



Investigating an Innovative Idea

A DTI Grant Initiative

Guidance Notes
For Potential
Applicants



Prepared by:

Ray Algar (MBA, ACIM, MA, MCIM)
Oxygen Consulting
Edburton House
Edburton Avenue
Brighton
BN1 6EQ
Tel: 01273 885 998
Fax: 0870 460 4988

E mail: innovation@oxygen-consulting.co.uk

www.oxygen-consulting.co.uk

DTI Grant for Investigating an Innovative Idea - Overview

If your organisation has an innovative business idea, it could qualify for a grant from the DTI. Launched in June 2003, the aim of the grant is to help businesses based in England with fewer than 250 employees develop their ideas by working with external experts. The outcome will be an action plan, which you can then use to take the idea forward to develop significantly improved products, processes and services. The DTI has recently announced a two-year extension to the grant which means applications are being sought throughout 2005/06.

Grant Value

The grant will cover 75 per cent of the cost of using your mentor and consultant(s) up to a maximum of £12,000. Grants are only made at the maximum level for complex projects, with most grants up to £7,000.

Rationale

Developing new products, processes or services can be a complex process. Some businesses, particularly small businesses, lack the knowledge or skills to manage the process effectively and may need external help. Once an organisation has an innovative business idea, the first step is to identify the areas where the business needs help to put it into practice.

Fundable Ideas

The DTI will support grant applications that:

- Have the potential to deliver a significant business benefit deriving from a new or improved product, process or service.
- Require enhanced technological or organisational capability.
- Have a role to play in the future commercial success of the organisation.

Project Diagnosis

An independent external consultant (business mentor) identifies areas of the project that require assistance by using a special diagnostic tool developed by the DTI. Applicants should allow approximately two hours for the project diagnosis phase.

Project Application

The business mentor and applicant then start to source and cost the expertise required for the project. Consultants work in many different areas, including technology, marketing and skills, and the project may require input in one or more of these to move the idea forward. Once appropriately skilled consultant(s) have been identified and fully costed, a formal application to the DTI can be made. The DTI aim to give a decision within **10 days** from receipt of the application. An application comprises the following:

- Results of the initial project diagnosis.
- Completed application form.



- Company accounts ⁽¹⁾.
- Agreement (scope of work) between your organisation and the nominated consultant.
- Consultant profile.

Project Implementation

If the application is successful, the project may commence with the nominated consultant(s). At the conclusion of the work, there will be a detailed action plan with clear guidance on how the innovation can be implemented. Alternatively, the outcome of the work may indicate that the idea is not viable, which could save the organisation considerable cost and effort in the longer term.

Eligibility Criteria
<ul style="list-style-type: none">▪ The project must be for a specific innovative idea▪ The company must be viable ⁽²⁾▪ The grant must be essential for the project to proceed▪ The investigation must be carried out within 3-6 months▪ The applicant is expected to work at least twice as many days as the expert consultants on the project▪ Planning to start a business or be running an existing business in England ⁽³⁾▪ Fewer than 250 employees world-wide▪ Annual turnover not exceeding €40 million (euros)▪ Annual balance sheet total not exceeding €27million (euros)▪ Applicants must not have received DTI funding over the previous three years that exceeds €100,000 (euros)

Ineligible Projects

The DTI will decline applications where there is evidence of the following:

- An organisation simply wants to take an existing 'innovative product or service into a new market.
- The 'innovation' is merely good business practice such as installing customer relationship management software or developing a web presence.
- The organisation has already made the decision to proceed with the innovative project.
- The initial project diagnosis shows significant weaknesses in several areas.
- There is evidence that the applicant has cash reserves exceeding £50,000.

¹ Or management accounts/forecast, if a start up.

² The DTI will not provide grants to organisations where there is financial evidence to suggest the entity will not survive to implement to innovation.

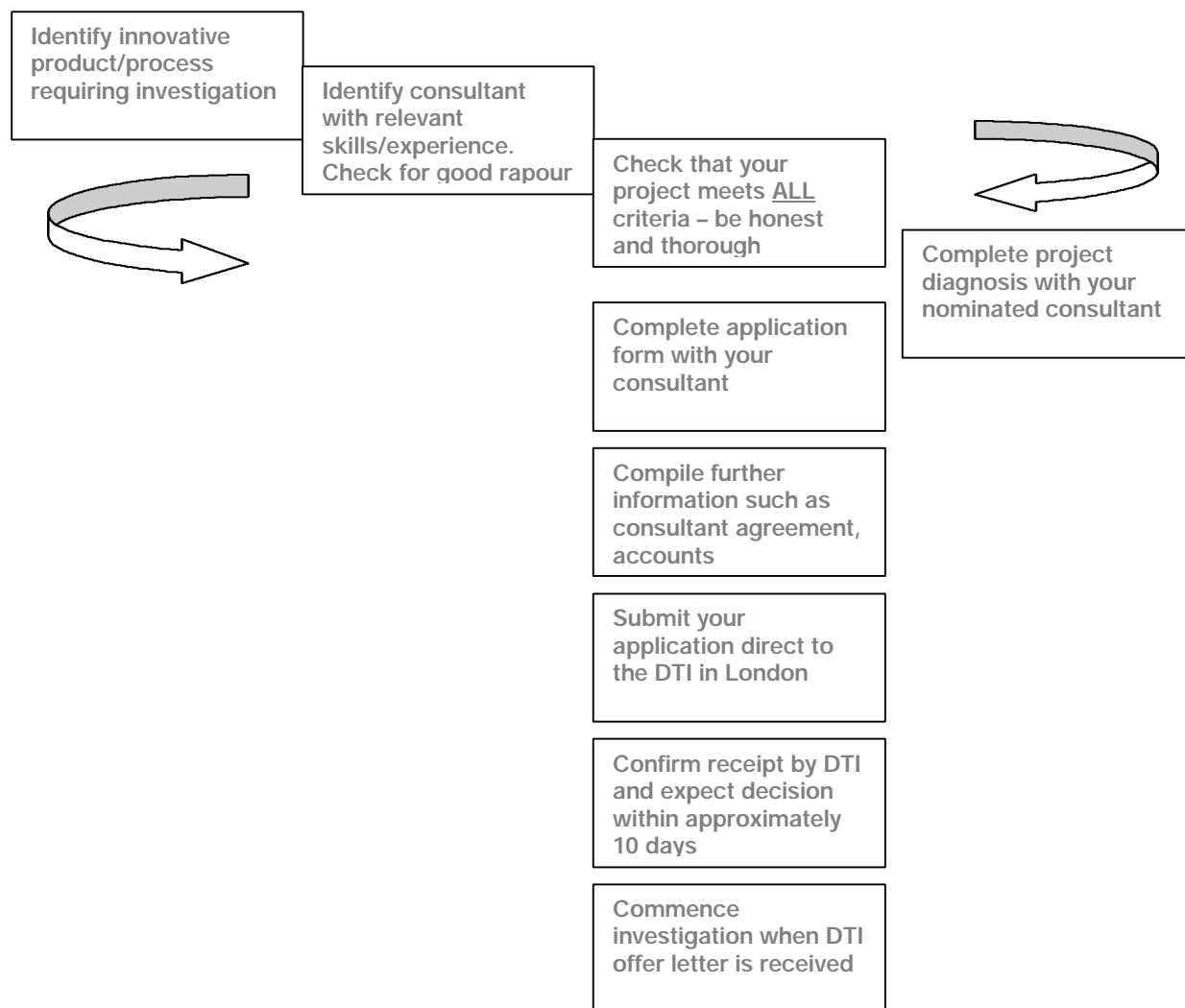
³ Some sectors such as synthetic fibres and motor vehicles are excluded under EC rules.



How to Locate a Consultant

Applicants can nominate a consultant with whom they have existing knowledge of or contact. Alternatively, Business Link (website www.businesslink.gov.uk) should be able to put forward several firms with the appropriate mix of skills and experience. However, the nominated consultant should also be someone that you will feel comfortable working with.

Application Stages



The Next Step

If you believe your organisation meets the application criteria, then the next stage is to identify a consultant and work through the diagnostic phase of the project as a prelude to a full application to the DTI. If you wish to read some further background information on investigating an Innovative Idea first, then browse to: <http://www.dti.gov.uk/innovative-idea>. Alternatively, call Ray Algar from Oxygen Consulting on **01273 885 998** for further information or e-mail: innovation@oxygen-consulting.co.uk.

