



## **Designing a Co-operative Entrepreneurship Initiative for Preston: Saiolan Deep Dive presentation**

### **Project Committee meeting**

**(November 9<sup>th</sup>, 10.00-12.00)**

#### **AGENDA**

10:00 – 10:10: Introduction and welcome from Julian Manley

10:10 – 10:40: Presentation of the SAIOLAN Incubator by LKS.

Questions that will be discussed in the course of the presentation and the Q&A session afterwards are: How does SAIOLAN combine the incubation of new businesses with the training/education from MU? What are the lessons for Preston? How might this fit with the Town's Fund? How can this connect to the concern for community involvement and inclusivity in Preston?

10:40 – 10:50: Break

10:50 – 11:40: Q & A and suggestions from participants

11:40 – 11:50: Update on the LKS Mondragon Preston interviews and information about next full session (December) on Gaztenpresa, finance and banking

11.50 – 12.00: Final remarks and closing

# MINUTES

**Marta:** Find the key success factors and the lessons learned, that has been developed during these 30 years of experience and existence of Saiolan. And finally the questions that some of them has already mentioned it, Julian.

So starting from: what is Saiolan? Currently, because Saiolan, as I told you before, was created 35 years ago. So it has a long existence, and has evolved during this 35 years. But currently, it is a European approved Innovation and Business Development Centre that manage what we call Business Innovation Centre in Gipuzkoa in Alto Deba district. Alto Deba district is a group of eight municipalities, one of them is Arrasate/Mondragon and it has a population of 63,000 inhabitants. So this initiative, gives mainly a service to the entrepreneurial projects that exist in this area. The headquarters is placed in Arrasate/Mondragon...and these are public support structures to the entrepreneurs that offers them tutoring, mentoring, and incubation services. And they are also agents that promote entrepreneurial culture. In the Basque Country, there are five branches, these are five structures, two of them are placed in Gipuzkoa. And this one, it's placed in in Arrasate. It is also a member of the Basque Network of Science and Technology and Innovation. So it has a real...very close contact with the rest of technological centres and the rest of Innovation ecosystem stakeholders, the rest of the Basque Country. It acts as a public private incubator that promotes entrepreneurship and setting up new business activities. Saiolan has two main customers or target groups. For the first of these groups are entrepreneurs, individual entrepreneurs, who have an idea and they want to develop a new, a new business. And on the other hand, there are the companies, they also have companies to create and to diversify new business activities that they need for being alive and for continuing its activity. And finally, as I told you before, it has quite a long existence. It was created in 1985, so it was like the first private initiative created in in Basque country that was dedicated to promoting entrepreneurship and to promoting the development of new economic activities. And probably it was the first one in Spain. When Saiolan was created no one in Basque Country was talking about entrepreneurship. This concept, it didn't exist already. And so they were like pioneers or they were the first ones who started this new way of doing politics and supporting the creation of new companies.

So nowadays, Saiolan's mission is defined as that... or they define their mission as: we help to generate qualified employment by collaborating with entrepreneurs and organisations through setting up or reformulating innovative business activities. Also Saiolan's mission in a more long term...is to become the benchmark agent in the Alto Deba district, supporting all entrepreneurial activities and generating new industrial technological businesses. As we can see in these two statements, Saiolan has a very clear orientation in supporting entrepreneurship projects that have very innovative and are linked to technological and industrial fields. So, this is a very important thing, because it determines in a very strong way the kind of projects that they are supporting and also the profile of the entrepreneurs that they are working with. So, these two elements of innovation, innovative projects with a lot of technological content and with unrelated to industry are elements that have a very important implication in the kind of projects that they are developing.

Nowadays, here, as you can see, there is the distribution of share capital of Saiolan. And as you can see, it has a very important presence in the shareholders of the Mondragon Corporation agents. So 58% of the of the share capital belongs to Mondragon Corporation of stakeholders. So there is a close link with Mondragon eco system. And also it has a part of the share of Mondragon city council that is taking part also in this initiative as a shareholder. Saiolan was created in 1985 by two lecturers that also were worker owners of Mondragon Goi Eskola Politeknikoa that's the Faculty of Engineering of Mondragon University. And Saiolan, its origin was really close to the university...has a very close links and connections with university. In fact, it's a spin off of the university. But during these 30 years of existence, Saiolan has had to adapt and to evolve to the changes that has happened in this entrepreneurship ecosystem in the Basque Country. So nowadays, these links with Mondragon University are much more lower than before. And during its origins, probably Saiolan had a very similar situation or very similar features as the ones that quite popular here in Preston. When, as I told you before, when Saiolan was created, there was neither in Basque Country and probably not in Spain, an initiative similar like this one that was centred in the creation of new businesses. So it was quite easy that for them that this initiative received in a very soon a stage the support of the Basque government to have the development of this initiative.

And why it was created Saiolan...so during this date in the Basque Country, we were suffering a severe economic crisis, that affected in a very important way the industrial sector. And it was a very high unemployment rate, and especially affected the graduates from the Faculty of Engineering. Around 50-60% of unemployment rate, they were suffering. So from the university, they try to give a response and to improve the employability of the graduates. And they created this initiative as a way to create new jobs for those graduates who when they finish their degree couldn't find a job in the labour market. The University also considered that the graduates they really had a very good level of skills and knowledge about engineering, but they also feel that they had a lack of knowledge in what would be more business management and business creation. So they considered that this initiative could help also...it would be become a tool for helping graduates to get this kind of knowledge about managerial and business creation. And also Saiolan it was used as a way to share and transfer the knowledge that was obtained through these entrepreneurship projects. So, students, lecturers and professors from the university and developing these projects, they were getting real knowledge from the market...from the reality that was transferred to the University. So, it was like a retrofitting way to creating new knowledge. Today's proposal Saiolan is a double from one part. They try to promote this innovative and technological new companies related to industrial sector and as a consequence of this creation of new companies, they try to support the creation of qualified jobs. So, these are the two... the main targets of the deputy of Saiolan. And this activity is mainly centered in Alto Deba district. So this clue of the territory has one importance during this evolution of Saiolan during the last years.

And how the Saiolan try to meet these goals. So Saiolan is offering three different lines of activity and service to get these goals of new companies creation and new employment for the first one, and the most important is the one that is centred on entrepreneurs. And they offer these services to protect this target group – the entrepreneurs. And it represents around 60-70% of Saiolan's activity. Then the second line of action of Saiolan is this support to the existing companies offering services to develop new businesses inside the companies. And finally, this district economic development. Saiolan is supporting the district economic development agency in doing some projects and developing some

initiative to support these actions. If we see each of one of these services, and we are starting from the support for entrepreneurs, Saiolan carried out a result of actions of awareness and promotion of entrepreneurial culture in 2019, they gave eight courses about entrepreneurial culture in and mainly they give these trainings in Mondragon Uniberstitea. And especially in the Engineering Faculty. They also manage grants for the public programmes for entrepreneurs. They are also collaborating with public programmes focused on the development of new business for existing companies. They have also incubation services for projects that are based on innovative technologies. They are offering this training and mentoring activities for entrepreneurs according to their needs, but it's also an important point they try give the services that each of the entrepreneurs demands according to the project that they are developing. So it's not the same services to old entrepreneurs, it depends on the demand and the needs that each entrepreneur has, and they try to give response to these entrepreneurs. Some projects are more intensive, maybe in the idea stage when they are just generating the new idea. And maybe other ones are more intensive or they need more support in the financial part. So this support has been adapted to the demands of the entrepreneurs. They also give access to their network of contacts. During these 35 years Saiolan has created a very strong and important network of contacts, they have a lot of relationships with companies, with entrepreneurs with the rest of stakeholders of the entrepreneurial ecosystem, and they try to connect this network, and they also give access to the entrepreneurs to use it. And finally, they also try to give support and they try to give answers and assessment to individual entrepreneurs or companies in concrete inquiries that they can have during the process of creation of a new project of entrepreneurship.

I have included this slide because I think that it's really interesting because it shows what kind of sectors are supporting Saiolan and as you can see, they are mainly project entrepreneurship projects belonging to industrial sector, and then the 21% and from the techfood, and also new information and communication technologies has also an important presence - about 16%.

And I know this is in Spanish, but I will try to explain... I will try to do my best to explain you a little bit what we are trying to say here. This slide shows the way that Saiolan conceives entrepreneurship projects and the way they support them. They can offer a support to entrepreneurs just before or during the idea generation. That they can provide sectorial studies or they are minimising also companies from the Alto Deba district. So, they get a lot of ideas and these ideas sometimes try to reformulate into entrepreneurs ideas or project once these ideas are analysed. And what they support also entrepreneurs to make these a stage and to have this project of entrepreneurship and they also try to support them in the in the final stage of company creation. So, they give an integral...a full support to entrepreneurs in all these threes stages: in the beginning of the idea creation, when the idea becomes an opportunity, a real business opportunity, and finally, during the creation, and sometimes during...if the entrepreneurs need it and demand it - during the first years of the operation process of the company.

So, Saiolan also offers support to companies in the development of new activities, new technologies, new ideas, they have the service that they call or they know like Technological Antenna. This service consists in doing the search of new technologies that are available in other countries and that can be transferred to Basque companies that can have a diversification need or interest. So the goal of this initiative is the generation of new businesses and preferably in the industrial area and the generation of

new employment. They also develop prospective studies and feasibility plans for new innovative or technological businesses. And they offer support in technological development to the companies like: technological studies, they make also registered patents studies or they also offer support for product development, process and industrialization. So these services are really focused on companies that can have a need of diversification or of innovation, and they try to give these consultancy services. So, they pay a fee and they receive these services.

And finally, they also offer this support to the district Economic Development Agency. So, in Alto Deba district exists that community of small and medium enterprises and Saiolan offers support and dynamisation of this community that is integrated by 26 companies. And the support is that the companies... these are small companies, they meet each other, they can share projects, they can they also share the difficulties that each of them are facing, or the common problems that they are facing to try to support this collaboration among them. Then, they also offer training workshops for companies, and these workshops are organised by the Garaia Technological Park. In these workshops they work through different issues like: digital transformation, competitive intelligence for the companies, share value. So, it's more workshops offered to companies from the idea that can have same problematics and they share this knowledge about this topics. And then for example, they are also are participating in the process of strategic planning of the district.

Here is the business model of Saiolan, where is explained in more detail the services, costumers and target groups that they are facing. We are not going to get into into detail now. But if you are interested, you can have a look, because we are going to send you this presentation. So if you're interested you will can find more information and if you have any doubt – don't not hesitate to contact us. And what have been the main outcomes of Saiolan. Saiolan during these 35 years of existence has demonstrated that it has a very high survival rate for the business projects that have been developed during these 34-35 years of existence has been created 311 companies and these 311 companies have generated 3400 new jobs, new employment. It's important also to say that the companies that have closed, a very few percentage (only 14%) closed their activity before the five years of operation. So even the companies that have closed have had a quite long survival period before facing this unfortunate situation that they had to close. These 311 companies ...well, here's the distribution when they were created, and now currently during the last years Saiolan is generating around 16-17 new projects per year. So this is nowadays the number of new activities that every year are developing, and the projects that they're supporting.

And a little bit of information about what are the features of this project, we can say that the average incubation time for this project is around 12 and 18 months. Normally investment is different according to the type of project that are developed. In the case of individual entrepreneurial projects the initial investment is around 20,000 euros, while the new business that are diversification projects developed by companies normally receive a higher investment, but normally this investment is lower than 100,000 euros. And currently Saiolan offers its incubation facilities to 9 projects, or it's incubating 9 projects named projects with a number of 20 persons. So here are more details from Saiolan.

**Ibon:** Thank you, Marta and I'll continue with the main lessons learned from this experience. So, first of all to say that Saiolan as a whole was considered an innovative initiative and it was quite easy for them

to receive support from public institutions as long as it showed that it was able to get those good results. It also showed the capacity to yield and transfer ideas and knowledge to the entrepreneurs. Currently nowadays Saiolan is a Business Innovation Centre with a differentiated profile in promoting industrial and technological entrepreneurship. It also plays a central role in the entrepreneurship ecosystem, especially in the Mondragon area. Saiolan's contact network gives to them a deep knowledge of the company's needs. And this is one of their core strengths as entrepreneurship initiative, also their adaptability since Saiolan has adapted its business model to the changes occurred... happened in the entrepreneurship ecosystem from being close to the modern Corporation at the very beginning to being, let's say, a public sector tool to foster entrepreneurship and an innovation and nowadays the territory or the regional approach has become a key driver of Saiolan's activity.

What are the main current challenges of Saiolan as an incubator... so, currently Saiolan is a tool for the entrepreneurial and innovation policy developed by Basque institutions, mainly the Basque government to a multi annual cooperation agreement. So there is a formal relationship between these institutions and the incubator network Saiolan. Saiolan must also continue working and coordinating with all other stakeholders from the territory from the Mondragon ecosystem and the province... and the region that makes up the entrepreneurship and innovation ecosystem. In the field of industrial entrepreneurship, there is an increasing need to collaborate to develop new business projects. So we see that creating new activities and the industrial area is not what it was in the past. And you need more and more collaboration on that. And this is very related to the concepts of open innovation. So you need to create open innovation ecosystems to be able to develop new activities and new technological solutions. And a new customer segment is emerging for Saiolan and also the small and medium sized enterprises that need more collaboration that naturally need to collaborate with others.

Continuing with the challenges. So there is also an opportunity with young managers of companies that in general are usually more open to cooperation. There is also a need for Saiolan to seek out or to solve the financial sustainability issues. So how to be self-sustained in financial terms. There is also the need for better coordination between the different entrepreneurship initiatives developed by Mondragon Corporation stakeholders. So there is Isea that is the Innovation Centre within our division in Mondragon, sectorial Division where LKS is located within Mondragon that is for consultancy and engineering activities. So Isea is our Innovation Centre there. There is also other initiatives in Mondragon University, the engineering faculty, also engineering school, and also at the Garaia Technological Park. So there is a need to coordinate and to have a good cooperation among all those initiatives to try to avoid overlaps. And important number of entrepreneurship support initiatives are focused on awareness, entrepreneurship skills, training and culture. But the impact of these activities on new projects and companies is still low. So those are necessary and there is a big need for these awareness initiatives, but their impact on new business creation is still quite low. And then the entrepreneur's profile, we are talking about middle age graduates with a working experience and a professional career. So this is also the main target groups they're working with.

So finally going to the connections between... or among Saiolan and Preston potential connections that we could think about. So Saiolan originally was born within the University of Mondragon and now it is playing an institutional role for supporting entrepreneurship policies. So it went from the corporate side

of Mondragon, from modern university to public initiative. But we can say that Saiolan in its origin had a similar profile of what you have today in Propeller. So this could be also an idea to think about. Saiolan was also responsible to the need for employment creation for Mondragon university graduate students. So that there was, there was this big reason to start Saiolan at the time and in the middle of the 80s. It offers support to entrepreneurs to facilitate the creation and maintenance of new companies from the initial idea to the company creation and during the first years of operation. So this could also be kind of inspiring idea for Preston, how Saiolan covers the whole entrepreneurship chain in the case of the Mondragon area. And also support to public administrations for the management of grants and services to entrepreneurs. So that's also what play this this role of supporting on grants and services, then the question comes: could it be possible role for PCDN, and/or Grants and Funding unit in UCLan? And for the Centre for SME development in Preston? Could this be a role that those initiatives could play?

So finally, we remind about the questions that Julian has already addressed at the beginning of the session and that were also in the in the agenda and within those could be relevant questions for our debate today. So again, how does Saiolan combine the incubation of new businesses with the training education from Mondragon university? This has been somehow addressed already by our presentation, but we If you want, we can still discuss this a little bit more during the time we will start soon for the debate, but also remember, what are the lessons for Preston we have already addressed some possible lessons but we would like you to somehow tell us if you agree with those points If you think in other potential lessons that could be applicable in the case of Preston. How might these fit with the Town's Fund? In the previous session we heard about those plans that the council had in related to the Town's Fund. So now, after listening from this experience, about Saiolan, how do we think this could be in the in the council's plan on related to the Town's Fund? And finally, how can these connect to the concern for community involvement and inclusivity in Preston. So there is this debate and that we have already had on the need to address those vulnerable groups at the Preston community? So how can this experience inspire other incubation and intrapreneurship experiences that we are talking about in Preston to address the needs of these vulnerable groups in the case of Preston? So that's all from our side, and I give back the word to Julian to think about the next steps.

**Julian:** Many thanks, Marta, Ibon. I thought that was very interesting. And I think there are some very clear lines of comparison between the Saiolan project and what we're aiming to do in Preston. So I'm really interested in the discussion we're going to have in a minute. So we're just going to have a little break now. Until 10:50. At 10:50 we get back together and if you have any questions, I know some of them are already in the chat. If you want to think up some questions and discussion points, then we can pursue those at 10 to 11. So see you in five minutes or so. Thank you.

Okay. I'm not sure if people are behind their computers or not. But we should make a start. So Sue, are you there, Sue?

**Sue:** Yes. I am here.

**Julian:** Right, because I know you're going soon. So you did have a couple of questions for Marta and Ibon.

**Sue:** Yes, I might have to dash when you're answering them. But thank you very much. It was really interesting. I've got two questions: one, which you might have answered already was around, are they all kind of tech-based companies on the pie chart? The project seems to suggest so. I'm wondering whether there's room ...so we can discuss it separately for Preston. But so for example, marketing companies who, you know, other services that provide to the engineering tech companies. So that's one of my questions. And the second question was, are there any tensions ever. It sounds like utopia. And if they're competing for business? Are there any tensions? So for example, those workshops? And if so, how are they navigated? Thank you.

**Marta:** Thank you. So, I will try to give an answer to your first question. They are really centred in innovative companies. For example, if it's a marketing sector, following your example, is marketing company, if it's a typical one or normal one, that it doesn't have an innovative service, or it's not trying to provide innovative services to the companies or an innovative target group or customer group, they do not support...well, they support, but they are centred mainly in innovative and technological new projects. If the project that they receive doesn't have this element, it they give it or they direct the entrepreneurs to other beaks that have these complete services, and that can give to support to any kind of project. And according your second question, well, in fact, there is competition among companies and there exists that concurrency, and that's why they also need to make new diversification projects. But normally, in this kind of workshops they invite all kind of companies. So in Alto Deba maybe you have the industrial companies want are competing in global markets. So maybe are different companies from different sectors that are not together competing, so that's why it's easier to share problems or to have a collaboration. This is with a big one or with big companies. And then small medium enterprises during the last years have faced the need of innovation. So when it happens, and they don't have enough science to develop these, sometimes to develop these innovation projects, that's why they need the collaboration and that's why they try to collaborate among them, of course, from different sectors. Companies from the same sector are not doing things together, but they try to connect with other companies just to give better services or to scale the chain value and offering more services to their customer. And that's why between the small companies cooperation is important to develop these innovative projects, because sometimes they don't have the science to develop it by their own.

**Julian:** Thank you. Sue, following up and another question, and then Liz and then Gaynor.

**Sue:** Thank you. Sorry, I'm just very cheekily getting a third question in. And I'm not sure how to phrase this...but is there... I've used the term code of conduct. And I don't know if that translates in the same way, but a certain guide to how the company should behave, to try and cut through any tension during competition. So, I am thinking about... do they have... Is there any sort of facilitation in helping the companies behave a certain way or the development of a more collaborative culture? And I'm not really sure if that makes sense. But is there some kind of code of conduct that is exposed rather than written?

**Marta:** I don't know if it's a conduct code, but what's true is that big companies are normally... the ones that are placed in in Alto Deba or in Mondragon are mainly cooperatives. So they have quite integrated this concept of collaboration of cooperation inside them. So I think that's how you're learning. It doesn't use or doesn't have a conduct guide. But I'm not really sure, but I would say - it doesn't have.



**Sue:** Thank you.

**Julian:** Liz.

**Liz:** Thanks. Just probably, kind of questions, really, but observations. And so obviously, clearly that there's a huge history to all of this. This hasn't happened overnight. And I think that sense of development, and it started out as a spin out, and then as gradually kind of rippled, you know, the small pebble and the ripples all of that. I suppose one question, and it's more for UCLan is with your existing kind of initiatives and everything that happens at UCLan, I suppose... what have you already got that would really be the basis of all of this? And how far do we need to work on it to ensure that it is a good vehicle, really, for achieving what we want to achieve?

The second thing would be, and it just strikes me that I was involved, gosh, years and years ago, and it was about 15-20 years ago... and we were looking at developing entrepreneurship and enterprise at Salford University. And we connected into the University of Twente in the Netherlands, and there was very kind of strong driver for entrepreneurship. And, you know, that collaboration and everything like that. And it just strikes me... do we really understand now in the this COVID world, post COVID world, what entrepreneurship looks like? So the question that Sue was asking around, you know, the types of companies, but that sense of what entrepreneurship now, with the use of social media, in kind of, it's a different remit, isn't it? People set up their own businesses in a different way. And have we accommodated? Do we understand enough of that to accommodate then what we need going forward?

And the third would be taking on board that, you know, we've got elements of what we're trying to achieve. What was the game changer, Ibon and Marta, in terms of moving it from that startup in that collection to what is a very different premise and that cooperative element? What do you think were the critical things that made it happen? Because as you know, I'm really keen that we ensure the links to the community and the involvement of Preston community and everything along the model. But what's the leverage? What was it? Was there a game changer? Or actually, did it just happen over time? And you are now where you are?

**Julian:** Thank you. So. Marta and Ibon...Last question.

**Ibon:** Yes, maybe I can then start with a with the final questions. I'm not sure if I understood them well. But, first of all, talking about the game changer related to Saiolan... I would like also to remind that as long as these initiatives, especially Saiolan are being created from Mondragon and as a Mondragon initiative at the very beginning. Keep in mind that Mondragon has a huge need of creating new activities all the time, because for us entrepreneurship is his natural need. The Cooperative Federation needs to promote new activities all the time because our main growth is organic growth. We cannot grow so much as buying new companies. We need to start new activities all the time. So we are seeing in seeing in all of these initiatives in Saiolan, in Gaztenpresa, in Bilbao Innovation Factory, that there is an urgency of Mondragon to promote those initiatives, so we need to make them change maker, and we need to make them an initiative that has an impact, because otherwise we just stop them and go for another initiative. It's really something that is in the core of our approach to those entrepreneurship

initiatives. And this relates to your other point also related to entrepreneurship itself, and how it is changing, because if we see the whole history... I mean, Saiolan started in the mid 80s and if we compare it to nowadays, business has changed so much, and industrial activities in the 80s it was a still, even with all this crisis, it was still a time when you could think about opening new factories and having international growth and developing new technologies based on patterns and so on, and that would create a lot of jobs. Nowadays, you invest millions in new technologies, and then in return you get in terms of new jobs created is so low, especially in industrial activities, that it's really the business models are totally different. And not to say the sustainability and competitiveness of these new startups, you really need to build a very, very strong business models, even this will accelerate with COVID-19. Because we see that initiatives like Gaztenpresa, for instance, in many cases it was focusing on creating retail activities like restaurants or small retail shops and so on. Even those will need very strong business models after the COVID crisis because, I don't know in Preston, but right now here in the Basque Country, all restaurants and bars are closed. And even the retail is suffering a lot. So this means that we need also very strong incubation on entrepreneurship support initiatives to support various strong new startups and new initiatives that have very strong business models. And this also means that as it was also mentioned, before, that we need to focus very well on the target groups, and who are the real different target groups that we are going to focus on? So that the way there's... I don't know, Marta, maybe you want to add something to this question.

**Marta:** Yes, I would like to say also that this other initiative that we are analysing from and that we will analyse during this project, all of them, they had this a common point that were created after or during a period of crisis. So what we'll have to have in mind is that period of crisis had been also a moment of supporting it kind of initiative on entrepreneurship. And now we are in a different moment, we have COVID, as scenario. And of course, we also will have to think and re-think all of these initiatives. But we have to keep in mind that entrepreneurship can be a way to maintain and to support the creation of new companies. And probably it will appear I don't know if in Mondragon ecosystem or another kind of ecosystem, it will appear a new kind of initiatives that will support this entrepreneurship.

**Julian:** Thank you. And Liz, I'm not going to answer your question about UCLan, but I know that Sue Smith, who has left, would have been the person to answer those questions. She's left some links in the chat to have a look at. But I think what we can say is that there's a tremendous interest in education and training. And it's going to be a good idea... I think I'm going to propose this, that the college, and UCLan, and the elements in UCLan, such as propeller and the Centre for SME development, and the developing Preston Cooperative Education Centre, and Preston Vocational Centre with Community Gateway, and so on. But we, we get together, and we see how we can join forces and provide something which is stronger and more interesting together, and we don't double up work and all the rest of it. I think that would be a really interesting project. Gaynor?

**Liz:** Just on that one... Sorry, Julian, I think it's essential, actually. Yeah. Because my question was really around, what is the step change required? Because we're all doing, you know, all of us are doing things and I know about Propeller and Boost. And you know, there's some fabulous stuff, but it's how we all... what's the catalyst that makes us do something different to what we're already doing?

**Julian:** I think one of the differences that we can introduce in Preston is precisely, you can sort of see it here, we've got Craig from Gateway. And we can see how we can join up together the different strands, when I did work with the Preston Vocational Centre in 2016, to precisely see how we could combine some of those things together, and the innovation would be the combination of it all, as opposed to the different institutions and so on, just acting alone. So I'll send a proposal to have an initial meeting for that. I think it'd be interesting. Thank you. Gaynor?

**Gaynor:** Thank you, Julian. I'm really interested...that was a really interesting and thought provoking presentation. So, thank you. And I have asked a question about the funding really...is this self-sustaining entity that you think you were indicating? It's trying to move towards that as a bit of a fair question to learn, you know, but I would be interested to know a little bit more about that, perhaps, later on or now about how it intends to do that. What steps is Saiolan taking to become self-sustaining, self-funding almost.

**Ibon:** Before Marta, maybe goes into the details, I would just like to add that in Mondragon all...I'm not sure if all because we also have some nonprofit activities and so on... but we try that almost all of our activities are self-sufficient. So that they really...and this is why we use the term very much of the business model, where we try to check before we start our new activities, that they can be self-sufficient, even if they get corporate finance or if they are public private partnerships. But I mean, that they have a clear idea of what are the revenue streams, how they are going to get the funds, who is going to play what role and so on. So I think for Saiolan, this is also the case, even if it has changed in in time as Marta was presenting from being a corporate initiative to be in a more public private partnership.

**Marta:** Yes, I would like to say that this funding... and as Ibon has said... has changed from the beginning. That was a spin of Mondragon Unibertsitatea from now, because also the activity has changed. Now Saiolan is more a political tool to support entrepreneurs. So these received 41% of the funds are the public institutions that are paying for developing of these public activities and are provided by the Basque government and Gipuzkoa provincial council. So 41% of the of the revenues are public funds. And then also through the services that offers to companies, they receive revenues from invoiced services that they are offering to the companies. Around 31% of the revenues proceeding from these sources... from the services that are invoiced to the companies. And also another around 19% proceeds from Mondragon Foundation. Mondragon Foundation is a Mondragon entity that receives these funds and is invested in Saiolan. And finally, around 9% of the funding is proceeding from the European projects. Saiolan is implied in the execution and as an expert in European project, for this job of coordination and so on it also receives funding.

**Gaynor:** Thank you.

**Julian:** Thank you. I wonder Matthew if you have a perspective from the Council on what's been discussed here, with the Town's Fund coming? And with 41% of the funding coming from public funds in Saiolan... I wonder what your view is of all that?

**Matthew:** Yeah, I think we'll find out about the Town's Fund very soon, we're quite optimistic. We're hoping to find out now but it's imminent... pretty much about... we're actually going to find out if it's successful. I think it's a big opportunity to, say, really incorporate all this, because the success of how it really regenerated Preston in the last 10 years has been around collaboration and partnership. So that's really going to come into it. And what we can have, and I'm saying the same thing I said last time is, you know, competition between initiatives, all of which pretty much along the same lines and trying to improve the betterment of the city. So I think we can have a conversation about the various entrepreneurial and, you know, educational side of things, and how that leads to business activity, and what kind of economy we're gonna have, I think that'd be really beneficial.

Just a bit further than it's about where we go as we come out of the pandemic. What we do have is a growing gig economy. So I think anything we do needs to look at that, because so much is being done online at the moment. And it's often the growing part of the economy, as well, it's the treatment of the workforce, because a lot of people who work in the gig economy are in a very insecure employment. If we're talking about community resilience, and making sure the community benefit, I think that's something we need to look at.

1:08:00

I was in a, I was in an event on Thursday with the deputy mayor of New York City, we say exactly the same thing. But ultimately, you know, this is our individual data. And it tends to be, you know, sub top and hoovered up by the large corporations like Amazon and Google and others. But ultimately, this is our data really, individually. And potentially, we could use that productively, to actually really support our local economies. So I'm just trying to get my head around, what we're actually going to come out an be going into as we emerge from COVID-19. Because, it's a new world, isn't it? Because the conventional retail businesses that we've seen... I mean... I'd love to be able to find a way of just rescuing them through some kind of holding company or something. But the reality is, they're not going to be there. We don't have lots of public sector lengthy generations. So that has to really ripple into communities and benefit those communities when we build our Cinema, as UCLan's development continues and for the Town's Fund as well. So that's businesses in those areas and individuals in those areas. But that is what's going to be new, and it is very much about the gig economy, potentially care, there could be much more spent on that as well. And, also, clean energy. So, I think that's what we need to really, really concentrate on. And then obviously there's construction as well. And there's a big conversation there about, you know, if the council and its partners are spending 10s, if not hundreds of millions on construction, how can we make sure that benefits our communities...you see Gateway is here as well, which is really good... Craig and, you know, this potentially Gateway could be involved in a lot more activities and anchor institutions because it will look after the most vulnerable in our communities, because they are dealing with them anyway. So those are my thoughts. For me, it's not particularly coherent what I'm saying. But there's just that much that I'm thinking about now, because there are huge challenges going ahead. And we've got to be clever and respond in a way that's going to really make our community resilient. Because there's too many people who've suffered economic as part of this, as well as with the health, and this follows 10 years in austerity as well. And you know , then we've got to see, you know, there's gonna be issues with crime and other things and mental health, you know, so I think we need to focus on that through whatever we do. Thanks.

**Julian:** Thank you. Craig, I don't know if you want to respond to that.

**Craig:** Yeah, this is really tough. We've got a massive opportunity here, I think... it's where we focus. Now as Matthew rightly said, you know, we're looking to build over 1000 homes over the next sort of five years in Preston, you know, we're investing 100 million over that period. So, no, but we're equally wrestling with sort of climate change, what that means for now and the future? And are there any technologies and skills we can encourage, you know, to do that? So now equally the care side that were mentioned, you know, we're opening up our new independent living scheme very soon. We're hopeful of doing another one. So there's opportunities there. And, you know, I think that's the thing, there's so many different ways we can look at this. I think it's, it's what is the focus, you know, I rattle on about climate change, but that's a big thing, sort from technology through to sort of employments and skills, you know, I think that's a big thing for us that we could look to develop. So that's kind of where I'm coming from. But as Matthew said, there are many, many, many avenues we can look at here. And I think it's just narrowing down where we want to focus.

**Julian:** Thank you. In regards to the climate change. I'm involved in a in a project with Mark Dooris, who couldn't make this meeting. And Rachel, in fact, the council's involved as well. A project to try to understand if post COVID dealing with climate change can be a generator of sustainable businesses post COVID. Community Gateway's involved in that as well. So that's an interesting project that's happening next year. Okay, do we have any other contributions, comments, questions for Marta and Ibon? I assume Liz that your hand is up from before, isn't it? It's not a new hand. Yeah. Chris.

**Chris:** And yeah, I just had a quick question about the 74% survival, which in my head seems really good. The question is, how does that compare with similar companies outside of your support network? And also have there been particular factors that have been identified that impacted on that survival? Is it the good preparation? Is it the post formation of these companies and ongoing support? What are the things that play there?

**Marta:** Okay, Chris. Well, the first question, I don't really have an answer about the comparison with survival rates from other kind of incubators or runners that support initiatives. I don't really have data on that. But it seems to be high. We have been been talking with them, they are quite proud about this. Okay, with Saiolan people with this rate, cause normally, or they say that it's normally a little bit lower than this. Any especially the death take of new entrepreneurial project is really high during the first five years, that initiative is launched. And in this case, it's a low, I don't know if you are understanding me...

And from the second part of your question about what are the factors that impact on this on this rate... I would say that it's really important...the mentoring and the support that they offer to entrepreneurs. Because this support, it depends on the demands that they can have. But this during all the process...through the company creation, or the idea generation from the beginning till the end. And so I think that this is a quite good service that is being offered to entrepreneurs. And that has, as a consequence, these high rates.

Also, I would say that a very important point is that the network that Saiolan has, and that enables them to get in touch from different companies to get in contact entrepreneurs with companies need, and this

also facilitate the development of the new project. And they are quite proud also of the testing process. And once normally, when the entrepreneur has the idea, and they see that it's feasible, they try to test a prototype of the service or of the company before launching the company. So they have an input of information from the market about the product or the service that the new entrepreneur is offering... quite good output, if it's if it has a good approach, or it has to change something. So once the company is created, normally, the service or the product has been previously tested in the market. And they have quite a good knowledge that the company will survive. So I think that these are the things... that's why Saiolan also has this high rate.

And finally, I would say also this connection with public institutions, they have a really good information about the grants that are available for entrepreneurs, what kind of funding options they have, according to the project that they are developing. And this is also another important point of ways... we know that funding, it's so crucial when a new activity is launched. And they have this information of public grants that are available. And I would say that it's another key point for this success rate.

**Chris:** Thank you. And can I say thank you for your ongoing support... really, really important. And congratulations on being able to deliver very clearly. I wonder if we had to ask questions in Spanish, how that would go.

**Julian:** What about in Basque?

**Marta:** Thank you, Chris. If you want I can answer in Catalan as well, so don't worry.

**Julian:** Catalan, good grief. Actually, that reminds me, you might all have heard the word Arrasate. Arrasate is another word for Mondragon. So let's not get confused. They're not two different places - they are one place. So any more comments, questions? I have a question. I was interested in one of the challenges of Saiolan. And that was a better coordination between the different stakeholders. I wonder if you could explain how the group of stakeholders is organised in order to support Saiolan from the beginning. I understand it was two people in the University of Mondragon, but then as it's grown, and today, there are many stakeholders who... do you have it... is there a central focus or hub that organises all the stakeholders? Or how is it done?

**Marta:** Let's see Julian, if I might have an answer... a clear answer for that. Saiolan has close relationship with Mondragon Promotion Centre as we have seen in the previous meeting. This promotion centre is the organisation that nowadays is supporting entrepreneurship inside the cooperative of Mondragon.

So also this relationship... also promotion centre is also a shareholder of Saiolan. So, there is a, I would say a very fluid relationship between Mondragon Corporation, Promotion Centre, Mondragon Foundation that tries to give sense to all these initiatives that are being developed. But sometimes ...that was one critics of Saiolan about all this ecosystem is that we need a better coordination because there are a lot of initiatives that are being developed in entrepreneurship from Mondragon, but also from other kind of stakeholders in the Basque Country. And sometimes they had the feeling that these initiatives are mainly centred, or a lot of them are centred in the developing of culture and increasing

the importance of awareness and just in the initial stage of this entrepreneurial process. And fact, there is a lot of money invested in this kind of initiative, but the result of this initiative in the creation of new companies is low. So that is why they were saying, okay, maybe we are a lot of stakeholders that are making awareness, and cultural trainings, and skill development trainings, and maybe we are investing a lot of money in that kind of issues, and maybe we need to change the approach and invest more money in funding the launch of new activities or another kind of initiative. And I don't know if I have given a clear answer about that, because I don't know if it's a hub that organises all that thing exactly...that tries to coordinate, but I think that it's more organic, the relationship among them.

**Julian:** So there isn't to a body or an entity or a group of people like a steering group, there isn't a body or steering group that provides a central leadership role. It's a flat structure of cooperation that is organic, is that what I'm understanding?

**Marta:** Yes, well, the maybe the steering group should be the members that that integrate the share capital. In the beginning, when Saiolan was created, and it was a the initial stage after it came out from Mondragon, it had a committee...project committee that was integrated by Mondragon Uniberstiteatea, by Laboral Kutxa, that also financed this initiative. And at the beginning, it was also integrated the institutions of Basque government, because in the 1986 or so when a Basque Country government, the government gave a grant specific to Saiolan to develop these entrepreneurship projects to support. It was a grant that was destined to entrepreneurs, where they received every month an amount of money (like 600 euros) because they could be centered in the development of these entrepreneurial projects. But this grant was created because Saiolan was the only initiative that existed in Basque Country dedicated to support and to foster this entrepreneurship initiative. And in this status this committee project was called where these kinds of decisions... or this leadership was taken in a more structured way. Nowadays, I would say that the public institutions are the ones that are influencing...have a strong, strong weight in the decision of Saiolan, because at the end, now, it has this political role. Saiolan is a tool for supporting the economy and it receives this fund from the public government. So maybe it has more of public orientation than before. But it also maintains the relationship with Mondragon Corporation with the Promotion Centre.

**Julian:** Thank you. Do we have any other questions or comments? No? Shirley, John, Mick? Okay, if there are no more questions, then we can proceed. So we go over now to the next item on the agenda, which is Ibon and Marta are going to talk to us about where they are with the project.

**Marta:** Yes. Well, we have conducting... we have been doing some interviews here with Preston stakeholders. We have already done seven interviews, we get in contact with 10 persons, and from two of them we didn't receive any answer. So we couldn't have a chance to talk to them. And with the rest we had an interview. And it has been really interesting... because the goals for these interviews... we planned two main goals. One is that: what we will like to take with this with these interviews. And I think that we are getting is to have a view of Preston situation about this entrepreneurial ecosystem that is existing here in Preston and also to detect the needs of entrepreneurs in Preston. What is the assessment and the sense about the Preston model of the stakeholders, and also to know that the main problems for developing new co-operatives in Preston, and we also try to identify the key elements for this four issues to have a clearer idea that what are the strengths and the weaknesses that

you are facing here in Preston from the entrepreneurship initiative or to develop a more entrepreneurial ecosystem? And I mean well, we have received very interesting responses and we're quite happy of having this chance to share with you your opinions and your knowledge with us about Preston model and this your vision about the entrepreneurial ecosystem in Preston.

This is the work that we have done here in Preston, but we also have been developing interviews here in Spain. We have been with the CEO of Saiolan, we have been talking also with the director of Gaztenpresa and we have been talking with the chair of Catalan, but it's another initiative that we will also like to share with you because this is from a Federation of Basque Co-operative and this is an initiative that supports entrepreneurship, but exclusively for cooperative projects. So, we will share with you also in the following meetings. And these are the main things that we have been doing and it has been really interesting that the interviews with different stakeholders that we have been taking here with Preston stakeholders, because we get a clear view of the things that are happening here. That it was really valuable because we need to give answers to the problems of entrepreneurship in Preston, but we need to know what is happening? What are the weaknesses? What are the strengths? What are you facing? What are the challenges and the opportunities? So at least we are trying to define these points, then to give you then a correct answer or our assessment about that.

**Julian:** Thank you

**Ibon:** Now, Marta, may I continue? Julian? Or do you want to say something?

**Julian:** I just wanted to ask, do you have more interviews to go? How many more? And would you like some more? Or are you satisfied with what you have?

**Ibon:** Yes, I think we are still missing two people that were already addressed, and that somehow they couldn't make it or they were not able to answer. So maybe we can talk to you Julian and see how we can address these people that are still missing. Following Marta's comment, I would like to also thank all of you that took part in those interviews because they are really helpful for our work. That at the end is to try to adapt these flagship entrepreneurship initiatives, where Mondragon is taking part into your own ecosystem and your own reality. Together with those mentioned by Marta, I think in our case here in Spain we also were interviewing the head of entrepreneurship at Mondragon University Business School, who is also leading the Bilbao Innovation Factory initiative. So that was also helpful. And again, we will talk Julian to see how we can build on the outcomes that we already have with these interviews, how we can try to cover other dimensions of the of the Preston entrepreneurship ecosystem so that we can have the whole picture for the report. So we will keep on working on that. And then I will jump to the next session. That has been planned on the next entrepreneurship initiative led by Mondragon that is Gaztenpresa. Gaztenpresa is entrepreneurship initiative that is led by Laboral Kutxa. Laboral Kutxa is the cooperative bank within Mondragon. It's a quite singular Cooperative Bank, because it's not a traditional cooperative, or a cooperative credit institution like everywhere else in the world, but this cooperative bank is also owned by the employees. So it's not only owned by the members or consumers or clients, but it's also owned by the employees, which make it a singular case. And we have already invited Oscar Muguerza who is the Business Development Director at Gaztenpresa. And I think he is also the Vice President of Gaztenpresa that is the foundation under Laboral Kutxia under



this cooperative path, that is promoting entrepreneurship in a very singular way. You would see that one of their main strengths is that they have a very strong mentoring methodology. A bit similar to Gaztenpresa, but also a bit different, so that employees of the cooperative bank they work or they act as volunteers, when doing the mentoring to entrepreneurs. And they manage to get very good records on the sustainability of their new startups and businesses. So around 80% of the businesses are still alive after five years. So similar... even better than Saiolan. And you'll see they address different target groups compared to Saiolan. They go more to not maybe so sophisticated business initiatives, but again, their main strength is on the good mentoring they do with these entrepreneurs. So we will ask Oscar to address this Gaztenpresa initiative, and at the same time to speak a little bit on how the cooperative bank works, and what is their role on funding these initiatives.

**Julian:** Thank you, Ibon. And in addition to that, from the Preston side, we'll be inviting James Moore and Tony Greenham and, I hope, Councillor Martyn Rawlinson to that debate about financing the bank. Okay.

**Ibon:** That sounds perfect, Julian.

**Julian:** So, Matthew, do you have a question or comment?

**Matthew:** It's really, I mean, obviously, Preston Council is working with Liverpool and Wirral and a number of others to establish a community bank, we've actually registered it. And it's got a bank account. It's called a Northwest Mutual, but it will take two or three years to move towards it having a banking licence and other things. But it's really essential, because we're talking about building the resilience following the pandemic. And potentially, if we've had had a bank like this, similar to the banking system in Germany, we would have been able to lend to local businesses, because the large banks tend to withdraw from our high street and they want to particularly lend to each other, rather than lend to small businesses. They'd probably rather lend 10 million pounds to each other than, say, a thousand lots of 20,000 pounds to restaurants, barbers and others in the community. So it's really essential that the community actually has an alternative. So I'm quite excited about that. If there's any coordination between the Mondragon bank and the one that we're incubating at the moment, I think it's really positive. And that really allows us to take control as a community, because these will be customer owned banks with out clients. So, basically, a cooperative, a regional cooperative. And again, that will be able to support local businesses in the green economy. And this goes back to how we're actually resilient in Preston, when we get into things like recessions, and pandemics and other things. And we need to have our own infrastructure, which will help us through that. So I'm quite excited about that. And I just ask people to read about the German banking system or the Bank of North Dakota or the modern Mondragon...how, you know, when the economy is struggling, they managed to help keep businesses afloat and communities as well. So, for me, it's an essential part of where we go forward. To be honest, if we don't have this bank, really, I think, many of our aspirations won't come to fruition. Thanks.

**Julian:** Yeah. Thank you, Matthew. I totally agree with that. And Martyn Rawlinson recently wrote us a summary piece on banks, which I think we can pass to this committee, that'd be interesting. Okay, so we're coming up to the end here. So, before we go, is there anything else people want to say? Any

comments, discussion points, questions about the incubation or about the forthcoming meeting on December the 14, on the finance and the banking? It's great to finish a meeting slightly early. It's an unusual event. Thank you very much, everybody, then Thank you. Thanks for your participation. Very interesting... Ibon, Marta. Thank you very much for your presentation – it was great. I'll be sending the transcript, minutes later on, and the agenda for the follow up meeting coming up. Thanks, everybody, and have a great week. Bye!

**Ibon/Marta:** Thank you very much, Bye!