

KTN Guide

Writing A Successful Funding Application



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Foreword

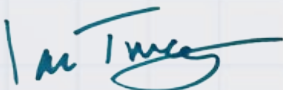
Many thanks for picking up this booklet about Writing a Successful Funding Application.

Grant funding is often seen as “free money”, but that’s a misnomer – it is as free as winning a sale or equity investment. You need to put effort into presenting the most compelling case that your grant application is a better option than all the other applications that are being assessed. Many of the questions that are asked by the grant application process are similar to the questions that investors or potential customers might be asking about your opportunity.

As well as funding important R&D work, securing grant funding can provide validation of your project by a third party. This can be useful in the investment process, to help investor confidence.

Finally, do make sure that the project you are proposing is worth all the effort that it can take to put together a great grant application. Compare the time required with seeking sales opportunities or other investment to further the project. By ensuring you only go for projects that are going to deliver real value to your company, you will not only be making best use of your time, but also putting forward the projects with the highest chance of success.

I hope that you find this booklet as useful as we found it fun to create.



Ian Tracey

Head of Access to Funding & Finance, KTN

Introduction

This short guide aims to help you prepare the best application you can for Innovate UK competitions by:

- **Giving clear and detailed information about what to include in an application**
- **Making clear what an assessor is looking for**
- **Providing you with our 'Top 10 Tips'**

This guide has been produced by KTN to supplement the official Innovate UK Guidance for Applicants (GfA). You should always read the GfA and other Innovate UK documentation relating to the competition you are applying to.

All of the Innovate UK funding programmes follow a similar pattern and you should bear in mind that the questions are designed to help rather than trip you up. It is important that you answer the questions asked and cover all aspects the Guidance for Applicants describes. You should try to use the language they are looking for: the easier you make it for the assessor to understand and check off the information they seek, the more likely the proposal will score highly.

The guidance that follows is for the standard 10 questions in a Smart Proof of Concept or Development of Prototype application but the same approach is largely transferable to all competitions.

Funding Landscape

The UK's funding support can be divided into three categories:

- **Local/regional**
- **National**
- **International**

Use the following information as a starting point of where to go depending on your location and what kind of funding you seek.

1. Local/Regional Initiatives

The devolved administrations of Scotland, Wales and Northern Ireland each have separate support structures in place:

Scotland: [scottish-enterprise.com](https://www.scottish-enterprise.com)

Wales: gov.wales

Northern Ireland: investni.com

England does not have a single organisation providing company support, instead support is provided by **39 Local Enterprise Partnerships (LEPs)**.

LEP Network: lepnetwork.net

Funding Landscape

2. National Programmes

Innovate UK is the primary provider of innovation support for companies in the UK. They operate a range of support programmes depending on organisation type, size and need. The remit of Innovate UK is wealth creation for UK plc.

Search all programmes here:

interact.innovateuk.org

3. International Opportunities

Horizon 2020 (H2020) is the current programme in the EU for supporting R&D and innovation. As part of this, there are a number of programmes specifically to support SMEs, namely Eurostars and SME Instrument.

Search:

ec.europa.eu/programmes/horizon2020

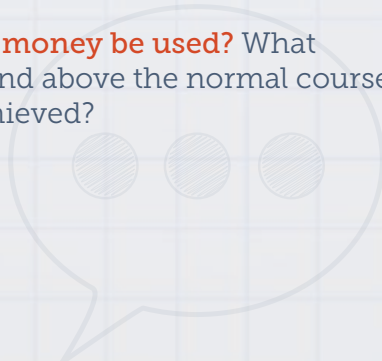


General Advice

Generally the first four questions should be used to describe the business plan relating to the project and the remaining six to detail the proposed project and how that fits within the business plan.

Avoid starting off by trying to explain how great your idea is or how clever the technology is. The first part is about setting the context for the market need and how that will be addressed and this must be laid out in as compelling and logical a way as possible. In essence, these questions are to address the four fundamental questions for any Innovate UK investment:

- **Is it a big enough market?** Does it represent value for money compared to the investment requested?
- **Can the innovation be world leading?** Is the idea sufficiently distinctive and strong to be successfully exploited in the UK?
- **Is it at the right stage of development?** It must be market driven, rather than predominantly a research project.
- **Why should public money be used?** What additionality over and above the normal course of business will be achieved?





Q1: Business Opportunity

Above all, the assessor is looking to understand the need and customer demand. What is the problem you are addressing? Is it a credible business opportunity? This must be laid out first before you begin to describe your idea. Poor responses talk too much about the solution without first describing the issue.

An ideal response explains why that market need exists (what is driving it) and what is required to meet it before describing how it will be addressed. This robust linkage between your proposed solution and its commercial outcomes must be spelt out.

Think about human considerations as well, as these are often lacking from technology-enabled innovations leading to less successful propositions:

- **Is it desirable in the context of the customers' specific motivations and aspirations?**
- **Is it easy to adopt (i.e. is behaviour change required?)**
- **Does it fulfill a genuine need?**
- **Is it easy to use?**

As this is the first question, the opening sentences are particularly important, and need to make it crystal clear to the assessor what the need is and what they will be reading about.



Q2: The Market

The assessor is looking to see whether you understand the potential market for your project. The nature of the market you describe must relate to the need you described in Q1.

The best responses use current market data references (try to avoid wildly optimistic projections!) and describe the wider picture before focusing on the market share expected for your solution. The dynamics of the market are also important. Is it growing? How fast? What trends affect it? What is the competition? What are the barriers to entry?

Once this has been made clear, you must outline your strategy to access the market. The assessor wants to see if this is realistic. If you cannot explain how your product will be made, or who will retail it, you will be marked down.

Don't claim too much – the assessor knows what is possible and as far as return on investment is concerned, wants to see if the investment of public funding is value for money.

KTN has a tool available to help estimate return on investment expressed in GVA terms. For more information, contact: funding@ktn-uk.org

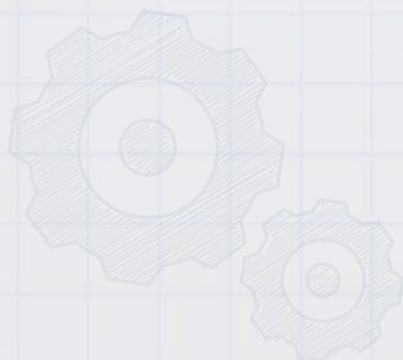


Q3: Exploitation

This question is focused on how you will make money from the idea – i.e. the heart of your business plan, placed in the context of the market opportunity (Q1) and market size (Q2).

Here it is important to emphasise what the expected outputs of the project will be that can be exploited, and how they will be exploited: your sales/service model and plans. These need to appear credible to the assessor and the projections for growth and market share must be robust and on a realistic timescale.

Essentially, the detail you provide here is supporting your claims of market capture in Q2 and the assessor is trying to establish whether it is likely to succeed. A badly defined market opportunity can often come undone at this point, with the assessor wary that your proposed project is more 'technology push' than 'market pull'.



Q4: Benefits



Here you are describing benefits for the project partners, but also outside the project. The applications that do well go beyond restating the commercial benefits of the idea, and also emphasize the ways in which others might benefit.

Given that these are public funds, it is important to demonstrate that the project will be helping more than just the proposer. You must provide benefits in all categories and explain how these can be achieved by your business strategy.

The key categories are:

- **Economic Benefits**
- **Social Benefits**
- **Environmental Benefits**

Innovate UK has developed a practical tool that can help develop your thinking around this question:

horizons.innovateuk.org





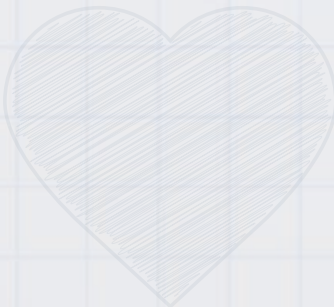
Q4: Benefits

Economic benefits: To your customers, your supply chains and the broader sector – perhaps through exports, raised visibility of the sector or competitiveness of the UK.

Social benefits: These can include regional benefits, in terms of local employment and cluster growth; customer benefits in terms of quality of life, education, empowerment etc; employee benefits such as safer working environment, skill development etc.

Environmental benefits: This can cover emissions (to air, water and ground), raw material consumption (including water), energy efficiency, biodiversity, waste avoidance, recycling, or more sustainable business models or consumer behaviour.

In all cases, don't ignore the potential negative impacts. These should be detailed and their mitigation/minimisation described or justified. If the assessor judges that your project is potentially damaging, and that you haven't considered this, it will score very low.





Q5: Project Plan

It is important to explain what you will do in the project – i.e. how you will address the critical success factors described in Q1. The assessor wants to understand the technical approach and although they tend to be knowledgeable in your sector, you should not assume familiarity with all the technical aspects.

Avoid jargon and acronyms and break down the project into key work packages and milestones. The suggested format is useful to ensure you include all the relevant information clearly and concisely:

- Work Package No. & Name
- Partners involved
- Timeline (e.g. M0-12)
- Description of Activity
- Milestone





Q5: Project Plan

The project is best summarised in a Gantt chart (included as an appendix – this is mandatory for Smart and allowable for second stage CR&D competitions) and each task explained. Provide an appropriate level of detail – a handful of tasks is too little, but breaking down every week is too much. The tasks should be clear on resource allocation, cost and interdependency with other tasks.

This response shouldn't be treated any differently to most internal project plans. The assessor is looking to see if the plan is realistic, whether there is sufficient resource (and where it is coming from) and if management will be an issue. Make clear the reporting lines, especially with multiple sub-contracts or partners.

The assessor is looking to see if the plan will achieve on the project objectives and will have considerable project management experience so make sure it is clear and all adds up!





Q6: Innovation

To score highly, the project needs to display technical (pushing the boundaries of a technology or applying it to a new problem) AND commercial (addressing a need in a novel way) innovation.

Make it explicit to the assessor how your project does both of these and use language to make the innovation easy to identify. The assessor will be looking to see if the innovation levels are step-change – i.e. radically different rather than an incremental improvement. Without making wild, unsubstantiated claims, you need to make sure that your idea is genuinely novel and that it doesn't come across as too incremental or inconsequential.

The assessor is also interested in understanding if the innovation can be enabling and underpinning: i.e. does it have the potential to drive improvements in multiple applications across a wide scope.





Q7: Risks

First of all: **risk is not a bad thing!**

For a radically innovative project, risk is likely to be high and Innovate UK appreciate this. Rating risk overall as low will mark down your score – the question arises why you need public support to de-risk the project if it is already low risk.

Secondly, ensure you undertake a complete risk assessment across all the categories listed. Many proposals ignore or give scant attention to commercial and environmental risks and are marked down because of it. You must describe mitigation strategies for each identified risk (and rate each one). This is not about coming up with reasons for why this risk isn't a problem, but rather a strategy you will follow to minimise and control the risk. Best practice is to provide a table with the headings:

- **Risk**
- **Rating (High, Medium, Low)**
- **Impact**
- **Mitigation**

Commercial risks may include losing partners/sub-contractors, staff, changes in market or raw materials costs etc. Environmental risks could include generation of new waste streams or emissions, increased energy use or demand from users.



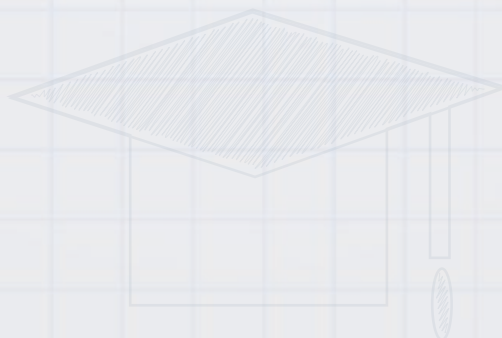
Q8: Skills & Project Consortium

The assessor wants to understand if the project partners have the skills, experience, resource and facilities to carry out the project AND exploit the results themselves.

Many projects fall down here on the route to market aspect and don't demonstrate that they have engaged likely customers or manufacturers.

The assessor wants evidence to give them confidence the project will proceed as described and will be likely to deliver the intended outcomes after the project has ended (projections in Q3).

One aspect here is why a sub-contractor or partner has been included – what value are they bringing, and is it core to the delivery of the project?





Q9: Finances

The assessor is judging value for money in this response, and they will scrutinise the compulsory finances form. Take time and care with this and ensure costs are in the right sections, e.g. don't put capital equipment in materials. Make sure the resource allocation in the project plan match the labour costs. Overheads need to be realistic – too low is as bad as too high.

Don't be vague with descriptions of costs.

The assessor will be asking the following key questions: is the budget right for the size and complexity of project described? Is it in line with the project plan? You should also make clear where the commitment for the balance of the project costs is coming from. Use the response to address this and explain the costs in the form, particularly if they are high.

The finances form (which is an excel workbook) should be distinct from the section you complete. Your response must not repeat what's in the excel workbook, but rather should provide a narrative and explanation of your reasoning behind the costs, e.g. how many person months do the staff costs represent.





Q10: Additionality

This question is simpler than it used to be. Essentially you are explaining why public money should be used on your project.

Ideally by now you will have described such a compelling and exciting project that you yourself will start to wonder why it even needs public help! So, you need to explain why you can't afford it, and then show why commercial finance isn't available.

The kind of answer that assessors are looking for here usually relates to risk: i.e. it is too risky for commercial investors; hence Innovate UK funds could help to get through this stage of development.

Other important factors include: reducing the time to market in order to get there ahead of competitors, to increase the amount of R&D taking place in the UK, or to facilitate a new R&D collaboration.





Appendices

Use these carefully. Assessors don't want pages and pages of back-up data or technical jargon. Appendices shouldn't simply be longer responses to the preceding questions, but rather be used to provide graphic summaries.

Note the limits for Appendices – assessors are instructed not to consider anything that goes beyond these.

The best appendices contain:

- Graphical data supporting the market description and return on investment assumptions in the early questions (Q1 & 2)
- A neat Gantt chart of the project timelines (Q5)
- Perhaps an organogram showing reporting lines (Q5)
- Any diagrams that explain the technical innovation so an assessor can more easily understand the concept (Q5 & 6)
- A full risk assessment table (Q7)
- Brief biographies of all partners (Q8)

Ten Top Tips for Funding Applications

1. Fit within scope

Make sure your project is within the remit for the competition – details can be found in the Briefing Document

2. Agree key points with partners

Get started on your outline project plan and Consortium Agreement as soon as possible – who will do what and who will own what when it comes to IP?

3. Be clear & concise

You don't have much space so make every word count and avoid overly technical language

4. Make a realistic plan

Remember if you get the funding you will have to do the work so don't write yourself into a corner

5. Be convincing

Why do you need the money? Ask yourself – would you invest?

6. Remember risk & innovation

Projects need sufficient quantities of both to be eligible for Innovate UK funding

7. Quantify & justify assertions

Provide numbers and evidence where possible to back up your claims



Ten Top Tips for Funding Applications

8. Check ALL deadlines

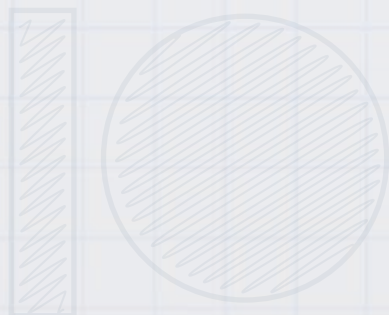
All Innovate UK deadlines are noon and you also need to register by the week before to be able to submit a proposal

9. Get advice & feedback from KTN

We are here to help and our service is free - we can provide independent and objective advice on your project.

10. Don't leave it too late to ask questions or submit!

Contact us early to get the most value from the support available.



KTN Overview



Chris Warkup
CEO

We are eliminating silos to make it easier to assemble multi-disciplinary teams so that we can do more, and do it well.

The "half-life of knowledge" is shortening, so we must connect business with research faster than ever before.



David Lockwood
Chair



16 Industry Communities



17 Cross-sector Groups



60,000+ Members



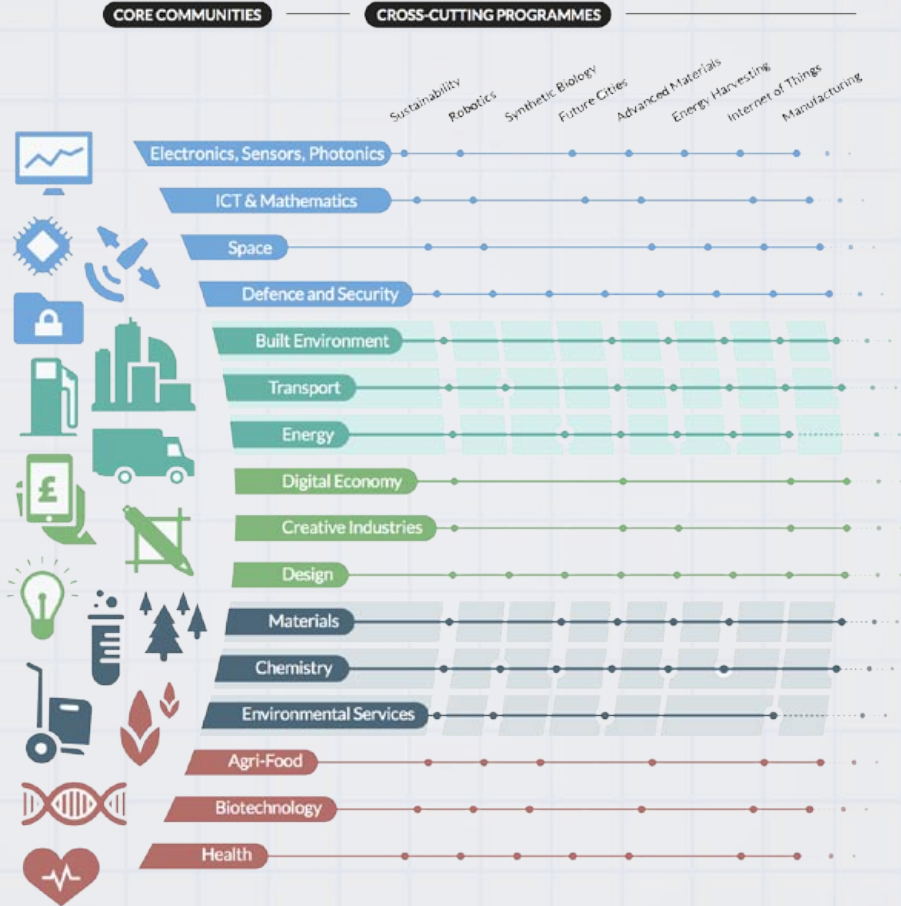
6,000+ Delegates/year





KTN Communities

The Knowledge Transfer Network





INNOVATE_UK FAMILY

- Catapults

Offshore Renewable Energy

Satellite Applications

KTP

Future Cities

ODI

Transport Systems

IC Tomorrow

Digital

Tech City UK

Cell Therapy

High Value Manufacturing

OTHER ACTORS

- Government
- International
- Other Organizations

Intellectual Property Office

Devolved Governments

UKTI

Govt. Departments

European Commission

European Technology Platforms

Other Research Organisations

Universities and Research Institutes

Trade Associations

The Investor Community

Research Councils

Professional Bodies and Learned Societies

KTN represents 16 industry communities and has >60k members. Additionally, there are cross cutting programmes such as Access to Funding & Finance, Sustainability, Design and International (with special focus on Horizon 2020).



Meet the Access to Funding & Finance Team

The Access to Funding & Finance (A2FF) team is responsible for developing KTN's strategies for assisting innovative companies through the application and raising of finance, be-it lending, grants, or equity-based.



Ian Tracey
(Head of A2FF)



Kezia Williamson
(Knowledge Transfer Manager)



Paul Meakin
(Knowledge Transfer Manager)



Marc Burke
(Knowledge Transfer Manager)



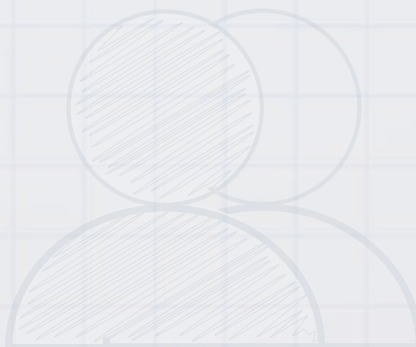
The A2FF team is also responsible for running the Venturefest network (venturefestnetwork.com), which brings local innovation communities together through events across the UK.



Dave Waller
(Venturefest Network Manager)



Paula Rogers-Brown
(Knowledge Transfer Manager)



Need more help?

KTN is the UK's innovation network.

We connect businesses, value chains, entrepreneurs, innovators and investors helping you to identify and develop the ideas, expertise and technologies, which have the potential to be world-beating products, processes and services.

We can help you apply for Innovate UK funding:

- Advice on fit to competition scope
- Finding collaboration partners
- Eligibility for awards
- Competition availability
- Objective feedback on draft applications

Contact us to find out more:

email: funding@ktn-uk.org

tel: 01403 850 500

Please also get in touch if you would like some printed copies of this booklet.



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