



# The Role of Home Organizations in Home Countries: Globalscot and Scottish Enterprise

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## I. INTRODUCTION

Globalscot is an international business network of Scots or those with an affinity for Scotland who have responded positively to an invitation from Scotland's First (prime) Minister to contribute to and share in Scotland's economic success. Globalscot is resourced<sup>1</sup> and managed by Scottish Enterprise (SE), Scotland's Economic Development Agency which is accountable to the Scottish Executive from whom it receives an annual budget of circa £450 million.

The globalscot network has been developed as an explicit economic development intervention in direct response to challenges of global engagement and connectivity. The initiative seeks to harness Scottish expertise housed in leading businesses around the globe, and mobilise that expertise as a means to economic betterment within a global knowledge economy. The Scottish diaspora are some of the world's most highly educated, motivated business professionals, and through the globalscot community are working to drive business back to Scotland by offering their time, experience, contacts, knowledge and skills to businesses and other domestic beneficiaries. Globalscot was approved for development in March 2001 as a direct response to challenges set out in the country's economic development strategy *A Smart Successful Scotland* and was officially launched in March 2002. Less than three years later globalscot is developing as a powerful national resource. There is an active membership of almost 800 influential business players with the inclination and infrastructure to support Scotland's development. It is a resource that was under exploited prior to the globalscot intervention

This chapter looks at the experience of developing a diaspora based network as an explicit economic development intervention and deals in turn with the development process to date, key learning and future development. Particular focus is given to the role of and challenges for SE as the 'home organisation'.

## II. DIASPORA AS ECONOMIC DEVELOPMENT INTERVENTION: THE SCOTTISH CONTEXT

### II.i Why Look at Scotland?

As one of the first economies to industrialise, Scotland sits firmly within the developed world. With national GDP per head in excess of \$26,000 (1) and more than 80% (1) of employment in the service sector, discussion of Scotland's diaspora network may seem out of place in a volume focussed on diaspora and development. However, whilst, in the traditional sense, Scotland has a developed economy, it is currently addressing significant development challenges as it seeks to compete in the more knowledge intensive sectors of the world economy along with much of the

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<sup>1</sup> The budget for globalscot is approximately £300K annually.

developing world (most notably China and India) where economic visions are targeting these selfsame sectors.

At the heart of the active development of Scotland's diaspora network is the aspiration to tap in more effectively to the global knowledge flows that will determine Scotland's future competitiveness within these sectors.

The political environment provides further context for Scotland's efforts to engage with its diaspora. In 1997 Scotland secured a devolution settlement within the United Kingdom, which meant that the country has its own parliament for the first time in almost 300 years. Scotland's re-emergence as distinct political entity has, in itself, raised the international profile of the country, but has also helped fuel the aspiration for Scotland to update the world on what it has to offer and to address both self and external perceptions.

Scotland's diaspora are central figures in shaping and informing these perceptions. Historically, Scotland's diaspora was characterised more by aspiration rather than desperation. For many, the existence of the diaspora was a potent symbol – a country where to succeed, you had to leave. Not surprisingly, for earlier diaspora and their ancestors, and indeed for many more recent emigrants, affection for their homeland is mixed with a sense of shaking off a country which frowned on and constrained their aspirations for advancement. For the new government, the Scottish Executive, issues of confidence and ambition, both for individuals and as a nation, are central to their vision for Scotland. If Scotland's diaspora can be convinced that things have changed, and invited to contribute substantively to further development, what better channel for communicating this change to the world?

## **II.ii Scotland's Development Challenge**

Scotland is a relatively prosperous northern European country of around 5 million people. As with the rest of the UK, it is currently enjoying a low level of both unemployment and inflation, which is unprecedented in the last 30 years. However, viewed from the perspective of longer term competitiveness, Scotland faces a number of significant challenges. In 2001, Scotland's economic development strategy, *A Smart Successful Scotland* set out the main challenges facing the Scottish economy. This positioned Scotland's economic development agenda firmly on developing an economy that could compete successfully in knowledge-intensive, higher value activities. Scotland has key assets in the knowledge economy. Around 27% of the workforce is qualified to degree level or above (2). Around 35% of employment is in knowledge intensive sectors (where at least 40% of employees are qualified to degree level or above) (2). The research output of Scotland's universities has global influence (measured on citation of academic papers per head, Scotland outperforms all other countries with 47 citations per 1000 population) (3).

However *A Smart, Successful Scotland* also highlights major challenges in:

- **Productivity** – Along with the rest of the UK, Scotland has a significant and longstanding productivity gap with leading competitor nations. In 2002, GDP per hour worked in Scotland was 76% of the US level and only 58% of the level enjoyed by the best performer, Norway. Across all aspects of economic performance Scotland has developed a framework to assess its progress against other OECD economies, with the target of being among the top quartile of OECD economies. For labour productivity, Scotland is currently in the third quartile (1).

- **Entrepreneurship and Innovation** – Scotland has relatively low levels of new firm formation (around 28 new firms per 10,000 adult population in 2002, compared to 38 across the UK as a whole) and only a small number of firms grow to become businesses of scale (in 2003, Scotland had 5 companies in the Business Week 1000). Business growth is hampered by low levels of innovation with business investment in research and development markedly lower than other developed economies (in 2001, business spend on R&D as a percentage of GDP was 0.65% in Scotland compared to an OECD top quartile average of 2.47%) (1). This sits uneasily beside the strength of academic research in Scotland, which in turn presents the challenge of exploiting this asset more effectively to benefit the Scottish economy.
- **Skills and Participation** – As noted above Scotland has a relatively well qualified workforce and low levels of unemployment. On measures of adaptability, such as skill development while in employment, Scotland also performs relatively well (at 20% of employees having received training in the last 4 weeks, Scotland performs at the top end of European economies)(1). However, while unemployment is at a low level, a significant number of Scottish adults of working age are economically inactive (In Scotland's largest city, Glasgow, 30% of the working age population are economically inactive)(4). This, coupled with Scotland's demographic trends – a population forecast to both age and decline – sets a significant labour market challenge (with the working age population forecast to fall by 8% by 2028)(5).

These then are some of the key challenges, which Scotland seeks to utilise its diaspora network, *globalscot*, to address. One of Scotland's key strengths is the openness of its economy. There is a strong track record in attracting inward investment and on measures on openness, such as export sales per employee (\$32,450), Scotland achieves its target of OECD top quartile ranking(1). Harnessing and intensifying this openness is one of the central strategic mechanisms for addressing Scotland's development challenges.

### II.iii Global Connections

*A Smart Successful Scotland* is built round 3 themes: Growing Businesses, Learning & Skills and Global Connections. The ministerial foreword to the sub-strategy on Global Connections sets out the importance Scotland places on even greater openness to international influence:

“If Scotland is to thrive rather than simply survive in the rapidly evolving, knowledge driven, global economy we need to be more fully integrated within it: **to be well connected physically, digitally and intellectually with the rest of the world**. We need to tell the world about Scotland and tell Scotland about the world. This will enable us to learn from abroad and earn abroad. In improving the flow of products, technologies and ideas in and out of Scotland, the measure of our achievement will be how globally connected we are as a people and as an economy.”

The further internationalisation of Scotland's business remains a priority and since the launch of *A Smart, Successful Scotland*, significant strides have been made on enhancing the country's physical and digital connections to the world. Between 1999 and 2003, the number of international destinations served by direct air services grew by 69%. By July 2004, 81% of Scottish households had access to broadband, while

business broadband costs in Scotland fell by 49% between October 2000 and August 2003 (but remain high compared to international competitors)(1). Scotland's diaspora network offers the opportunity to provide a similar boost to meeting the aspiration to be well connected "intellectually".

To contribute to Scotland's strategic aim to move up the economic value-chain, activity to enhance its global connections is focussed on international knowledge flows:

- helping Scotland realise value by attracting knowledge from overseas
- helping Scottish knowledge generate value abroad for Scotland

leading to the shorthand description of the strategy as focussing on knowledge-in and knowledge-out. These knowledge flows can take many forms. Traditionally, Scotland's focus has been on attracting knowledge through inward investment and generating value abroad through trade. The newer forms involve more intensive engagement – Scottish companies building alliances and joint ventures with overseas companies, partnering between Scottish universities and overseas companies, and vice versa, around leading edge research, tapping into the global market for venture capital or technology foresight. In building this more intensive level of engagement, often with less tangible or immediately apparent benefits, the diaspora becomes a potentially much more potent asset. And the mechanism of a network becomes more appropriate when the goal is securing insights and connections rather than just leads for FDI projects or export opportunities.

The final aspect of knowledge transfer being actively pursued by Scotland is people movement. The Scottish Executive has launched a high profile *Fresh Talent Initiative*, declaring Scotland open to skilled migration. While partly driven by concerns about Scotland's demographic trends, the *Fresh Talent Initiative* is also responding to the need for fresh thinking and ideas. As Scotland's First Minister, Jack McConnell puts it:

"An economy - that attracts and retains its key resource – its human capital – is a healthy economy. It is symptomatic of dynamism and creates a powerful image across the world. Scots leaving to work and study elsewhere, and then returning home bring with them experiences, knowledge and skills that ratchet up the strength of the labour market. Likewise, exposure to international ideas and different peoples can have a creative impact on both the economy and local communities.

But I believe that flows of people, particularly skilled and talented people will be an increasingly important factor in a nation's international competitiveness. Partly for the skills they hold – but most of all for the contribution they can make in building a Scottish culture of ambition."

Much has been made of Scotland's traditionally high levels of out-migration and, despite the fact that out and in migration are now in balance, the Scottish psyche is still focussed on the perception of brain drain. But as Jack McConnell's comments illustrate, the issue for Scotland is much less about the level of brain drain or brain gain. It is much more about ensuring that Scotland is an integral part of global brain circulation. Scotland's diaspora network may play a part in convincing some *globalscots* that their next residential move should be back to Scotland. But regardless of their location, their primary value to Scotland is likely to be their ability to increase the quantity and quality of global knowledge circulating through Scotland.

### III. THE DEVELOPMENT OF GLOBALSCOT

#### III.i Objectives and Rationale

The initiative set out to establish 'a *global network of influential individuals who have an affiliation with Scotland and who can contribute to and share in Scotland's economic success*'. Work to establish the network began in July 2001 following a six-month research exercise to scope the proposition for a Scottish diaspora model focused on the development of Scotland's economy. The following core development objectives were agreed for an initial three-year development period:

- to build an international network that can contribute to Scotland's economic success;
- to mobilise Members to undertake roles that will benefit Scottish Enterprise activity and the economy;
- to maximise opportunities produced by network relationships, knowledge and expertise.

Globalscot was recognised as a long-term approach to addressing recognised market failures outlined earlier in the paper such as risk-aversion and information deficiencies, reflected in low levels of entrepreneurship and confidence in Scotland, and is designed to address such market failures at three levels:

- **Infrastructurally**, globalscot provides providing a means to harness previously untapped expertise and knowledge, creating capacity and evolving levels of connectedness for Scottish economic benefit. Globalscot accelerates the processes of creating and implementing solutions by increasing available resources and offering vast potential for the stimulation of valuable relationships.
- **Operationally**, globalscot has demonstrated an ability through that infrastructure to win genuine value for the economic development of Scotland by enabling members to respond to specific and immediate demands from customers. A wide range of businesses and organisations have already benefited from member contributions that allow better exploitation of knowledge, international experience and global connections.
- **Aspirationally**, globalscot represents boldness in Scotland's efforts to engage with a global knowledge economy and to invite wide participation in these efforts. This plays an important role in stimulating a natural networking aptitude, critical to establishing ongoing connectivity, lowering risk aversion and increasing levels of confidence and ambition. Culture changes of this nature take time, yet there are signs that the availability of globalscot is releasing a propensity to network globally – a disposition that is critical to the ambitions of 'Smart Successful Scotland'.

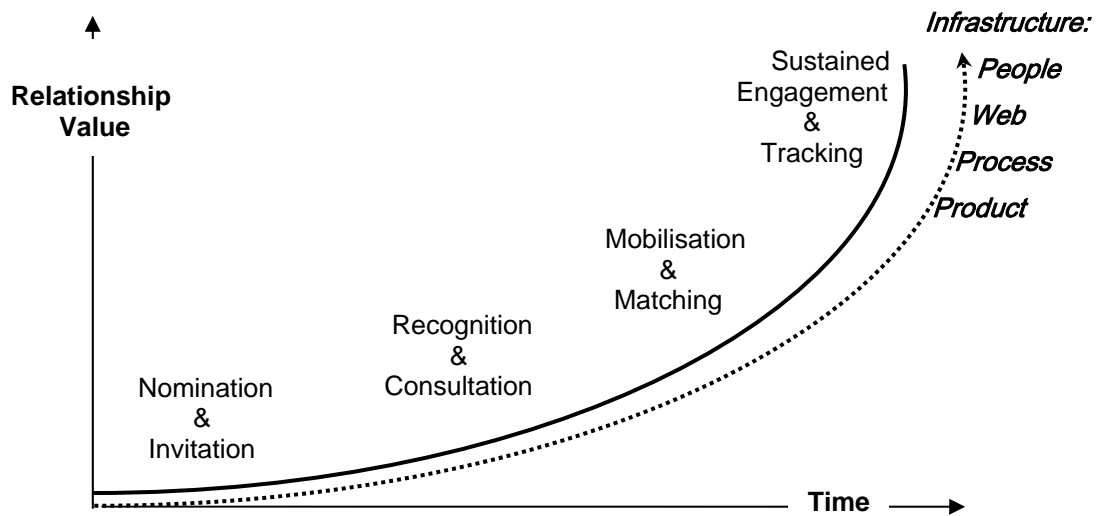
It is important in economic development terms, to understand the distinct levels at which a diaspora based intervention like globalscot can contribute to a countries development. Perhaps more important is an appreciation that it is the configuration of these elements which is most potent in long term development terms. Globalscot, and other diaspora and network based interventions represent the explicit development of powerful social capital - a complex of relationships that can accelerate the processes of creating and implementing solutions. It is the

appreciation of globalscot as social capital that seems key at this development juncture and will be explored further later in the chapter.

### III.ii The development emphasis – valuable relationships

From the outset the development of the globalscot network focused on the creation of value through the generation of effective relationships with members and other key stakeholders. Broadly speaking, the first two years focused on the ‘supply side’ – developing an infrastructure to support and engage members. The third and fourth year have seen a combination of continued member engagement with an increasing ‘demand side’ focus on enabling SE teams and customers to take advantage of the globalscot resource.

The emphasis for each year was set against an evolving understanding of the processes of network development – where, over time the value of network relationships, individually and collectively, increases. This is not a linear process: individual relationships develop at differing rates; members give and receive differing levels of value depending on their ability, opportunity and appetite to engage. The process of network development depends on a combination of infrastructure and activity that supports the ever-diverse membership through the lifecycle stages towards the most sustainable and fruitful set of relationships possible – illustrated in Model 1 below:



The remainder of this section provides greater insight into the globalscot development process through a brief overview of each ‘phase’. Firstly, a few critical early findings in the network building process are mentioned.

### **III.iii The experience of early lessons**

#### ***Acceptance rate***

The acceptance rate for globalscot invitations has consistently been around 75% - an unusually high percentage and, certainly in the early stages of development, much higher than anticipated. As globalscot grows, gaining momentum and credibility it is less surprising that the acceptance rate is high. At launch however, when an initial group of 300 founding members signed up within 3 months from a 450 strong invitation list there was genuine disbelief at the speed and strength of positive response.

This can be attributed to a couple of factors. Firstly the clarity of proposition to support Scotland's economic development set against the backdrop of the significant political changes heralded by devolution and Scotland's new parliament provided a compelling call to action at a time of genuine transformation. Secondly, the invitation coming directly from the country's most senior politician in the form of a letter from the First Minister presents that call to action with additional potency. Subsequent research on globalscot's development suggests that the recognition of a member's ability to support and shape Scotland's development implicit in the invitation process is itself a status symbol and a significant factor in encouraging a positive response.

#### ***Engagement levels and expectation management***

As well as a call to action shaped by Scotland's economic development ambitions as a knowledge based economy, the research that fed the design phase of globalscot was also clear that the model deployed would be specifically based on making and facilitating 'inward' and 'outward' connections, and empowering members and beneficiaries to 'run' with ideas and solutions once connections had been made. The role of SE as home agency was positioned as facilitating, connecting and informing member interactions with the institutional strength and associated investment and infrastructure afforded by SE making such a model possible.

A critical part of this infrastructure are Member Support Managers (MSM's), local Scottish Development International (SDI)<sup>2</sup> staff, housed in SE's worldwide spread of overseas offices, who are assigned relationship management responsibility for the membership. MSM's consult with new members, usually in a face to face capacity, to provide an overview of Scotland's current economic situation, challenges and development priorities. This exercise, which was particularly intensive during the initial recruitment phase, also allows members to offer their views on how they might contribute and the extent to which they wish to be engaged.

It was through this process that the second main lesson was uncovered. Whilst a 'brokering' model was strategically anticipated, what was not anticipated was the level of engagement that the globalscot invitation prompted with members. Initial design predicted that only a very small percentage (approx 10-15%) of the membership would be interested in engaging in tangible projects to support Scotland's efforts. It was assumed that the majority would want either to engage infrequently within sector or geographic communities, or play a largely dormant role as recipients of information and occasional connections. Instead the majority of the membership indicated an expectation to actively engage, clearly a success story in and of itself, but one that required SE to swiftly deliver and scale up the operationalising of the 'brokering' model.

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<sup>2</sup> SDI is the International arm and overseas brand for SE.

### ***Stimulating demand and maintaining supply***

Once it was clear that a founding membership base of willing 'supply' was in place the key ingredient for active brokering became a steady stock of requests and at this point the process of selling the resource in Scotland began. It became apparent however, that whilst member expectations of being called on were higher than anticipated, 'demand' was harder to stimulate.

A number of reasons can be suggested for this. Firstly the very market failures the project is designed to address relate in part to low levels of confidence and ambition arguably manifest by a lack of willingness to engage with an international networking initiative. Secondly, Data protection legislation and other regulatory concerns required that, certainly in the early stages, access to the membership was carefully guarded with requests channelled through a five person globalscot team, the MSM's and a limited web infrastructure. Reconfiguring the brokering model to widen access and disintermediate in a managed way took time and planning and - with hindsight - more caution than necessary.

Thirdly, a brokering service guarantees only connections that *may* elicit results. Gathering and packaging these results in the form of success stories to stimulate further demand is an important part of ongoing marketing efforts but is also resource intensive with respect to follow up and recognition mechanisms. Finally, somewhat paradoxically, where a strong institutional presence can ensure the investment and infrastructure to establish a model of this nature, attract the membership and garner momentum, it may also to some extent inhibit take up amongst beneficiaries where the network is seen to 'belong' to the agency. Engendering ownership, amongst members and beneficiaries appears critical to the sustainability and success of a network based initiative like globalscot requiring that close attention be paid to the point and nature of intervention as the network evolves. This point is given further attention later in the chapter.

#### **III.iv Nomination and invitation - targeted membership and a clear proposition**

At the time of writing there are almost 800 globalscot members' worldwide - senior people with strong connections to Scotland and relevant sector skills in over 40 countries. The broad specification for membership requires members to:

- be influential and active in a key sector<sup>3</sup>;
- have a strong affinity with Scotland<sup>4</sup>;
- be based in a target geography (understood predominantly as those in which SDI has a presence)
- be motivated and able to participate.

As previously highlighted, the invitation is issued by Scotland's First Minister and sets out a clear proposition for the network as focused on the countries economic development. In line with *A Smart Successful Scotland*, Members are nominated (typically by SDI field staff or existing members) for being active and influential in sectors central to Scotland's continuing success such as biotechnology and life

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<sup>3</sup> Key sectors are those agreed as priorities for Scotland's economic development

<sup>4</sup> Globalscot is not an ethnic network as such; members may have studied or worked in Scotland developing an affinity and willingness to help. The majority however, are Scottish Diaspora.

sciences, financial services, electronics and new technology, creative industries and energy. Some forty countries are covered by the membership; North America accounts for almost half at 48%, 25% are based in Europe, 12% in Asia Pacific and 15% of the members are based in Scotland providing a local link for the internationally based membership.

Members typically hold senior positions within organisations or are running their own companies. All have international experience at senior levels in business and government, and are in a strong position, if effectively engaged, to help drive Scotland forward. Members include:

- a General Manager for Shell in the Netherlands;
- the Financial Director of a software company based in Ireland;
- the CEO of a national bank in Australia;
- an Executive Director of a major pharmaceutical company based in Tokyo;
- a KPMG Partner for China;
- a COO of venture capitalists developing business into Asia;
- a VP of Hewlett Packard based in California and Texas;
- the President of a food consulting business in the US.

### **III.v Recognition and consultation – infrastructure and serviced relationships**

Upon registration members are issued with a recognition e-mail that provides details of the member's website and their MSM. Both the MSM function and the web technology are key components of the globalscot 'infrastructure' – a notion which has been central to the evolution of globalscot.

***www.globalscot.com*** provides a central point of information and contact for the network and its members. Online services include diary and calendar facilities, international events listings, discussion forums and a range of resources on developments in Scotland. The site offers a Profile Centre, which provides up to date biographies of all globalscots and the ability to develop a range of specialist communities that reflect priorities for members, users and Scotland. The Profile Centre also allows members to determine their own level of exposure and availability.

Globalscot has a central support team of 5 staff based in SE's headquarters in Glasgow which provides strategic and infrastructural development and is responsible for overall management the network. From the outset the core team have worked closely with and depended upon the senior overseas colleagues to co-design and deliver the engagement with members and provide local relationship management via MSM role. Every globalscot member has a dedicated MSM to work with them on the development of mutually valuable relationships – there are approximately 30 MSM's worldwide.

As mentioned earlier, a key part of the MSM function is early 'consultation' with new members allowing for mutual expectations to be managed in the context of that particular member, sector and geography. At the consultation stage members are strongly encouraged to populate the profile centre and provide comprehensive information on their expertise, biography, connections and interests. It is this information that has proved critical to the successful mobilisation of members and 'matching' into relevant requests for support.

### **III.vi Mobilisation and matching – facilitated engagement and brokered connections**

The network organises international gatherings and events that allow members to meet and develop their involvement in different initiatives. The events programme focuses on specific business issues that are relevant to Scotland's development, and provides opportunities to meet Scottish companies. It plays an important part in the globalscot agenda, providing a fertile environment for ideas and an opportunity for members to build on existing business connections or to forge new ones.

Some 100 events targeted at globalscot members have been delivered since early 2002 and held in thirteen of the forty countries with member representation<sup>5</sup>. Of these events around half were concerned with member mobilisation (e.g. gearing up and engaging the members) and recruitment and the other half on member utilisation (e.g. events focused on eliciting member support, advice and expertise). Feedback from members suggests that events play a critical role in the development of the network and ongoing engagement of members.

Events are typically developed that support the field activities in particular markets and geographies - It is now common place for globalscot events to be held as part of the itinerary for Ministerial and other VIP field visits. Globalscot events also form a central part of outward trade and development activity as well as being an important form for shaping and testing the developing propositions that Scotland wishes to offer the global economy with respect to key sectors – e.g. Life Sciences.

The key message from members is “use us – we signed up to help”. Events provide an important forum to enable this provided that they are well designed for the purpose. More generally, the promotion of requests to globalscot members from Scottish businesses and other beneficiaries has proved the most critical and complex aspect of the mobilisation of members. Brokering the ‘supply’ of member expertise with well matched ‘requests (‘demand’) has demonstrated the current and long term potential of investing in the development of a diaspora based economic development focused network. Likewise, evolving globalscot to effectively stimulate demand and facilitate the connections on offer remains the central challenge.

As mentioned previously, simple ‘advertising’, proved ineffective in generating customers at the outset and the core team developed a more pro-active programme of tailored presentations to SE teams and their respective beneficiary audiences to generate demand within particular customer groups (e.g. a particular sector or company size). Concurrently a number of early roles were piloted with the membership inviting sign up to, for example, mentor a company, advise on a sector strategy or adopt a school.

This activity generated a small number of early ‘success stories’ (see box 1) which were used to generate further demand, scale up particular ‘roles’ and learn important early lessons about successful ‘matching’ – e.g. the critical importance of available member profiles for searching and the need for requests to well crafted to ask specific questions and appropriately manage expectations.

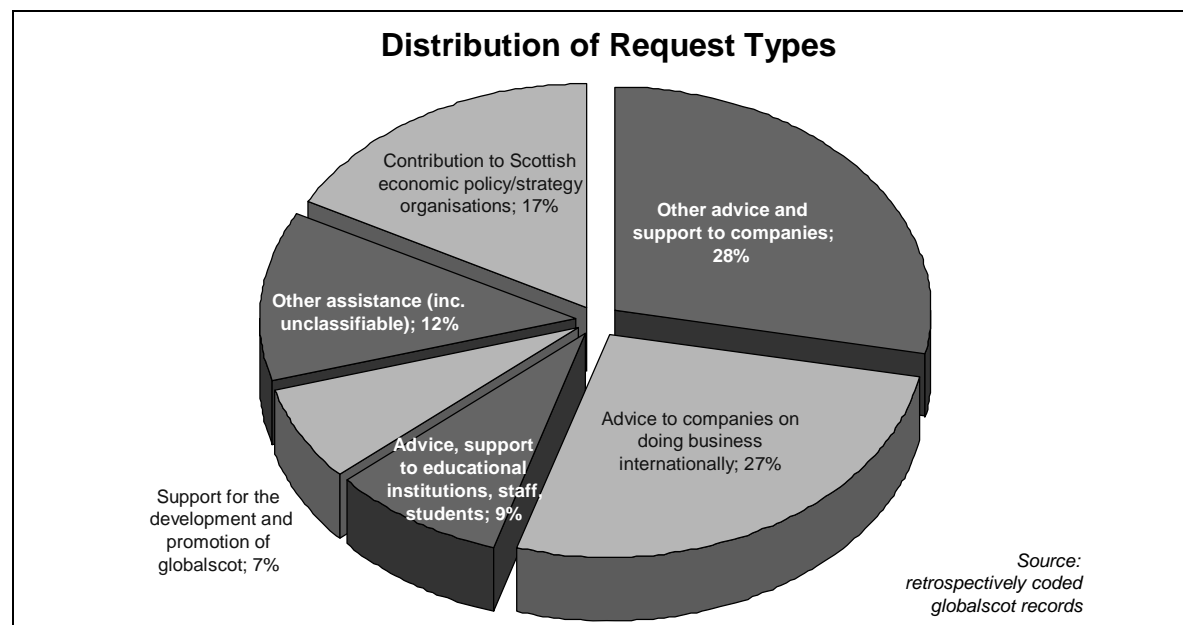
Early ‘matching’ also demonstrated the importance of ownership and the need for ‘disintermediation’ to allow the spectrum colleagues across the SE Network to access

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<sup>5</sup> Typically events are most likely to take place in the geographic regions where there is sufficient critical mass of members. The majority of events have taken place in the US and London with fewer across mainland Europe and Asia Pacific.

the globalscot resource and manage requests for member support on behalf of their particular customers. In late 2003, the **Access Partner** programme was launched to around 90 participants - initially internal SE staff who were trained to facilitate the operation of globalscot. There are now almost 200 access partners.

Over 200 requests for globalscot support were registered in 2003/04, with around two-thirds of these for assistance to SE customers (mostly Scottish businesses). Requests typically come from access partners through the central globalscot team and are directed, using a bespoke request system built into the web infrastructure, to those Members and MSMs thought most appropriate to respond. The chart below shows the distribution of 2003/04 requests by type:



### III.vii Sustained Engagement and Tracking – Managing and Measuring Contributions

Engagement and utilisation of globalscot members generates a range of benefits for Scotland (whether for SE or external customers). These are currently tracked as ‘member contributions’ either **direct to customers** (where the members support is given directly to a business, school or organisation in Scotland) or in **support of SE’s agenda** where the contribution is to SE as the economic development body.

### **Box 1: Early Successes**

- An inward investment project was identified through one of the first founding members to respond to the invitation. It has now brought an internet licensing company to Glasgow, initially employing eight people which, according to the founder will “quickly become a multi-million pound business”.
- An electronic engineering company that design, test and manufacture innovative condition monitoring systems, received, within a day of requesting, a full days advice on how to agree a licensing deal with large US blue chip company at a crucial stage of negotiations.
- A specialist training provider to the international oil and gas industry, looking for an entry point into the Gulf of Mexico was connected to a globalscot (ex-President of Enterprise Oil, Gulf of Mexico) who introduced them to a number of oil and gas companies in the region leading to business with several of the companies and a firm foothold in the market.
- A company specialising in the creation of virtual characters for gaming software, was able to make valuable connections with a number of globalscots during a trip to California for an exhibition. A non-executive director at the company described the contacts as “an absolute bullseye target for the type of business advice needed...people you would never dream of trying to reach as there would usually be about a dozen gatekeepers between you.”
- A globalscot member who is VP Production Procurement at IBM, donated one day a month to working with SE’s electronics team, providing insight into the global electronics sector by advising on new product developments, growing and shrinking markets and new opportunities.
- A University of Strathclyde spinout company, developing the application of innovative 3-D display technology for use in medical imaging sectors and oil industries requested access to US-based globalscots who could advise on the commercial development of imaging technology. 32 members in the medical imaging sector responded immediately resulting in valuable relationships which saved initial consultancy fees and opened doors into commercial entities that would have been inaccessible otherwise.
- A globalscot member who is Chief Scientist & VP Research and Development for a West Coast US Biotechnology company undertook a two-day tour of the Scottish biotechnology sector which directly influenced SE’s Biotechnology Framework for Action. Back in California, he engaged other life sciences members in implementing his report resulting in a programme to develop internships for Scottish life science students within Californian firms.
- ITI Scotland is a £450 million, ten-year project to encourage and support pre-competitive research in key market areas with strong economic and business development potential. Globalscot members were actively involved in the initial consultation process ensuring that final proposals were specifically targeted to address the particular strengths of the Scottish economy. One member, President of University Of Maryland Biotechnology Institute, also delivered a virtual address at the launch of ITI Scotland, observing that “extremely innovative, cross-cutting research was already underway”.

Contributions are **themed** as:

#### **Supporting Business** (see box 2)

- targeted identification of overseas opportunities;
- advice on market entry and assistance with negotiations;
- access to business contacts, introductions and knowledge;
- guidance on business strategy;
- advice on business start-up, product and project development;
- mentoring support & advice on company and management development

#### **Leveraging Contacts and Expertise** (see box 3)

- advice on economic development opportunities and strategies;
- intelligence on new global trends, technologies, products and practices;
- identifying opportunities for Scottish businesses on trade missions and learning Journeys to provide competitive advantage.

### **Raising Aspirations** (see box 4)

- support in schools for enterprise mentoring;
- guidance on improving employability skills;
- provision of placements and employment to Scottish students;
- lecturing at Scottish universities.

Some 440 contributions from globalscot Members were recorded in 2003/04, evenly split between internal (furthering SE's economic agenda) and external (direct to SE customers). A recent consultation exercise indicated that 60% of members had been contacted with a request and that 42% responded. It is clear that a minority – responding to several requests - were especially active. Most requests securing responses achieved more than one contribution (several stimulating ten or more); on average, a request generated 3.8 contributions – with the US averaging 4.8 contributions.

Of the 440 contributions recorded for 2003-04<sup>6</sup> 40% were those Supporting Businesses, 8% were towards Raising Aspirations and 52% were those concerned with Leveraging Contacts and Expertise.

## **IV. Future Development – The Evolving Role of the Home Organisation**

Scottish Enterprise - the 'home organisation' - has been central to the development and management of the globalscot network and will continue to play a critical role as globalscot evolves. What is as clear as the centrality of SE's role in the establishment of globalscot is the requirement for that role to evolve with globalscot, adapting to provide more sophisticated infrastructure and means of direction as the network, and its capacity to support Scotland's development, grows.

The remainder of this chapter concentrates on main learning points from globalscot's initial development phase and how this learning is shaping the future development of globalscot and the evolving role of SE as the home organisation.

### **IV.i – Key Learning and Current Challenges**

Much of the research on networks and other forms of collaboration highlight difficulties in development and sustainability that greatly intensify the likelihood of failure or underperformance. Therefore, whilst the diaspora foundation on which the globalscot network is built provides a strong basis for early engagement of members, it is important to appreciate that appealing to Scottish diaspora as a unique audience does not, in and of itself, provide the means of engagement. The challenge of supporting the development of one's home country provides a clear and compelling call to action but cannot, without robust infrastructure and an appreciation of the reciprocity required of developing relationships, assume results.

The experience of globalscot has highlighted that effective engagement of members is both the essential challenge and opportunity and requires ongoing attention be paid to:

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<sup>6</sup> A total of over 250 contributions had already been recorded at the time of writing – half way through FY 2004-05.

### **Box 2: Supporting Businesses**

Member expertise lends itself naturally to company support, helping Scottish businesses access new markets and build partnerships in areas critical to their success

**Assisting High Growth Start-Ups:** Several globalscot Members are working with SE's High Growth Start-Up Unit providing hands-on support to major start-up projects across Scotland. Nick Price, Non-Executive Director of HGSU Unit Portfolio Company Purple Patch Wireless, requested mentoring and advice on business plans from a number of globalscot Members. Purple Patch are the creators of the world's first dual-technology hotspots, enabling fast access to the Internet or a corporate intranet from a variety of mobile devices without wires. A selected group of Members were identified for Nick to approach with one helping the company negotiate a financing package and introducing them to a major hotel group to present their product. Thanks to his connections, Purple Patch won the right to two pilot deals with the hotel chain and the member became a Non-Executive Director of the company, bringing additional investor interest and investment.

**Facilitating Access to Markets:** Globalscot members are ideally positioned to help Scottish companies' research overseas markets and take their products and services to new international audiences. A&I Accessory is a company specialising in the repair and overhaul of accessory components associated with aerospace, industrial, and marine gas turbines, who needed help reaching potential client companies in the US. Globalscot facilitated an introduction to David Speirs, then Senior Vice President, Customer Support for BAE Systems, Regional Aircraft Inc. Components and repairs in this sector require FAA (Federal Aviation Authority) approval. With David's support, A&I Accessory has secured contacts in North America and is being sponsored for accreditation to carry out work for the Federal Aviation Authority. "Getting US accreditation opens your markets dramatically and allows you much more competitive power."

**Trade Missions and Learning journeys:** Members help to facilitate personal introductions to potential business partners, overseas buyers, agents or distributors for Scottish companies on trade missions to their geographies. To date, the globalscot network has assisted missions to Houston, California and Russia with plans across further sectors and locations. During a recent mission to Houston 30 members attended a networking dinner for 12 participating Scottish. Each member was asked to bring a business colleague who could benefit the visiting companies through further introductions.

### **Box 3: Leveraging contacts & expertise**

Members are helping drive Scotland's economic development through consultation, knowledge sharing the provision of leading-edge market intelligence into Scottish Enterprise's industrial and sectoral strategies.

**Unrivalled expertise:** Some of the best examples of globalscot expertise enriching the knowledge base available to Scotland can be found in the contributions of globalscot members invited to join SE's International Advisory Board (IAB). The IAB acts as a strategic forum to help direct Scottish Enterprise's economic growth policies, gathering to analyse Scotland's global development strategies and provide advice to SE on its landmark projects and initiatives. The calibre of the IAB members and their proven commitment to Scotland is impressive; they make an important contribution to the thinking of the executive team at Scottish Enterprise and bringing a real commercial edge to the economic growth policies being evolved for Scottish business. Commenting on recent gatherings, Scottish Enterprise's CEO Jack Perry described the IAB as "quite simply one of the most 'high octane' groups I have had the privilege to sit down with – ever. They take a large chunk out of their working week to come here from all over the world because they believe in giving something back to Scotland." The board now meets every 6 months with agendas covering a wide range of topics from the role of higher education in Scotland's economic development to the impact of global market trends on foreign investment. IAB members also supply direct strategic and operational assistance to promising Scottish businesses through company surgeries. Some of the 13 IAB members include: Hugh Grant, President and Chief Executive Officer, Monsanto Company; Robert L. McDowell, Corporate VP, Business Critical Solutions, Microsoft Corp; Crawford Beveridge, Executive VP, People and Places and Chief HR Officer, Sun Microsystems Inc.; Christopher Forbes, Forbes Inc.; Dr Dennis Gillings, Founder and Chairman, Quintiles Transnational Corporation; Professor Gordon Hewitt, International Business and Corporate Strategy, University of Michigan Business School; Helen Sayles, Senior Vice President, HR & Administration, Liberty Mutual Group and Kevin Sneader, Principal, McKinsey & Company.

#### Box 4: Raising aspirations

The globalscot network aims to promote entrepreneurial confidence among Scots of all ages and many globalscot members are providing Scotland's young learners with some of their insight and experience.

**Support to Schools:** One initiative works within Scottish secondary schools by connecting globalscot members with Scotland's young learners. Through the programme, globalscots provide Scottish pupils with an entrepreneurial role model through a host of activities including, e-mail mentoring; site visits and guest lectures in schools during trips to Scotland; staff development and management consultancy for head teachers and videoconferencing/web streaming on selected topics. The initiative is driven by globalscot members who want to provide Scotland's young learners with a degree of enterprise mentoring that perhaps wasn't available to them. Currently, there are 35 members serving as Entrepreneurs in Residence.

**Student Placements:** A group of globalscot members in the Tri-State area of the US coordinated student placements for a group of 11 Glasgow University students. The next group will be looking to establish 100 placements. The globalscot team has also received a request for a similar life sciences programme in California and will be looking to enlist the support of local members. Some members have also organised placements for individual students within their companies.

- The centrality of the **relationships** with members, harnessing their expertise and maintaining their interest. The globalscot 'resource' can never be assumed and is dependant upon the ongoing ability and appetite of members to contribute;
- The importance of ongoing **reciprocity**. Ultimately the network system must create an environment and opportunities that can respond to the motivations and expectations of many diverse players rather than placing the network at the service of one partner (i.e. the home organisation or whomever is funding/managing the network);
- The ongoing development of a supporting **infrastructure** (people, process and technology) that shapes protocol, enables communications and guides membership, operations and decision-taking in a virtual environment; and
- Spreading **ownership** – members who feel a sense of ownership will proactively engage and in doing so develop the capacity of the network. Similarly, other stakeholders and 'users' (staff within SE and companies and beneficiaries across Scotland) who see globalscot as 'their' resource' are the ones who 'make it work'.

These learning points raise three critical issues which are now central to globalscots development strategy:

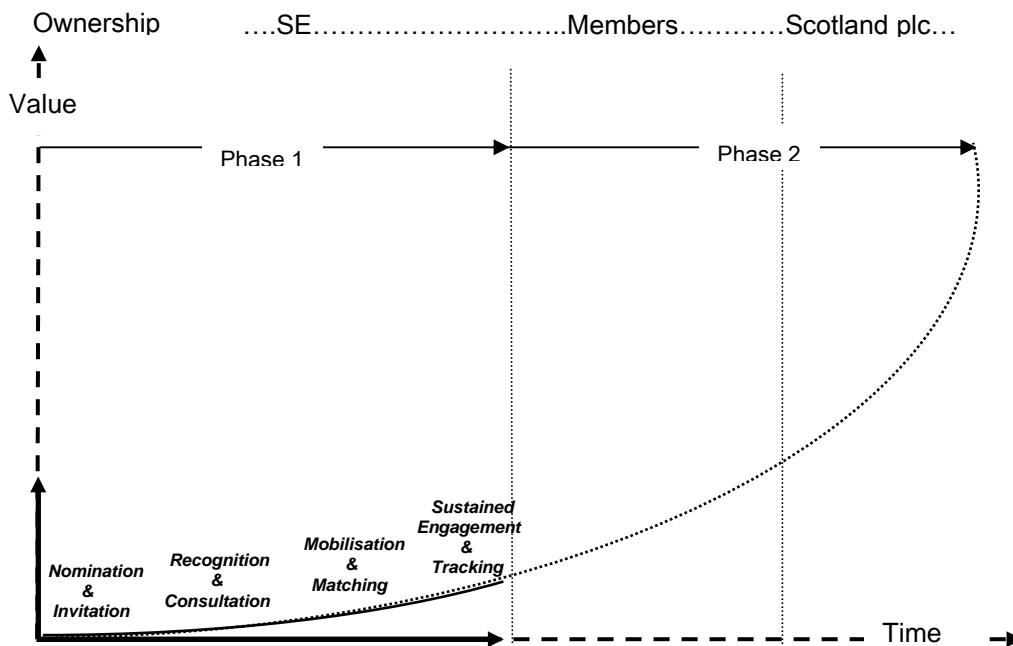
- how to re-organise for wider ownership – realising greater potential, releasing various frustrations;
- how to increase the flow of business ('demand') into the network
- how to track the benefits and in so doing direct investment in terms of infrastructure development and the point of intervention

#### IV.ii. Future Development and the ongoing Role of the Home Organisation

##### Re-organising for wider ownership

Model 2 below provides a simple view of the ownership challenge that the globalscot network needs to address. It extends the development cycle of globalscot through the recognised stages (outlined in section 2 of this chapter) to show exponential

growth for phase two premised on greater ownership of both the members and the wider Scottish community.



The design of globalscot rested on the belief that the network would add value for Scotland by generating value for all participants. This implied that all the players – members, customers, management and wider stakeholders – would derive benefit from the network’s operation and that over time as capacity develops, the network would deliver a progressively richer variety of benefits. Much of the initial success of globalscot can be attributed to the ability to leverage the wider SE infrastructure to establish and grow the network. However as globalscot develops, increasing demands - from Scottish beneficiaries for access to the resource and from members to be more usefully engaged - challenge aspects of SE’s intervention that were initially - and appropriately - deployed to facilitate the set up and early use of the network.

Moving into phase two of development SE’s focus must be on the facilitation of wider awareness, access and ownership to ensure that all parties and potential parties (amongst members and across Scotland) can choose to engage with and seek value – as they define it themselves – from the globalscot experience. Overall that implies a different level of partnership where the emphasis shifts from awareness of globalscot as an ‘SE initiative’ to a wider appreciation of globalscot as a membership organisation for Scotland.

### **Increasing the flow of business (‘demand’) into the network**

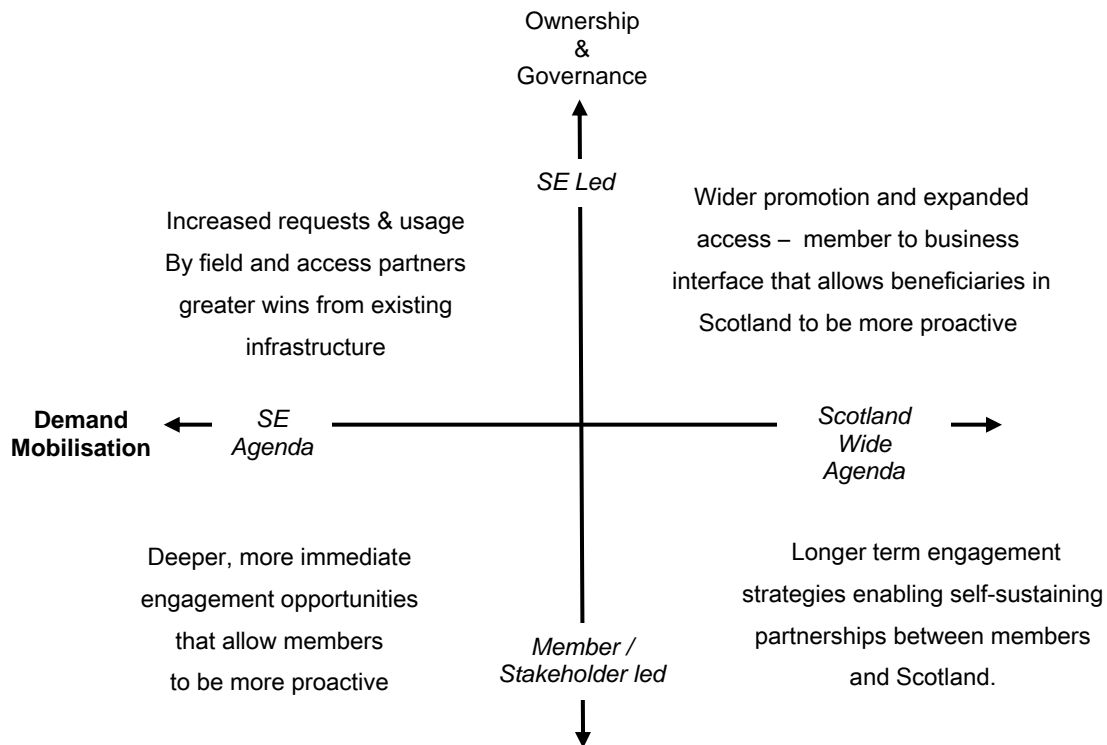
Managing for deeper and wider ownership is premised on one key issue – ‘demand’ – i.e. the availability of appropriate projects for members to engage with and the access of Scottish beneficiaries to prompt and promote these requests for support. Lack of demand surfaced as a significant issue in the early stages of globalscots development and has been a consistent complaint over the past two years. It is not, however, a complaint that is as straightforward to deal with as may seem. Mobilising

and matching demand is a complex process which has been exacerbated to some extent, by the very infrastructural elements that have also allowed for the success of the initiative to date.

The MSM role, for example was essential in the early engagement and mobilisation of members, generating and uncovering a high degree of enthusiasm amongst members. It was this process that established that a willing 'supply' of members were indeed at the disposal of the Scottish development agenda. The process of feeding that supply base with requests for support has, however, not been that straightforward and has led to expectations not being met with some members thus aggravating a sense that they are not being usefully employed. It is not feasible, nor desirable, that all member engagement is delivered through the MSM function. Widening the pool of opportunities for members to engage with requires that much of that demand be the product of more direct engagement with a wider pool of beneficiaries in Scotland requiring further disintermediation strategies.

Similarly the specific agenda (with related targets) that SE is tasked with delivering provides a comprehensive and clear agenda around which momentum has developed. Much of the successful engagement to date has been around SE's priority projects and sectors and more can be done to engage the members in SE's agenda, specifically by enabling more proactive member engagement models (where members themselves scope and manage a project to support investment flows into Scotland for example). However, much can also be done to widen the globalscot resource to companies and development projects that, whilst not priority areas for SE, can benefit from (and in so doing support) globalscot through extension of the existing infrastructure and at little or no cost.

The mobilisation of demand therefore, is inextricably linked with the ownership agenda. Future development in this regard requires due attention be paid to development strategies that increase demand *by* widening ownership and evolve the infrastructure to enable interaction between all stakeholders and across different perspectives and as outlined in Model 3 below.



### Appreciating the nature of the intervention and appropriate measurement

Networks call for new ways of working and, particularly when employed as economic development tools, new ways of understanding the appropriate point of intervention, ongoing investment and measurement. In many respects this is the central challenge for SE's evolving role. As a public agency SE is faced with 'accountability' and 'transparency' challenges and - post the grace awarded for the 'set-up' phase – calls for accounts of the outputs and ROI that globalscot provides will become sharper.

Here lies the challenge, globalscot was shaped and launched as a working network to create the possibility for opportunities and connections that could be conceived of but not necessarily expected nor assumed. By their very nature, networks deliver capacity which in turn delivers outputs. However a development and measurement focus on output rather than capacity restricts the serendipitous dynamics and knowledge flow that are the lifeblood of a healthy network.

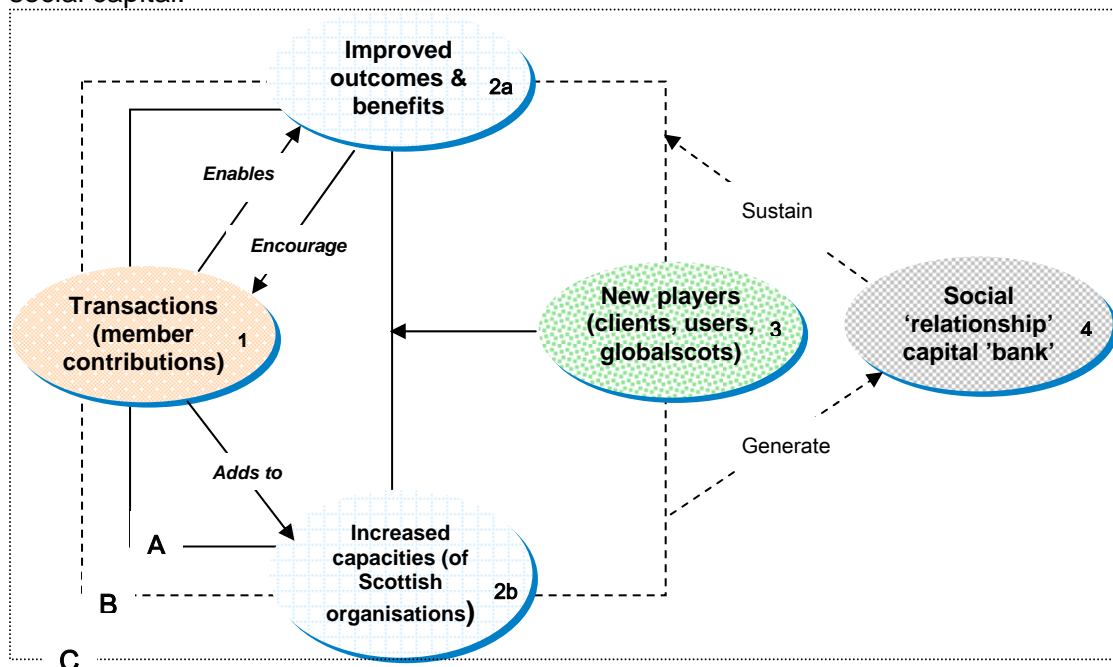
Globalscot is an intelligent, high value, network of individuals whose motivation to contribute is based on a shared strategic intent – i.e. their contribution to the economic betterment of Scotland. Success in this offers high impact rewards for SE; there are also risks. Building globalscot capacity creates an 'independent' network that will (and as previously shown, should) tend to serve an increasingly wide range of stakeholders that extend beyond SE's agenda. This presents difficulties in monitoring, tracking and measuring the inputs, the processes and the outputs of globalscot activity. The more active and effective the network becomes the less control SE has and the more difficult detailed measurement becomes.

However, here also lies the opportunity albeit a complex one. Fundamentally globalscot seeks to develop Scotland's 'social capital' by strengthening the global network infrastructure that is positively disposed to engage with Scotland's current and future development. A focus on these 'aspirational' and 'infrastructural'

dimensions (as defined previously as elements of the market failure argument) provide a means to put in context the measurement of outcomes whilst simultaneously introducing notions of engagement levels and creation of social capital as central to understanding the system that allows globalscot to generate and sustain value for Scotland.

Model 4 below introduces SE's current thinking on a future performance framework for globalscot where:

- Member contributions, enabling improved outcomes and adding to the capacity of Scottish organisations, are recognised as being the possible due to an engagement infrastructure;
- That infrastructure is accepted as the factor that attracts and facilitates further engagement by enabling members, clients and other stakeholders to grow the capacity of the network and its outcomes; and
- The sustainability of the entire 'system' is seen to be premised on the generation of social capital.



Measurement Focus
1 - Activity
2a - Outcomes/impacts
2b - Capacity
3 - Engagement levels
4 - Relationship value

Market Failure Addressed
A - Operational
B - Infrastructural
C - Aspirational

The premise is that all globalscot transactions whether they succeed or fail to produce their intended benefit, generate some form of relationship value through norms of trust and reciprocity that may be available for use at a later date. The measurement focus therefore is released from an overemphasis on activity and outcome measures which is in danger of both misrepresenting the nature of the

intervention and misguiding further investment. Instead an appreciation and measurement of engagement levels and 'relationship value' (as agreed with and defined by members and other stakeholders) context and compliment the measurement of activity (member contributions) and outcomes providing a more comprehensive story of success.

## **Conclusions**

Networks and networking are well documented and recognised as the central modus operandi of the knowledge economy. When coupled with the strength of call to action provided by a diaspora based proposition the opportunity on offer to Scotland through the globalscot network is vast.

The challenge moving forward is to fully embrace the potential of the globalscot network and the inherent implications for the appropriate point of intervention. This will require close attention to the provision of forward infrastructure to ensure that the institutional strength on offer by SE as the home organisation remains so, releasing rather than constraining potential activity by working to widen ownership and increase the flow of business.

There is no question that a strong institutional presence in the form of a home organisation has been, in Scotland's experience, (and is likely to be in any case) a critical factor in the establishment and ongoing development of its diaspora network. What can also be recognised is that institutional strength *may* become a weakness if the intervention is not carefully reviewed and evolved to most effectively heighten the opportunities on offer for all stakeholders.

In closing, Scotland's experience can offer two main observations to the development of diaspora based economic development interventions. Firstly a clear and credible proposition built upon a country's defined strategy (or sub strategy) provides crucial focus that not only enhances the sense of the personal call - what is unique to the ambitions (and history) of the homeland - but also the likelihood of a development model that is fit for purpose. Form follows function and a clear idea of what is being asked of (and promised to) the diaspora along with an appreciation of the institutional challenge and resources on offer are critical to effective functionality.

Secondly, whilst specifics of proposition and model may vary greatly from country to country an inevitability of any explicit diaspora based intervention is that success and sustainability will be dependent on the development of effective, mutually beneficial relationships requiring a willingness to see relationships as central from a measurement as well as a management perspective.

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