



XPER
REGIO
Platz für Ideen

Competition Contribution
European Enterprise Awards 2007



ENTRY FORM 2007

A. Project details

I. Applicant's details

Name of participating organisation: <i>(this exact wording shall be used for the purpose of publicity)</i>	XperRegio
Postal address:	Rathausplatz D-94424 Arnstorf
Country:	Germany
Website address:	www.xper-regio.de
Contact person (name and title):	Dipl.-Ing. Franz Dullinger Regional Manager
Telephone:	+49 9901 9038 00
Fax:	+49 9951 9038 10
e-mail:	office@stopgo.net

II. Award category

- Entrepreneurial Trailblazer Award
- Enterprise Support Award
- Red Tape Reduction Award
- Investment in People Award
- Responsible Entrepreneurship Award

III. Brief description of the organisation

XperRegio (from 'experts' and 'region') is a strategic alliance of Lower-Bavarian municipalities which was established in 2003 to create greater entrepreneurship, more jobs and quality of life.

XperRegio realises its goals by means of an independent "Action Programme 2020" and an installed regional management in public-private partnership. The European Commission selected the XperRegio initiative as a model for regional development and for the first time vested regional decision-makers with the power to use EU funds on their own authority to promote entrepreneurs. The EU model project was successfully implemented in the region in 2005 and 2006. In October 2006, the Federal Ministry of Transport, Building und Urban Affairs awarded XperRegio the Bundespreis für Interkommunale Kooperation [Federal Prize for Intercommunal Co-operation].

The model project, which was funded by the European Regional Development Fund, was implemented with the seven founder municipalities (population approx. 50,000). By October 2006 the association of municipalities had grown to 22 members (population approx. 120,000). An important step towards greater entrepreneurial involvement was taken in December 2006, when the members of XperRegio joined forces to form a GmbH (limited company).

B: The project

I. Project details

Project name:	XperRegio
Timing:	Start in March 2005

II. History of the project

1. Situation analysis

The initial situation is typical of rather remote rural regions marked by an agricultural tradition: well-trained young people migrate to the global centres where they can find jobs, leaving the centres of their home towns and villages empty. These areas can be described using characterisations that range from “sleepy” to “hopeless”. The demographic development becomes increasingly noticeable.

Particularly in these smaller rural communities, entrepreneurs have so far been mainly ignored by local politics. Existing “rural development” programmes are still oriented unilaterally on agriculturally related and facelift measures. The municipalities are primarily concerned with other sections of the population. The conviction still prevails that “Entrepreneurs can manage on their own.” Promoting entrepreneurship is usually regarded as a topic for the big cities and the universities.

So far, politicians and administrators responsible for regional development in the Free State of Bavaria have paid little heed to the entrepreneur. For these people, promotion of trade and industry means focusing on big investments in buildings and machinery with a minimum investment volume of EUR 500,000 and an orientation on seemingly promising developments in the high-tech sector.

The result of this brief analysis is clear: the existing inflexible, centrally managed promotional instruments and the lack of decentralised, independently initiated management structures make it impossible to provide effective support for 90 % of the entrepreneurial forces, in other words, start-ups and businesses with fewer than 30 employees.

2. Challenge

Experts for regional development and local politicians have been aware of this gap for several years. They are convinced that, along with identity-creating measures, investments in enterprising people are an especially effective approach for sustainable regional development. And they realise that the still heavily used major subdivisions into strong regions (e.g. Baden-Württemberg) and weak regions (e.g. Brandenburg) are even now no longer tenable: in the Europe of the future there will be strong and weak regions that are small in size and in close proximity to one another.

For regions striving for a vital future it is obvious what has to be done: they must take hold of the reins themselves and face up to the “competition of the regions”. They must actively strengthen their own region’s entrepreneurial potential. They must build up regional and international partnerships. In short, they must become more entrepreneurial themselves in their efforts to shape their own future.

3. Establishment of XperRegio

This is exactly what the seven XperRegio founder municipalities took to heart. They accepted the challenge and initiated a strategic alliance for more entrepreneurship, jobs and quality of life. In 2003 XperRegio adopted its own independent "Action Programme 2020" and installed its own regional management in public-private partnership. Together with committed entrepreneurs XperRegio set out to achieve its ambitious aim, namely, to shape a region that fosters the joy of independent endeavour in a more consistent way than others. For this purpose XperRegio provides individual and customised support for people and their courageous projects. The EU Commission saw in this initiative a model for mobilising innovative potential within a region and with it an exemplary contribution at municipal level to the Lisbon objectives. XperRegio was therefore allocated EU funds amounting to EUR 3 million for 2005 and 2006, which the regional decision-making body was able to use on its own authority and with a minimum of bureaucracy.

III. Project implementation

1. Action programme

To achieve its aim of consistently promoting enterprising people, XperRegio drew up an independent "Action Programme 2020", which formulates XperRegio's basic aims. These are:

- to improve the competitiveness of local enterprises
- to provide individual support for start-ups from all fields
- to secure jobs and to create new ones
- to create traineeships and to improve the conditions of training
- to prevent closures owing to lack of successors and to renew companies that are to be handed over
- to bring the region's offers and opportunities closer to the population
- to create new ways for shaping our region and new distribution channels
- to provide advanced training and further qualifications for skilled personnel and management
- to realise model projects in kindergartens and schools
- to promote co-operation between enterprises, municipalities and private persons

2. Service offer

In a second step taken to implement the goals of the action programme, a service offer was defined and subdivided into 4 fields.

Individual support of enterprising people

One of XperRegio's core tasks is the individual and customised support of enterprising people in the region. This task is implemented as follows by the initiated regional management:

- assistance in drawing-up and developing business plans
- impulses for strategic corporate orientation (elaboration of a corporate strategy plan)
- project design and assistance in filing an application
- definition of interfaces as regards specific consulting services
- development and extension of thematic networks and groupings of offers
- contact brokerage (co-operation partners in the fields of marketing and distribution, financing, suppliers, location and R&D)

Project implementation

Distinguishing XperRegio as an EU model project places special demands on the Initiative. To ensure that the project is carried out correctly in accordance with legislation on subsidies the following steps are necessary:

- Preliminary review of the application, including a recommendation for the decisions of the steering committee
- Preparation of the award notifications
- Accompaniment of the project implementation
- Auditing of accounts
- Preparation of the evaluation reports

Internal and external marketing/PR

The optimisation of communication among the players in the region and beyond is a major component of the work of XperRegio. Attention is drawn to the Initiative through the organisation of regular events at which the entrepreneurs who have received funding are presented to the public. Especially successful projects are thus provided with the necessary wide-spread impact they require for further development.

Strategic work for the development of the region

XperRegio is working continuously on the advancement of its strategy with the aim of developing XperRegio and the entire region further. The most important tasks in this context include:

- regular examination of new trends and developments in Europe
- regular overview of EU-programmes appropriate to XperRegio
- exchange of experience and networking with other European regions
- continuation of the region's development targets and the measures required to achieve them
- constant initiation of key projects (business plan, partnership, financing)
- work on convincing politicians and administrators at all levels
- constant assessment of demand in the region
- collection of ideas for future projects
- project controlling: effect of the project work on the development of the region

3. Specific promotional work

The regional management initiated by XperRegio and the mayors of the XperRegio municipalities are constantly on the lookout for highly motivated, enterprising people to press on with "their project" on their own initiative. These entrepreneurs, in the broader sense of the term, can be divided into different groups:

The competent

Experts acting in an entrepreneurial manner who have a great deal of experience in dealing with a specific subject for which they assume responsibility, ranging from vegetable-growing through folk music to medicine.

The inspired

People who devote all their energy to the pursuit of their passions. They are the real prime movers in all vital fields of society – in politics, business and culture.

The courageous

People who try out something new. Single-mindedly and successfully pursuing unusual paths, they are prepared to take high risks, but with a great sense of responsibility.

These enterprising people are the driving forces behind the constant renewal and improved competitiveness of the region. XperRegio finds these people and provides them with a momentum to transform their ideas more quickly into added value.

Every enterprising person able to present a business plan demonstrating, in a clear and comprehensible manner, that their project is a workable one and can generate added value for the region, receives individual support from XperRegio in the form of consultancy, the ar-

rangement of contacts and customised financial aid. The process is distinguished by a special approach. On first contact with the regional management the applicant is asked three questions:

1. What service will I be offering to earn money within five years?
2. What service will I be offering to create intangible added value for the region within five years?
3. In what way am I different from my international competitors?

Original answers to these questions serve as a basis for a first evaluation of the innovative content of the project applied for. Only projects are promoted that lead to a quantifiable development of the planned undertaking. If this is the case, the planned project is jointly developed further by means of a project outline and the draft of a business plan. This usually requires between two and eight days of consultancy. The regional management is particularly called upon here: during this time, technical knowledge and the establishment of interpersonal relations based on mutual trust are of central importance for the further successful course of the undertaking.

After this first development phase, a formal application is submitted for XperRegio support, provided that there is no possibility of promotion through conventional governmental programmes.

A meeting of the steering committee, the official body that decides on whether the project is eligible for support, is held at least every two months. The committee consists of representatives of the regional universities, the chambers of commerce and local politicians. Each applicant has 15 minutes to present his or her project to the committee. After a brief discussion, the decision is taken immediately. In addition to the level of innovation of the project presented, the qualities of the entrepreneur are equally important when it comes to a decision on eligibility for support. If the steering committee decides in favour, the entrepreneur is informed of this within 24 hours.

The implementation of a future-pointing enterprise with a high innovative content requires energy, time and money. This is why XperRegio adapts the support provided to individual demand. In most cases this includes:

- consultancy services
- development costs for new products and services
- marketing and distribution (run-up costs)
- qualification and certification
- co-operations

During the subsequent implementation phase, XperRegio and the entrepreneur always stay in close contact. The regional management provides advice at any time and uses every opportunity to create a public for the entrepreneur and to network him with suitable partners. The support provided ends with an efficiency control and a review of whether the project-grants have been used correctly.

IV. Example from project work

Werner Rüdél, Drehfix Systems GmbH

Werner Rüdél comes from a family of farmers and is a master carpenter by trade. In 2002 he had the idea for a new system of wall-plugs: a specially developed rod is inserted into a plug

that serves as a guide and adjusted by means of an infinitely variable quarter turn. On average it needs a maximum of three seconds to insert and turn the rod – with a minimum of effort.

The advantages of this invention are convincing: 80% savings in time during the mounting process, simple and quick adjustment of distance, clamping across the entire bearing. The potential for an innovation in this field is very great because the market potential for wall-plugs in Europe amounts to an annual 1.2 billion pieces.

In 2005, Mr. Rüdél acquired the European-wide patents for his invention and started work on establishing his product in the market in co-operation with XperRegio. Mr. Rüdél set himself an ambitious goal: to achieve a 5 % market share in Europe in the medium term. As a first step a business plan and a marketing concept were drawn up with the help of the regional management and partners were found for production and distribution. There were many negotiations with banks and public-sector funding authorities, in order to secure the necessary start-up capital. To begin with, however, the banks were unresponsive; not one public-sector promotion scheme bore fruit. So there was the danger that industry would purchase the patent cheaply and its potential would once again migrate from the rural region, possibly even to the Far-East.

Given this situation, XperRegio was Mr. Rüdél's last chance. The steering committee decided in favour of funding the marketing and distribution. The trust shown by XperRegio prompted the banks to have a rethink. So it was possible to secure the financing after all and to establish Drehfix Systems GmbH in October 2006.

This was followed by numerous presences at trade-fairs, quality assurance and certification, the further development and manufacture of the machinery, the recruitment of the first employees, etc. In August 2007 the day had finally come: Mr. Rüdél sold the first wall-plug. But the next steps are already under way. Now it is a matter of changing over from small-batch production to large-scale production, of increasing the number of regular staff and – as a central task of the enterprise – of maintaining constant growth.

Mr. Rüdél's successful business start-up, which was accompanied by XperRegio, is having direct effects on the region: The component suppliers are all located in the neighbourhood; the farthest is only 60 kilometres away. The next two years will see the indirect creation of 50 jobs. There are new traineeships, and there are job orders going to two sheltered workshops.

Further project examples:

- **Cannaboards:** The development and marketing of the world's first break-proof skateboard made from hemp-fibre-reinforced synthetic material
- **Erl Automation GmbH:** The development from a specialised welding-equipment trader into a systems seller for welding robots
- **Theater an der Rott:** Development, staging and marketing of the first 21st century operetta about a regional theme ("Der Kaiser im Rottal"), with actors and musicians from the region.

V. Project results (2005 and 2006)

1. Hard facts

In one and a half years (evaluation in October 2006) there were around 300 project inquiries, 198 project applications and 165 approved projects in the XperRegio region.

The funds of EUR 3 million made available by the EU triggered project-related business amounting to EUR 14.3 million in the region. 300 new jobs were created. This means that EUR 10,000 in public funds is invested in the creation of one job. By way of comparison:

there have already been public schemes in Germany before, for example the “Kapital für Arbeit” [Capital for Work] initiative, with an estimated EUR 100,000 for each newly created job.

2. Soft factors

The subsidiarity principle comes alive

The XperRegio initiative was set in motion by a small group of municipalities. The courageous entrepreneurial decision of the municipalities to take the promotion of entrepreneurship into their own hands was rewarded by the EU. A signal was sent out: taking risks and doing things oneself is the right approach to take. The consequence of this, namely the shifting of “competence and responsibility to the basis” released large amounts of self-perpetuating energy. According to the Commission co-worker in charge, the opening XperRegio event was the best frequented within his sphere of responsibility, with 450 entrepreneurs from seven municipalities.

Proximity to the people

Right from the beginning the focus was on enterprising people. It took only a short time to successfully build up a trustful relationship. The contact is always very close: each entrepreneur taking part in the programme receives intensive support starting with development, through the application process right up to implementation. Here, entrepreneurial thinking is at least as important as the hard facts of a project. So the regional management not only knows who can do what, but also the things that fascinate him, his plans for the coming months and who might be a good partner. This approach is having a great effect on local entrepreneurs, whose conviction that “the region hears me, believes in me and needs me!” is growing all the time.

Mobilising the innovative potential

This new way of working together in the region has given innovation a powerful boost. The enterprising people on the spot felt that now they had the opportunity to tackle something new with professional assistance. The resulting spirit of optimism meant that the region was jolted out of its complacency.

Publicity

XperRegio has made “entrepreneurship and innovation, as the driving force behind a lively home region”, a topic of the regional media (several hundred articles and reports – for a selection see attachment), a topic of local governments, schools, clubs and the ‘Stammtische’ (the tables reserved for the regulars). In the region, people have become increasingly convinced of the need to promote entrepreneurship individually so that the community can profit in the long term. With its model project, Europe has opened up an opportunity. Europe itself has also profited from the close co-operation between those responsible at EU level and XperRegio, from a large number of events and from the visits of European institutions to the region. In the XperRegio region, Europe is not an abstract concept but has left a positive image through its support of XperRegio.

3. Involvement of regional stakeholders

Close co-operation with different partners from various fields has been crucial to the success of XperRegio in the region.

Multipliers in the region

21 local governments

Landratsämter Rottal-Inn and Dingolfing-Landau (Offices of the District Commissioners)

Hans Lindner Institute (Gemeinnützige Stiftung zur Unterstützung von Existenzgründern – Non-profit foundation for the support of start-ups)

schools

kindergartens

Government of Lower Bavaria

Deggendorf University of Applied Science

Passau University

Technische Universität München

banks

Office for Rural Development Lower Bavaria

Chambers of Commerce for Lower Bavaria

LowerBavaria - Upper-Palatinate Chamber of Trades and Handicrafts

Förderverein Schule Wirtschaft (Promotional Association School Industry)

External partners for co-operation projects

Eberhard von Kuenheim Stiftung, a foundation of BMW AG

Ashoka

European Commission, DG Regio and DG Enterprise

Wirtschaftsregion Stuttgart (Stuttgart Economic Region)

Clusterland Oberösterreich GmbH

Southern Tyrol Province, Office for Innovation

Media presence

Print: Süddeutsche Zeitung, brandeins business magazine, Frankfurter Allgemeine Sonntagszeitung, Passauer Neue Presse, Straubinger Tagblatt, Bayerische Gemeindezeitung

TV: Bayerischer Rundfunk, ZDF, Donau TV

Radio: Bayerischer Rundfunk, Radio Trausnitz

VI. Development of the project

After the establishment of XperRegio GmbH in December 2006 the project is currently undergoing further development. The XperRegio initiative, which so far mainly promoted entrepreneurship, is now setting out to become an “enterprise” region itself. The demands that XperRegio has so far made of entrepreneurs selected for promotion (own initiative, readiness to take risks, attachment to their home region), are now to be applied increasingly to the Initiative itself. One major goal is the management of an independent regional fund from 2013 onwards so that the region can attend to its own further development. To achieve this aim, the emphasis has been put on the following topics:

- Profile formation: How does the region acquire a distinct profile both internally and externally in order to distinguish itself from other regions?

- Organisational adaptation: What kind of shape will be assumed by the organisation or the participation culture aligned to the target profile of the region, if it acts in an objectively oriented manner and not simply to secure as good a living as possible?

- Development of a finance structure: How is it possible to set up a privately based investment structure for the region with the aim of making it independent of public-sector business promotion?

- Model formation: How can the findings acquired from XperRegio’s work so far and the future development of its involvement acquire a model character in order to achieve a transferability that is as good as possible? The involvement of XperRegio is attracting a great deal of interest. For example, the transfer of findings to the neighbouring administrative district of Deggendorf has already started. There are also many inquiries from all over Europe seeking information about the project (e.g. invitation to the conference “Regions for economic change” in Brussels).

XperRegio has developed sustainably in the past years from a small local initiative for the promotion of enterprising people to a much sought-after model project for innovative, entrepreneurial regional development. What is now important is to pursue this path further.

C. Attachments

I. Media copy

XperRegio (from 'experts' and 'region') is a strategic alliance of currently 21 Lower Bavarian municipalities for the creation of greater entrepreneurship, more jobs and quality of life.

For the first time a small group of municipalities initiated on their own authority – without state aid – a regional programme of the EU, which was successfully completed in 2005 and 2006. The European Commission selected this initiative as a model for regional development and thus for the first time vested regional decision-makers with the power to use EU funds for promoting entrepreneurs on their own authority. The municipalities set up their own independent "Action Programme 2020" and installed a regional management. XperRegio's work distinguishes itself by providing individual support oriented on enterprising people by means of consultancy and contact brokerage, as well as customised financial aid. In October 2006 the Federal Ministry of Transport, Building and Urban Affairs awarded XperRegio the Bundespreis für Interkommunale Kooperation [Federal Prize for Intercommunal Co-operation].

Results in the years 2005 and 2006: In the small, rather remote rural region with its typical problems (migration of young qualified people, empty town and village centres, etc.) 170 enterprising people dared to take a new step. 300 new jobs relating to these projects were created in this brief time – with an upward trend. The funds of EUR 3 million made available by the EU triggered project-related business amounting to EUR 14.3 million in the region. The XperRegio municipalities are now enjoying a new lease of life: the number of people who get up in the morning, keen to get on with "their very own project" is constantly growing. Among them you will find the innovative craftsman and the enterprising director of the municipal office for cultural affairs, the unconventional youth-club leader and the pioneer farmer. XperRegio seeks to foster this frame of mind even more strongly: it wants to shape *the* region, a region which is more consistent than any other in Europe in promoting the pleasure of independent entrepreneurship.

Since December 2006 XperRegio has been organized as a GmbH (limited company). The XperRegio initiative, which so far mainly promoted entrepreneurship, is now setting out to become an "enterprise" region itself. The demands that XperRegio has so far made of enterprising people selected for promotion (own initiative, readiness to take risks, attachment to their home region), are now to be applied increasingly to the Initiative itself. One major goal is the management of an independent regional fund from 2013 onwards so that the region can attend to its own further development. A vision of the future that is attracting support: for example, during his visit to the region in September 2007 the President of the European Parliament, Hans-Gert Pöttering, described XperRegio as a model for regional development in Europe.