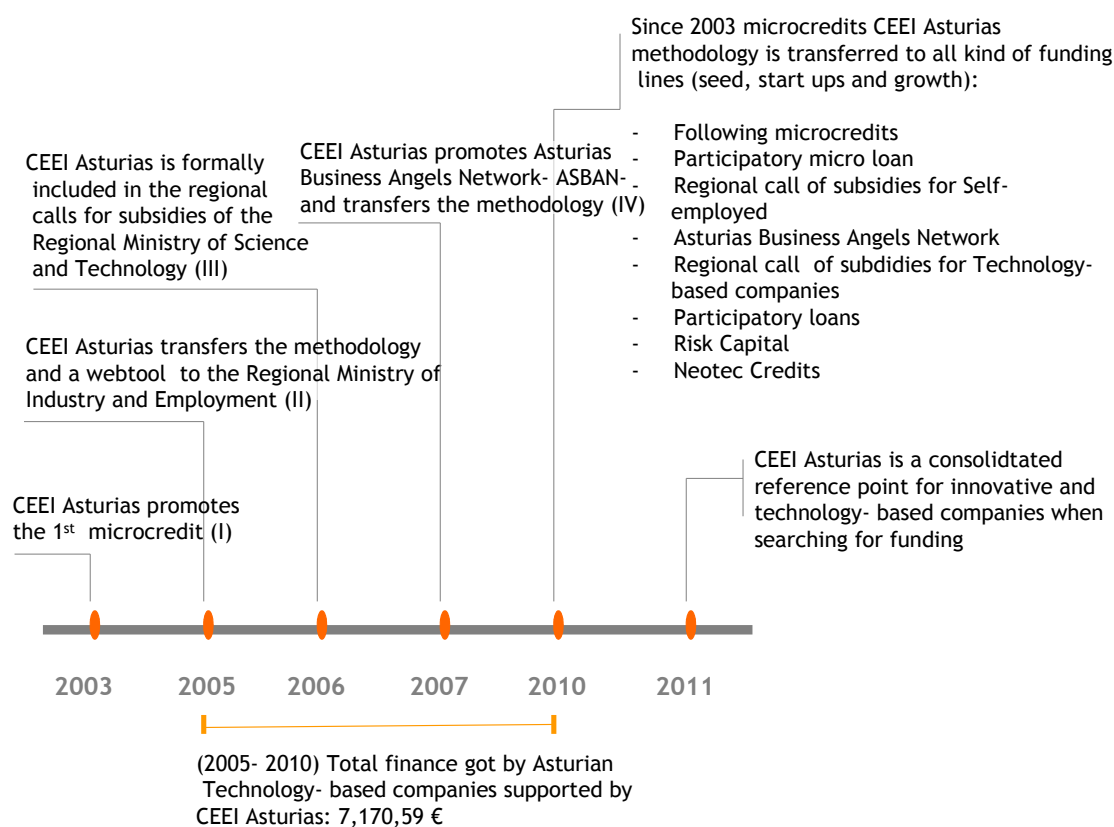
Additionally to the methodology, CEEI Asturias developed a web tool for the online development on the business plans as well as a platform for monitoring and management the projects. For instance, running the last version in the framework of the collaboration with the regional government regarding a public call for grants, more than 41 Asturian business centres and supporting entities and almost 100 business advisors and almost 1.500 entrepreneurs are using this online tool for developing and validating business plans through these tools.

Therefore these collaborative tools have a double approach: in the one hand it allows business support services work in a common tool under the same methodology, scheme and quality standards. On the other hand, through these collaborative tools, a high percentage of population is

acquiring/improvement ICT competences and skills through the online development of a business plan under the same quality and equality conditions. As a result this initiative brings together economic development -through business start-ups- and social development through ICT skills acquirement.

#### 4.4 Some Figures, dates and achievements:

Since 2003, when CEEI Asturias in the framework of an Equal Initiative promoted the first micro credit in Asturias, **we have transferred our methodology to other lines of funding**: small shared loans, subsidies for self-employment, subsidies for new technology-based companies, capital risk (shared loans), business Angels and guarantees.



**(I):** In the framework of an European Equal initiative, CEEI Asturias promoted in 2003 the first micro credit in the region.

**(II)** In 2005 the Regional Ministry of Industry and Employment, through the General Directorate for Trade, Self-Employed, and Social Economy announces grants for initiation of self-employment, the

Self-Employed Ticket. These grants with increased quantity introduced a requirement to have a Business Plan validated by a business centre. In this sense, CEEI Asturias started collaborating with the Regional Ministry of Industry and Employment coordinating the rest of the Business Centres of the region, by developing and transferring our methodology for validating business projects as well as a platform for monitoring the projects.

(III) In 2006 CEEI Asturias is formally included in the call for proposals of the Subsidies promoted by the Regional Ministry of Science & Technology (Foundation for the Applied Research & Science & Technology- FICYT), which are included in the Plan of Science, Technology and Innovation 2006-2009 (PCTI). These subsidies have the purpose to develop actions that promote the scientific research, the technological progress and the innovative activity of the region. This time CEEI Asturias know-how and experience in the development and checking of feasibility Plans is transferred to a public official call for proposal and public procedures.

(IV): In 2007 CEEI Asturias promotes the first and only business angels network in the region. At the same time transfers the methodology to the network. CEEI Asturias identifies innovative projects and provides comprehensive advice to entrepreneurs on the presentation of their initiative and in agreement with investors or Business Angels, who for their part provide funding, but also experience and their network of contacts.



#### 4.5. Partnership, a success factor:

Undoubtedly and taking into account the not-direct funding role of the CEEI Asturias, his role only makes sense in the framework of partnerships where respective roles of entities involved are coordinated and complementary.

The heterogeneity of strategic partners implementing these initiatives is also an additional source



of knowledge and added-value of the work. From our experience it becomes evident that it is necessary to identify both the needs of target groups (both sides: demand-entrepreneurs- and offer-funding entities-) and act as a bridge to gain synergies and gather joint efforts.



At a starting point, is important to highlight the close relationship of CEEI Asturias with the Institute of Economic Development of the Asturias, IDEPA (Regional Development Agency), dependent on the Regional Government.

On the other hand, other partners who play an important role in the conception and implementation of the different lines of funding, being some of them the following ones:

#### **Microcredits for entrepreneurs of the Principado of Asturias:**

- Government of Asturias (Regional Ministry of Industry and Employment) through the Institute of Economic Development of the Asturias, IDEPA.
- National and regional banks
- Asturgar (Mutual guarantee society); non-profit-making financial institution

Here our role was crucial, since the initial experience acquired by the CEEI Asturias in the Equal Project 2002-2004, together with an increasing demand, allow the transfer of the initial microcredit line exclusively addressed to women and funded by ESF towards the setting up of the current now also enlarged from the point of view of scope and beneficiaries.

At the beginning, CEEI Asturias transferred his good practice as well as the methodology of the access to finance service at the disposal of the funding entities, being its role of formal quality

validator recognised in formal agreements.

**Participatory micro loans for young entrepreneurs supported by CEEI Asturias:**

- National Innovation Businesses- ENISA
- National Association of Spanish CEEIs- ANCES

Due to a collaboration agreement, a new line of micro financed was provided for young entrepreneurs (35-) supported by CEEI Asturias in the region. There was no need for other guarantees than the viability of the business project.

**ASBAN, Business Angels Network of Asturias:**

▪ FADE: employer's association and also in collaboration with AJE, Young Businessmen Association.

ASBAN, recently reached their operating phase, is definitively a network that put in contact entrepreneurs having innovative projects with private al investors (Business Angels) ready to participate in these projects. CEEI Asturias role is to identify the innovative projects suitable to access to this special type of funding and to support them for the elaboration or improvement of the Business Plan. In addition, provides training to the entrepreneurs for the improvement of his" investment readiness ".

CEEI Asturias has transferred his good practice as well as the methodology of the access to finance service CEEI FINANCIA, at the disposal of the network, mainly as quality validator of projects to be offered to private investors. The role of the CEEI is again reflected at formal level, in the bylaws of the association and network ASBAN, as well as in the joint work procedures.

**Subsidies for the creation and development of New Technology-based Firms**

- Regional Ministry of Science & Technology
- Foundation for the Applied Research & Science & Technology- FICYT

These subsidies are included in the Plan of Science, Technology and Innovation 2006-2009 (PCTI), which has for purpose to develop all those actions that promote the scientific research, the technological progress and the innovative activity of the region.

The call for proposals indicates the quality validation role of CEEI Asturias and also the template for the Business Plan to be followed by applicants was drafted by CEEI Asturias. Therefore, we have transferred our experience in the development and checking of Feasibility Plans to a public official call for proposal and public procedures.

#### **Participatory loans, and capital risk measures for innovative entrepreneurs.**

- SRP, Regional society of Promotion of the Asturias: a public society who operates on the market of the risk capital and who acts as organism of economic promotion.
- SODECO, Society for the Development of the Mining Regions.
- SADIM, Society of Mining Diversification of Asturias.
- IDEPA, Institute of Economic Development of the Asturias
- National Innovation Business- ENISA

Again we act as validator of Business Plans although our role here is not fully formalised.

#### **4.6. Sustainability:**

Every step and progress CEEI Asturias have implemented in order to shape their service has been done under a sustainability approach, being its role even pointed out into main multi-annual regional strategic guiding documents: Science & Technology Plan implementations or ACEBA-Agreement for the Competitiveness and the social Well-being in Asturias, (social and economic consultation including economic commitments agreed by Administration and principal socio-economic agents) in force until the year 2011.

CEEI Asturias not only incorporated the support in access to finance within the general services of the organisation but also under the corporate quality system, which guarantees his long-term maintenance, and being also incorporated to continuous improvement system and policies, in the framework of our ISO 9001:2000 and EFQM 400+ accreditations.

Finally the working methodology and the networking with the key actors involved in finance has been also transferred to other funding lines that CEEI Asturias support, being the following

#### **4.7. Transferability**

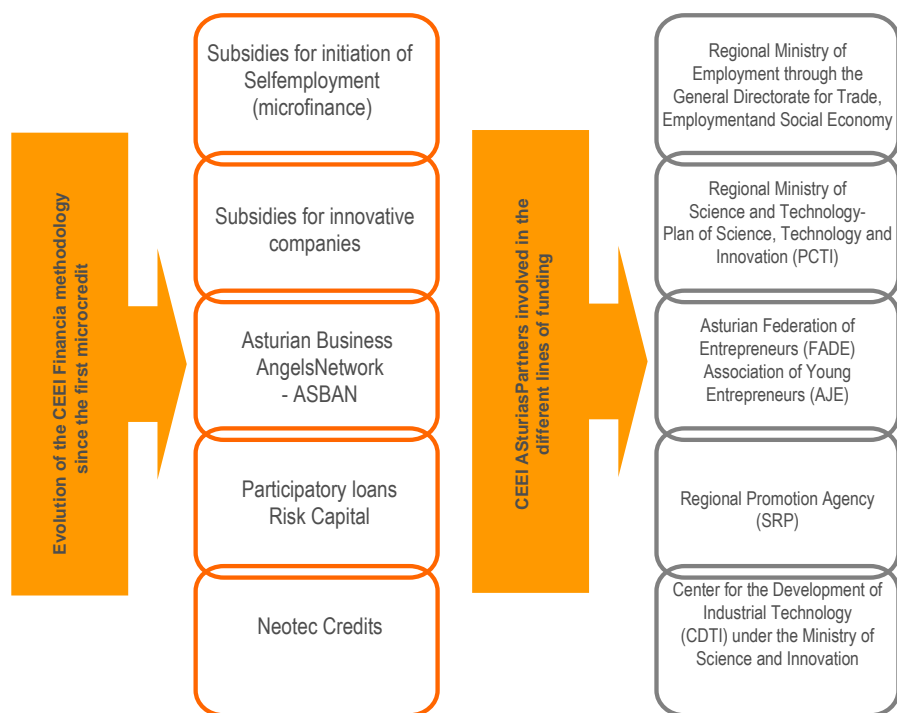
Given the accumulated experience and the systematizing of the methodology applied in our service "CEEI FINANCIA" and our role as quality validator, it is definitely a suitable transferable practice. Taking into account its open approach, it becomes a good practice of general interest since it addresses to global needs of entities that support entrepreneurs.

The transfer of our *Know how* could become extensive to multiple beneficiaries: bodies and entities that wish to benefit from a standardised procedure and experience offering quality results. These may include:

- Entities supporting entrepreneurs
- Banks and public and private funding entities
- Guarantee societies
- Entrepreneurs looking for funding.

Until now the transfer actions have been approached in an individual way depending on the needs of the beneficiaries through specific actions, and mainly at regional level (*see also point 2- description of partnerships and roles for each funding lines*). Nevertheless, this is a good practice that usually attracts the attention of our national and transnational counterparts, as it has been noticed during study visits and meetings.

In any case, the specific needs and available resources of the entities potentially interested in the practice would constitute the framework of a know-how transfer, flexible and even adapted to other operating conditions of a funding programme, for example: Interreg, technical assistance for third countries for the development of policies and programs of support to entrepreneurs (short-term experts), etc.



| Key words                      |             |                    |
|--------------------------------|-------------|--------------------|
| Expertise                      | Partnership | Evolution          |
|                                |             | Networking         |
| Sustainability                 |             | Regional role      |
| Methodology                    |             | Transferability    |
| High- qualified technical team |             | ICT implementation |

Given the accumulated experience and the systematizing of the methodology applied in our service "CEEI FINANCIA" and our role as "quality validator" it is definitely a suitable transferable practice. Taking into account its open approach, it becomes a good practice of general interest since it addresses to global needs of entities that support entrepreneurs and others including:

- Entities supporting entrepreneurs
- Banks and public and private funding entities
- Guarantee societies
- Entrepreneurs looking for funding.

CEEI Asturias is the reference point for innovative and technology- based entrepreneurs when searching for funding.

### 5. Recognitions:

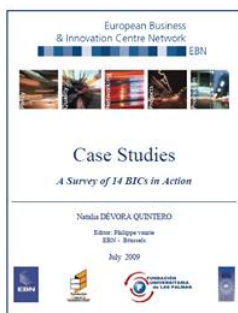


In additions to the inclusion of CEEI Asturias supports in regional guiding documents: Science & Technology Plan implementations and ACEBA- Agreement for the Competitiveness and the social Well-being in Asturias, (social and economic consultation including economic commitments agreed by Administration and principal socio-economic agents), CEEI Asturias received an international recognition.

In 2008, Budapest, Asturias was a finalist for the Euro Leaders Award in the category "Access to Finance for entrepreneurs and innovative businesses" being considered one of the best 3 European incubators with the best practices for improvement of the financial planning and business model of the business projects that CEEI Asturias experts advised on, and with regard to help innovative companies seeking funding. This award is promoted by the European Business and innovation centres- EBN network that brings together more than 250 partners distributed through Europe.

In 2009 the added value service regarding access to capital through "CEEI Financia" was included as best practice in the European publication "Case Studies: A Survey of 14 BICs in Action, published by European Business and innovation centres- EBN network.

This publication highlight 14 selected initiatives of the 250 partners that belong to this network.



Further information:

[http://www.ceei.es/doc/w10/Case\\_studies\\_survey\\_of\\_14\\_BICs.pdf](http://www.ceei.es/doc/w10/Case_studies_survey_of_14_BICs.pdf)