



## Test trading innovation prize

June 2020

### Background

Taking into account feedback and wider research in Phase 1, the Arsyllfa project will launch an 'innovation prize' approach to the 'test trading' element of our bid, in September 2020.

In light of both comments received from potential applicants as well as the Covid-19 reality on the ground, we believe this provides both a short-term (within project timeline) intervention and a mechanism for sustainability in the medium to longer term (e.g. annual award prize structure).

In a similar way that other EU interventions have looked at 'test trading', including the approach of allowing people to test a business idea for a limited time period (e.g. ['test-trading scheme'](#)), the 'innovation prize' will act as an open call for ideas aimed at 'fostering entrepreneurialism within the county'.

This pre-commercial 'innovation prize' will seek to identify ideas and facilitate resources for their development.

This paper is not intended to exhaustively consider all aspects of an innovation prize, but rather provides an outline rationale and a starting point for further discussion. It is set out in the form of a Q&A.

*N.B. The social distancing and movement restrictions of Covid-19 have impacted on the project, and have meant that we have had to adapt and change our approach significantly. Further uncertainty in the coming months means that we need to change our methodology, reconsider priorities and objectives, and be flexible and agile. Phase 2 will continue to take this into account as we develop further this innovation prize test trading approach.*

### What is the innovation prize?

The concept of test trading will underpin the innovation prize. Test trading nurtures pre-commercial development, providing support for ideas that haven't been developed in Carmarthenshire before. This innovation prize will aim to offer a series of incentives, with a final prize given to whoever can first or most effectively meet a defined goal.

Ideally, the innovation prize will act as a catalyst for entrepreneurs of all ages to bring forward new ideas, that they might not otherwise have the means to develop on a pre-commercial level, or the platform upon which to promote it.

The prize - which will include a fund and other support - will be the enabler, acting as seed money for concepts that are excellent on paper, but have yet to be tested further, and need that underpinning funding and guidance to get them off the page and 'tested' on a pre-commercial level.



The Arsyllfa project advisory group is already very familiar with test trading and pre-commercial development concepts and will therefore be able to add their own insight and expertise throughout the award judging period as well as post-award.

In summary, the innovation prize could support business partnerships, it could be a means of piloting ideas on business resilience, develop new supply chains, or initiate new products, support structures and services. Additionally, the innovation prize could support the development of an idea, service or product that has enjoyed success elsewhere, but that needs further evolution to make it relevant in the Carmarthenshire context.

### **What is the aim of the innovation prize, beyond the test trading concept?**

Rural areas face a number of social, cultural, and economic challenges, and as Arsyllfa has identified, these challenges play out in a particular way and will have differing impacts in Carmarthenshire, compared to other parts of the UK and beyond.

Against the backdrop of all these challenges, the innovation prize will offer an incentive to those (especially young people) with an entrepreneurial spirit to take forward a good idea that has the potential to have an impact on the local economy and enable local communities to prosper.

It may be advisable to link the prize to the Welsh Government's Wellbeing Goals, which are influencing public policy development, and in many cases, private sector investment, in Wales.

If the Innovation Prize becomes an annual event, it will also act as a motivation for future entrepreneurs, who can begin to nurture existing good ideas with a view to making an application to the fund at a future date.

The key concept at the heart of this prize is that it will reward and support ideas that are innovative, have the potential to create change, achieve efficiencies, and promote transformational partnerships.

On a national level the innovation prize will create the opportunity to engage with wider stakeholders from across the country.

### **What is on offer?**

Each prize will be below the £5,000 procurement threshold in order to ensure there are no procurement issues with awarding each prize. In addition to the financial reward, the package could also include:

- Mentoring opportunities with recognised local business people, providing advice and support
- Support to access further funding
- Consideration of in-kind support from local businesses, such as desk-space, or web support, where it is practicable to do so



The exact nature of the prize fund and wider offer is currently being finalised by the project team and will be firmed up following confirmation from Carmarthenshire County Council that the innovation prize approach is acceptable.

## Breaking down misconceptions

There are many common misconceptions when it comes to what challenge prizes are, when to use them, and what they can deliver. Below is an extract from NESTA's *'Challenge prizes: A practice guide'* document which rebuts a number of those:

### **Misconception 1: They're all the same**

The terms 'prize', 'competition' and 'challenge' are used interchangeably to describe different types of programmes. Challenge prizes incentivise and reward action to solve a defined problem, rather than past achievements. Charles Laveran, for example, was awarded part of the Breant Prize, which sought a cure for cholera. But he won the 1907 Nobel Prize in Physiology or Medicine in recognition for his past work to treat malaria.

### **Misconception 2: Challenge prizes only work for tech**

Challenge prizes can incentivise and support the development of new service driven solutions to social issues. Nesta Challenges' Giving Challenges stimulated social innovations in the giving of time, skills and resources to tackle two distinct social issues: addressing the isolation of older people and reducing waste.

### **Misconception 3: It's all about the winner**

The winning solution often gets a lot of attention, but challenge prizes are about more than the winner. Through a prize, you can support the development of a cohort of innovators while strengthening and testing a pipeline of solutions. For the Ansari XPRIZE, 26 teams spent \$100 million chasing the \$10 million prize, jump starting the commercial space industry. Challenge prizes are also an opportunity to drive wider change by raising awareness, shaping markets and informing regulation.

**Misconception 4: Prizes are simple: just announce and let the innovators come to you**  
Before launch, a carefully considered research and design process is essential to ensure that the prize will be effective.

## What are the eligibility criteria?

The competition would be open to people living in Carmarthenshire, including students whose primary address is in Carmarthenshire.

The competition is not intended for individual employees who are promoting an idea on behalf of large companies or organisations. Applicants running their own company (they are a registered Director) would be eligible to apply.

Applications from a group of entrepreneurs where they are working in partnership on a joint idea/project, would be accepted (and encouraged). Individuals or groups are welcome to submit more than one idea.

Applications will only be considered if they are submitted correctly, fulfilling all the entry requirements.



## What is the application/entry process and selection requirements?

The competition must be robust and effective, whilst being accessible. The aim is to create a scheme that people are incentivised to enter, not put off by an onerous application process, whilst making the experience a stretching and challenging one.

Applications will be submitted via the dedicated Arsyllfa e-mail address, and clear instructions will be provided on how to apply, with examples provided to guide applicants. Applications in Welsh and/or English will be accepted.

These are some examples of the application requirements that might be considered for inclusion:

- A cap on word count.
- A clear title for the entry
- A description of the project/idea (product or service)
- Clearly defined aims - what is the product/service designed to achieve?
- Progress so far and aspired milestones
- Explanation of why the product/service is innovative
- Description of the relevance of the product/service to the local area
- An outline of how the project/idea could be applicable beyond Carmarthenshire
- Explanation of how the funding and wider support will enable the applicant to take the product/service forward and what they believe the outcomes of receiving the prize
- A description of how the project meets the Wellbeing goals

Successful applicants will be invited to help promote future competitions. The winner will also be expected to write a short piece for the Arsyllfa website, explaining how the prize has helped progress the winning project idea.

## Who will judge the entries and how will this happen?

A scoring system will be used to fairly assess and rank each element of the application.

The Arsyllfa project panel will assemble a judging panel, which will include the project advisory group. The experienced judging panel will be responsible for assessing a shortlist of applications and taking a decision on the final winner(s).

The judging panel may wish to meet the applicants in a Dragon's Den style interview process to further discuss the proposals being put forward, before making a final decision. In this instance, shortlisted applicants will be asked to prepare a short presentation/pitch. Guidance and support will be provided.

Should the lockdown measures still be in place, consideration will be given to conducting this part of the process, virtually.

## What is the proposed time period?

Activity	Month
Call for entries	September 2020
Closing date	October 2020
Shortlisting	October 2020
Dragon's Den interviews	November 2020
Declaration of winner	November 2020

## How would the innovation prize competition be promoted?

The objective would be to reach as many people as possible throughout Carmarthenshire. Four Cymru will draft a marketing strategy, which will include branding and design, ideas on using traditional and social media, and work with Arsyllfa's educational, public, third sector and business partners, to promote the competition.

## Examples of other competitive funding schemes to draw inspiration from

- [The Quilter Cheviot Rural Innovation Programme](#) - The Quilter Cheviot Rural Innovation Programme was launched last year with the aim of helping to sustain rural communities and 'ensure they continue to keep performing for generations to come'. The competition is open to businesses and organisations that are at 'a critical stage of their journey, where participating in the Programme and receiving funding will enable them to take an important step forward'. One winner is awarded £30,000.
- [The Knowledge Transfer and Innovation Fund](#) - Administered by the Scottish Government, the Knowledge Transfer and Innovation Fund is open to organisations, charities and individuals, offering grant funding up to £75,000. The Fund has two aims, namely, to promote skills development and knowledge transfer in the primary agricultural sector; and to deliver on-the-ground improvements in agricultural competitiveness, resource efficiency, environmental performance and sustainability.
- [Be Nesa Llŷn](#) - Be Nesa Llŷn is an internal investment model in Pen Llŷn offering interest-free loans of up to £5,000 to help local businesses develop, as well as advice and mentoring. Eleven local businesses provide the investment.
- [Robert Owen community Bank](#) - Based in Newtown, the Robert Owen Community Bank offers loans for developing existing businesses and starting up new ones. It is a not-for-profit organisation that secures local investment and public funds to provide loans.
- [Cymdeithas Cynnal a Cefnogi Cefn Gwlad](#) - Cymdeithas Cynnal a Cefnogi Cefn Gwlad (or 4CG) is a co-operative organisation established to advance community development



through the regeneration of Cardigan and the surrounding area.

- [Arfor Innovation Fund](#) - This is a £2 million Welsh Government funded programme piloting innovative approaches to promoting entrepreneurship, business growth, community resilience and the Welsh language in the 'Arfor' region of West Wales (Carmarthenshire, Ceredigion, Gwynedd, and Anglesey). It focuses on those areas where the foundational and agricultural economy are of vital importance and in market and university towns where low incomes remain an issue. The funding facilitates new and innovative methods to supporting economic development in the region.
- [Nesta Challenges](#) - Exists to design and run challenge prizes that help solve pressing problems that lack solutions. The purpose is to incentivise people to solve problems, and help their communities thrive by inspiring the best placed, most diverse groups of people around the world to take action. Nesta's objective is to support the 'boldest and bravest ideas to become real, and seed long term change to advance society and build a better future for everyone'.