



RESEARCH REPORT

What determines the mobility of university spinouts?
An interview-based study of spinouts in the Midlands
October 2026



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Executive Summary

This report examines the location decisions of university spinouts linked to Midlands universities, drawing on 21 in-depth interviews with founders, CEOs, directors and other senior decision-makers. The study was commissioned in response to evidence suggesting that the Midlands experiences a higher rate of spinout out-migration than many other UK regions. The interviews provide important insights into why spinouts relocate, how location decisions are made, and what policy interventions might help the Midlands retain more of its knowledge-intensive businesses over the long term.

A central finding is that spinout mobility is driven primarily by business growth requirements and the personal location choices of key decision-makers, rather than by the strength of firms' relationships with their founding universities. Many spinouts maintained some form of connection to their university through intellectual property, academic founders or university shareholdings. However, the strength of these links generally declined as firms matured and, importantly, did not appear to influence location decisions. Companies with similar levels of university involvement often made different location choices. The evidence therefore suggests that retaining university ownership stakes or IP have little bearing on company location.

The interviews reveal diverse location pathways. Around half of the firms interviewed had never relocated outside their region, though some moved within the Midlands, while others relocated to the Golden Triangle, established additional UK sites, or expanded internationally. In many cases, moves occurred as businesses grew and required larger offices, laboratories, manufacturing facilities or specialised research infrastructure. Relocation was often linked to successful fundraising, allowing firms to move beyond university premises and into dedicated facilities. These findings suggest that spinout mobility should not necessarily be viewed as a sign of regional failure, but rather as part of the natural evolution of growing technology businesses.

Perhaps the strongest and most consistent finding from the interviews concerns the role of founders, CEOs and investors in shaping location decisions. In almost every case where a spinout relocated across regional boundaries, the move was tied to the location preferences of senior decision-makers. Firms followed founders who moved for family reasons, CEOs who preferred to be near their homes, or investors who believed businesses would have greater opportunities elsewhere. One interviewee summarised this reality by suggesting that "the business always picks a site to operate which is usually within a 30-mile radius of where the chief executive lives". These findings suggest that personal and professional networks often matter more than formal regional characteristics when location decisions are made.

While leadership location was frequently decisive, the research also identified circumstances in which regional assets and infrastructure influenced location decisions. The Golden Triangle was commonly perceived as offering advantages in specialised talent, research excellence, collaboration opportunities, investor access and sectoral clustering. However, interviewees rarely described these attractions as the sole reason for relocating. Instead, they tended to be additional benefits accompanying moves that were already being considered for other reasons. The evidence therefore challenges simplistic assumptions that firms leave solely because another region offers a superior innovation ecosystem.

One important exception relates to specialised research facilities. A notable finding was that one advanced materials spinout relocated from the Midlands to the Golden Triangle specifically because it could not identify suitable laboratory facilities locally. Another advanced materials company reported similar difficulties. Although these examples were relatively rare, they demonstrate that infrastructure gaps can become critical constraints for specific sectors. In the case highlighted by the report, the founder indicated that they would have preferred to remain in

the Midlands but felt compelled to move because appropriate facilities were unavailable. This suggests that targeted investments in specialist innovation infrastructure may be particularly important for retaining high-growth research-intensive firms.

Overall, interviewees were generally positive about the Midlands business environment. Many firms viewed the region's universities as important sources of technical talent and valued the quality of the research ecosystem. Companies frequently highlighted strong transport connectivity, describing the Midlands as centrally located and well connected to the rest of the UK. Most firms reported few difficulties accessing customers, collaborators or supply chains, particularly given the rise of remote working and digital communication. Several interviewees considered the Midlands research environment comparable with other UK regions and praised the collaborative culture associated with local universities and science parks.

Views on the funding environment were more mixed. Some businesses reported successful access to grants, angel finance and venture capital and regarded funding challenges as manageable. Others described investor interest as difficult to secure and highlighted concerns about dilution and the availability of venture capital. Importantly, many interviewees framed these challenges as national rather than specifically regional issues. Nonetheless, some firms perceived stronger investor networks and startup support within the Golden Triangle. These perceptions may influence location decisions.

The findings on recruitment were generally encouraging for the Midlands. Most firms reported good access to technical and scientific talent, supported by the region's universities. Recruitment challenges tended to reflect national shortages in specialist areas rather than local weaknesses. Firms in sectors such as AI and advanced software occasionally reported difficulties recruiting suitably experienced staff, but these issues were seen as UK-wide rather than Midlands-specific. While the Golden Triangle was recognised as offering a deeper talent pool and greater prestige, many companies reported successful recruitment from Midlands universities and did not regard talent shortages as a major reason for relocation.

Looking ahead, most interviewees were not actively considering relocation. Businesses that had remained in the Midlands generally intended to stay, while those that had already relocated did not expect to return. In both cases, decisions reflected the fact that firms' current locations were meeting their needs. Several companies were considering international expansion, particularly into North America, Europe and Asia, but this was typically motivated by market access rather than dissatisfaction with their UK location. Staff retention was another important consideration, with many firms reluctant to move because of the risk of losing skilled employees.

For policymakers, the key message is that the Midlands appears well placed to retain many of its spinouts, but retention depends on supporting firms as they grow rather than simply encouraging them to remain geographically close to their founding university. The interviews suggest that priorities should include access to specialised facilities, affordable laboratory and office space, support for scale-up finance, stronger commercialisation support and continued investment in talent development. While most location decisions are influenced by founders, investors and business growth trajectories, targeted interventions that reduce the costs and risks of scaling could increase the likelihood that innovative firms choose to remain and expand within the Midlands over the long term.

1. Introduction

University spinouts are knowledge-intensive companies, often cutting-edge, established to commercialise academic research and often supported by universities' technology transfer activities. It is believed that England's Midlands region (East Midlands and West Midlands) experiences a higher share of spinouts relocating out of the region,¹ which informed this research study commissioned by Midlands Innovation with the financial support from Forging Ahead and, subsequently, Research England's Connecting Capabilities Fund.

The purpose of this research is to explore and deepen understanding of location decisions of Midlands spinouts, particularly those leaving the Midlands region, and to identify potential areas of support that would help the region retain its spinouts. To this end, we conducted 21 in-depth qualitative interviews with key decision-makers in university spinout companies across multiple universities, locations and sectors.

2. Methodology

Research participants were recruited from a sample of 89 companies that had spun out of 11 Midlands universities and 28 companies that relocated to the Midlands from other regions. This initial list was compiled by Midlands Innovation and included local spinouts that established sites outside the Midlands. University technology transfer officers (TTOs) provided a first point of contact to reach spinouts' key decision-makers, and this was supplemented by direct email or LinkedIn outreach to firms. Company decision-makers included founders, directors and senior management, such as chief executive officers (CEOs). Each company was contacted up to three times with an invitation to participate.

Twenty-one interviews were conducted with spinouts from six universities, including West Midlands (11), East Midlands (5), East of England (2),² and multiple university spinouts from East of England, South East of England, and London universities (2). Additionally, a company that relocated to the Midlands and collaborated with multiple Midlands universities to commercialise their research was included after expressing interest in participating in the study to Midlands Innovation.

An interview guide was developed based on an earlier literature review.³ This comprised four main sections:

- Section A: Company background – to build an overview of the foundation of the business and founding university, the founding team and the current location and nature of the firms' operations (e.g. single versus multiple sites).
- Section B: Relocation decisions – to establish the timeline, pattern and primary motivations for relocation, which factors influenced relocation to/out of Midlands within the larger pattern of relocation decisions.
- Section C: Midlands' business landscape - this section focused on specific aspects of the local business environment, if not already covered. Because firms could have relocated at

¹ *A New Era of Commercialisation: University Innovation in the Midlands*, Midlands Innovation 2026

² A university in East of England was included due to its association with the Midlands Innovation. For the purpose of this research it is treated as the Midlands.

³ *Spinout Mobility: Why University Spinouts Move and How Regions Can Retain and Attract Them*, ERC 2026

different business stages, questions were adapted to reflect perceptions of opportunities elsewhere vs. actual experiences.

- Section D: Support and future – aimed to capture any future relocation plans and whether there are any specific policy supports which would limit relocation outside of the region

A semi-structured approach was used in the interviews, with interviewees guided to explore broad topics from their chosen perspective, such as their relationship with and history at their founding university, location decisions, and the business landscape. Interviews were analysed thematically. On average, interviews lasted about 30 minutes (excluding introductions and briefing on participant rights).

The following sections present anonymised interview findings. Information that could identify individual companies was aggregated or suppressed. Accordingly, we do not specify universities or locations. It should also be noted that responses reflect interviewees' personal views and events, as described to the best of their knowledge.

3. Business journeys and (re)location decisions

The interviews provided rich accounts of spinouts' business journeys and mobility decision-making across diverse sectors (see Table 1). The firms interviewed ranged from those founded in the mid-1990s to 2024, with an average age of 15 years, so some firms summarised their location decisions over long periods of time.

Table 1. Broad business sector and matching UK Industrial Strategy Sector of interviewed firms

ID	Sector	Industrial Strategy Sector ⁴
1	Biotechnology	Life Sciences
2	Advanced materials	Advanced Manufacturing
3	Biotechnology	Life Sciences
4	Artificial intelligence	Digital and Technologies
5	Advanced materials	Advanced Manufacturing
6	Aerospace and defence	Advanced Manufacturing / Defence
7	Research consultancy	Professional and Business Services
8	Biotechnology	Life Sciences
9	Artificial intelligence	Digital and Technologies
10	Software	Digital and Technologies
11	Advanced materials	Advanced Manufacturing
12	Biotechnology	Life Sciences
13	Software	Digital and Technologies
14	Aerospace and defence	Advanced Manufacturing / Defence
15	Software	Digital and Technologies
16	Deep health technology	Life Sciences
17	Environmental technology	Clean Energy Industries
18	Medical devices	Life Sciences
19	Biotechnology	Life Sciences
20	Biotechnology	Life Sciences

⁴ Industrial Strategy growth-driving sectors (the 'IS-8' sectors) as per the UK Government Industrial Strategy, 2026

ID	Sector	Industrial Strategy Sector ⁴
21	Advanced manufacturing	Advanced Manufacturing

3.1 Founding team and university links

In nearly all companies, founders were predominantly academics or students at their host university, such as lecturers, professors, post-doctoral researchers, or doctoral students working in the field of commercialised technology. In a few cases, experienced entrepreneurs were also involved through their professional connections to the academic founders. Founding teams typically comprised two to four people.

Universities maintained their connections to their spinouts primarily through academic founders, ownership (shares), and intellectual property (IP). Once spun out, it was common for students or post-doctoral researchers to become full-time employees of the new company. Meanwhile, university staff tended to remain in their academic positions, supporting spinouts as directors or advisors, or sometimes as part-time employees. Whether the original founding team remained involved in the spinout's day-to-day decision-making seemed to depend on the spinout's age. Founders were more likely to remain involved in younger firms (about 10 years or less). Some or all of the founders interviewed were more likely to have exited older companies, though they might have continued to hold minority shares.

Company ownership (shares) was another link that many interviewed spinouts maintained to their university, though the actual proportion of shares varied. In younger spinouts (5 years or less), university majority shareholding was more common, though one spinout diluted the university's share to minority within five years of raising investment. Over time, in many cases the university's shareholding was diluted to minority, while in four firms older than 15 years the original university no longer held any stake.

Similarly, for most firms (15 of the 21 interviewed), the university owned the IP and often licensed it to the spinout. In older companies, the university mostly no longer held any IP, having been bought out or transferred. Interestingly, one younger spinout mentioned that they intentionally decided not to buy out the IP because, if IP challenges arose, the university was better positioned financially and legally to defend it.

Links of varying strength to the university did not appear to be related to spinout location decisions, as businesses with similar levels of IP ownership, shareholding and academic founding team displayed different types of mobility decisions. One exception was a company for which a reasonable distance to their university was important in their decisions to relocate within the region because they ran a joint technology programme.

3.2 Types of location decisions

"If you want to be a script writer, move to Hollywood" – a spinout referencing their decision to relocate to the Golden Triangle.

Interviewees provided detailed accounts of their businesses' evolution and related location decisions. About half of the interviewed spinouts (10) never relocated from their region. This included a small number of Midlands University spinouts founded outside the Midlands (3). These spinouts were founded in the Golden Triangle from the outset (London, Oxford or Cambridge areas). This initial location was explained by a more tenuous connection to the Midlands University, mainly in two cases of multi-university spinouts. For example, a spinout from the Golden Triangle and Midlands universities collaborated with a Midlands academic on specific technological aspects, which were phased out after about a decade's work. In another example, a Midlands university spinout underwent several rounds of R&D and showed weaker-than-expected commercial potential for the technology. Two companies were then founded to continue developing

the original technology – including the interviewed company – carrying on the spinout's name even though the university founders, university ownership or IP were no longer involved. Several older interviewed companies similarly recounted how the original technology evolved, typically weakening the university connection in the process. This shows that the technology itself can implicitly sustain the connection between the spinout and its university.

Two Midlands spinouts also provided interesting context for their first location decisions. They registered an official company address (i.e., registered office in the UK Companies House data) in the Golden Triangle cities from the outset, despite the business being Midlands-based. Spinouts said the reason was convenience, “of getting mail sent to [the registered office]”, as one of the founders in each spinout lived in the Golden Triangle. A third spinout had office spaces in both the Golden Triangle and the Midlands from the start, due to market concentration and because one of the founders lived there.

Regarding relocation decisions, six interviewed spinouts moved out of their region. One was based in the Midlands and launched in the USA, eventually closing its UK operations. Four other spinouts relocated from the Midlands into the Golden Triangle. In one case, this move followed several relocations within the Midlands. One spinout later relocated back into the Midlands – its case study is presented in Box 1.

Furthermore, three Midlands spinouts established additional sites outside their regions – in the USA, Asia and another devolved nation in the UK. While not quite a business relocation, another spinout stationed an employee at an EU research site to work with highly specialised scientific equipment that was too costly to acquire.

Spinouts that did not relocate out of the region nevertheless moved within it. For example, spinouts typically moved from university premises (e.g., departments or laboratories) to innovation hubs (science parks, incubators, accelerators) or to private premises (including industrial parks). Some spinouts reported expanding and establishing additional sites within the same region, for example, for manufacturing. One software company emphasised that, although its offices were based on its university campus, its work was essentially remote following the COVID-19 pandemic.

Box 1. A case study of multiple relocations within the Midlands, outside and back over 20 years

This biotechnology spinout started with the interviewed founder, originally from the Midlands, working at a West Midlands University as a postdoctoral researcher in mid-2000s. After spinning out, the company moved to laboratory spaces within a short driving distance of their university rather than the university's science park based “purely on cost”. The next relocation was facilitated by a major investor who worked in a laboratory elsewhere in the region. The investor lived in the Golden Triangle, and they eventually moved to another innovation hub located in the Golden Triangle, thus relocating the spinout. The investor “strongly believed that companies could only get decent investment in [Golden Triangle city]”.

By that point the company operated as a virtual biotechnology business (i.e., outsourcing laboratory services), which was considered a “natural progression” when only one technological asset was developed for cost-effectiveness reasons. With virtual work, accessing physical laboratory facilities was unnecessary and the geographic location became less salient. Meanwhile, the founder started a new company via a joint venture with another business in the Golden Triangle to preserve original research interests and split from the original spinout.

During the COVID-19 pandemic the founder moved the company back to West Midlands where they lived as commuting was not possible. Other employees left the Golden Triangle location, so “there was no reason after COVID to move back to [Golden Triangle

city]”. After this, the founder relocated the company’s R&D activities to a city in East Midlands due to “sensibly priced lab facilities” aiming to reestablish as a laboratory services business. They regarded the location as having good ecosystem and infrastructure for biotechnology work in terms of physical space, collaborations, customers and talent acquisition. Other location options within the city were considered but “not massively seriously” because the founder wished to co-locate with companies they were collaborating with. Overall, the founder is satisfied with their choice of relocating back to the Midlands which they think meets diverse business needs.

3. 3 Business stage at relocation

Most commonly, relocation was driven by expected business growth, resulting in greater physical space requirements (offices, R&D, laboratory or manufacturing facilities). This was contingent on financial resources and was often preceded by raising funds - venture capital (VC), angel investment, large grants – especially for spinouts leaving their university campus. However, the interviews showed that spinout companies could relocate at any point. To illustrate, one firm moved out of South East of England (after moving from the Midlands) into the Golden Triangle when the company was “in distress” and new leadership made decisions to ensure business survival by reducing staff and finding more suitable R&D spaces.

3. 4 Reasons to relocate

“The business always picks a site to operate which is usually within a 30-mile radius of where the chief executive lives” – a spinout with several sites in the Midlands and another region.

Unsurprisingly, interviewees showed a high degree of consensus that the company’s senior leaders were the key people who made (re)location decisions. This predominantly included founders and top management (e.g., CEOs or managing directors, when different from the founder). The board of directors or investors (if any) also contributed to location decision-making.

A commonly cited reason for relocating out of the Midlands was tied to decision-makers’ location rather than a deliberate choice to move the spinout to another region. In one case, a founder relocated to the Golden Triangle for family reasons, and their spinout followed. In another case, one founder already lived in a Golden Triangle city, while another academic founder moved there from the Midlands for a university position, so the decision to relocate was made as the “lease [at the original university campus] was expiring”. Likewise, a CEO lived in South East England and relocated the spinout from the Midlands to be closer to them. Yet another spinout moved into the Golden Triangle based on the decision of the major investor, who was originally from the Golden Triangle city.

The influence of key decision-makers’ location is not limited to the decision to relocate out of the region entirely. A spinout based in the Midlands opened a site in another devolved nation because a key decision-maker (in a technical role at the time, now MD) was originally from that nation and “always wanted to go back”. Likewise, a few spinouts registered their official office outside the Midlands to match founders’ location, despite conducting substantial business activity in the Midlands.

In contrast, one spinout decided to move out of the Midlands into an innovation hub in the Golden Triangle after finding no suitable laboratory premises in their region, as summarised in the case study (Box 2). Similarly, another spinout’s CEO, despite living in the Midlands, relocated the business from South East England to the Golden Triangle due to considerations of suitable laboratory spaces and the business ecosystem.

Opening a site or subsidiary in another country, that is, expanding internationally, was, understandably, a more purposeful move. A few spinouts that relocated abroad (including partially) were driven by market opportunities as well as product-related regulatory procedures, for instance, to speed up access to the market under a less onerous compliance regime. Relocating to the USA particularly was noted for its large market and favourable VC investment landscape.

Meanwhile, mobility within the region was usually driven by business growth, particularly the need to move off the university campus, for instance, to larger premises, to fit R&D spaces, or to acquire manufacturing facilities. External factors could also play a role: one spinout mentioned having to move due to rising rental costs, while another located in the science park once their university moved related scientific and R&D capabilities there from the campus.

Box 2. A case study of a spinout that left the Midlands due to infrastructure limitations

The founder of this young spinout moved from the North West region to work with several academics at a West Midlands university to commercialise advanced materials technology. After about a year on the university campus, during which the university helped them discover industrial applications for the technology, the firm closed a seed investment round. It then relocated into a science park of a major university in the Golden Triangle to set up its own laboratory spaces and start recruiting. Prior to relocating, the spinout explored options within their region and realised that while their West Midlands city was “fantastic for medtech spin outs”, they struggled to find suitable spaces for advanced materials research. For instance, some science parks were only available to medical technology startups, while others offered “old and dated” spaces and equipment.

This led the founders to explore locations outside of the Midlands including the Golden Triangle and the North West. The Golden Triangle was attractive due to the cluster of advanced materials firms and research and top-quality talent: “there's a reason that they call it the Golden Triangle”, as the interviewee put it. The spinout's primary choice was a different innovation hub in the Golden Triangle because of founders' collaboration experience while still in West Midlands, however, they struggled to get a space and settled at another local innovation hub.

Currently the company's technology is in the prototype stage. The spinout plans to expand into full-scale manufacturing potentially anywhere in the UK after raising series A investment. The company maintains connections with their original university: “It was never that we didn't want to be in [West Midlands city]”, the founder recounts, “We actually quite liked being there. It's just that we couldn't find the right facilities.”

3. 5 Alternative Locations

Spinouts, whether moving out of the region or relocating internally within it, typically considered one location at a time. When alternatives were considered, they were usually geographically close. For instance, one spinout considered a different space in the same Golden Triangle area. A few interviewees noted that the proximity of alternatives was driven by the need to accommodate staff travelling to work. According to one interviewee, moving out of the region to the North West was a good option for suitable R&D space that could not be found in their city, but “no one wanted to move” there (this spinout consequently moved to a nearby city in the Midlands region). Similarly, a spinout that relocated out of the Midlands into the Golden Triangle did not consider moving back because the Midlands was too far for the staff.

4. Business landscape in the Midlands

The interviewees provided valuable insights into the business landscape in the Midlands and, where relevant, how it compared with other regions. Overall, firms had a positive opinion of the Midlands business landscape and issues raised were more likely to apply at a national rather than a regional level. These findings predominantly come from companies that were based in the

Midlands at some point. The few spinouts that were founded in the Golden Triangle and never moved to the Midlands perceived the Midlands as cheaper but disconnected from sectoral clusters useful for R&D, collaboration, talent acquisition or potential clients. Naturally, only firms that conducted certain activities, such as hiring, could comment on them.

4.1 Early-stage funding

“We could have been based in Timbuktu, I believe, and we would still raise the money” – a spinout in reference to the irrelevance of the physical location.

Midlands-based spinouts were divided in their assessment of the funding landscape in the Midlands. Some that received early-stage funding - from angel investors, VC, grants, or a combination - did not consider the landscape challenging and perceived themselves to be “reasonably successful”. One spinout recalled reaching VC investors through events that their university suggested they attend. In an atypical case, one spinout secured winning contracts and clients relatively quickly, so did not need external funding.

Those companies that considered the start-up funding landscape challenging generally thought the UK landscape was challenging rather than the Midlands specifically, especially for accessing venture capital (“very difficult” or “impossible”). This was because the spinouts assumed they needed to approach investors, not the other way around. In contrast, the company that moved into the Midlands commented that VC or angel investors typically do not consider the Midlands. Difficulties in generating investor interest and unfavourable terms for equity investment (e.g., high dilution relative to low investment) were also mentioned.

A few interviewees also shared their views on startup funding support. One early-stage startup was glad to receive substantial support from their university, which praised them for strong entrepreneurial networks. In contrast, another company facing funding challenges noted that, once spun out, the “university washes its hands of you” despite the shareholding. Additionally, a company that relocated to the Golden Triangle considered the latter to offer better support for startups than the Midlands.

4.2 Recruitment

“Finding talent as is sometimes a challenge - or talent at the right price, I guess, would be the way of putting it.” – a spinout referring to software developers.

As with funding, interviewed companies largely did not consider the Midlands to have recruitment issues. Those firms that recruited overall noted that technical and R&D roles were reasonably well supplied, as the region’s reputable universities provided access to talent. This sentiment ranged from “fine” to “fantastic” to “better than expected”. One interviewee whose spinout relocated to the Golden Triangle noted that, at the time, the latter had a larger talent pool for their research consultancy, but since then the Midlands’ universities have also improved. In fact, another firm that relocated to the Golden Triangle recruited staff from their original Midlands University. While the graduate talent pool was good, two firms noted that their closest Midlands University did not facilitate access to it effectively.

A few companies that noted challenges in recruiting for technical roles focused on the UK talent pool rather than the regions, for example, because of difficulty recruiting to match their “niche” technical requirements, leading them to recruit internationally instead. Some spinouts mentioned issues recruiting software developers (or recruiting them at a competitive salary), though this was mainly perceived to be the market’s issue. One firm mentioned that AI jobs were hard to fill with the right talent because the evolution of AI outpaced university education.

Firms reported no issues with recruiting for other business roles such as marketing, accounting, legal, IT, HR, sales or administration. Some spinouts also outsourced certain functions to external Midlands-based firms with no reported issues.

Comparatively, the Golden Triangle is seen as a deep pool of talent for technical roles, albeit more expensive. One company noted that this area also has a reputational halo, as many graduates want to work and live in the Golden Triangle.

4.3 Growth and scaling

Interviewees offered diverse perspectives on opportunities to scale in the Midlands. Some businesses reported no difficulty accessing suitable facilities and growing their customer base in the Midlands, including firms with experience of operating outside the region. For instance, one biotechnology spinout used a local company “on the doorstep” to manufacture at small scale. Other spinouts highlighted the limited market size, though they viewed this as a UK issue addressable through international expansion. For instance, a few companies considered expanding abroad due to the concentration of target customers. Software spinouts noted that geography did not matter for their product. This sentiment was echoed by a biotechnology company, which explained that it outsourced some R&D activities virtually. Regulatory approval was a salient prerequisite to scaling for certain sectors (e.g., medical technologies), though, again, this was not within the region’s control. Similarly, a company that relocated entirely to the USA cited a higher administrative burden of running a business in the UK.

Costs of labour and large-scale manufacturing in the UK, both overall and across regions, were also noted. The Midlands compared unfavourably with some international markets and UK regions (e.g., Northern Ireland) but favourably with the Golden Triangle. Two spinouts, one of which moved out of the region, commented on the lack of suitable laboratory space for their advanced materials research (see Section 4.5, “Infrastructure” below).

4.4 Business ecosystem

Businesses provided various insights into the Midlands’ business ecosystem, for example, in supply chain, partnerships, or research institutions. Some spinouts viewed the university ecosystem (incl. in science parks) positively, as providing strong sectoral support, or “just as good” as that of other regions. Interviewed businesses were generally complimentary of the Midlands research ecosystem for collaboration with other firms or universities. The prevalence of remote working also made it easier to develop connections with the rest of the UK or internationally. Plus, some sectors, like biotechnology, were reportedly “highly networked”, making it easier to connect. A few spinouts specifically mentioned that their academic founders or the university itself benefited from good connections and reputation.

In contrast, some spinouts highlighted drawbacks of the ecosystem, though the extent to which it was considered problematic ranged from not at all to substantially. For example, two firms reported that sectoral clusters in the Midlands’ science parks lacked specialised service companies: one firm had to send bio-samples for testing and analysis within and outside the region, while another company sourced manufacturing from outside. One interviewee felt strongly about the lack of support from their university, for instance, in the form of reasonable rents, collaboration opportunities and users for R&D.

In contrast, spinouts that moved to the Golden Triangle highlighted that clusters offered better opportunities for networking and collaboration with other firms, clients and investors. However, these firms did not consider their prior connections to the research ecosystem in the Golden Triangle as important to their decision to relocate.

Spinouts typically did not report any issues with accessing customers in the Midlands, as many firms that traded tended to have clients within the UK and often abroad. As mentioned earlier,

some firms highlighted that access to customers (and any other ecosystem actors) could be achieved remotely, making physical geography irrelevant.

4.5 Infrastructure

“You can go anywhere in the UK from [major Midlands city] in two hours”.

For most Midlands-based firms, the region met their business infrastructure needs, both digital and physical. Spinouts were satisfied with the digital infrastructure, such as broadband. Good transport infrastructure and a central location for reaching other parts of the UK were highlighted several times.

While most spinouts did not report sector-specific issues, two advanced materials spinouts noted that there were no suitable, up-to-date laboratory spaces for them in the Midlands. This led one spinout to leave the region for the Golden Triangle, while another had to move out of their university city and was still seeking more suitable facilities.

Spinouts that relocated to the Golden Triangle noted better conditions for start-ups, for example, a shorter period to terminate the lease and cheaper or heavily subsidised initial rent than in the Midlands. This was echoed by another Midlands-based spinout, which found it hard to identify cost-effective premises for a start-up in the Midlands city. So, in practice, while perceived as cheaper, the Midlands might not always offer a cost advantage to early-stage businesses.

4.6 Competition

Interestingly, the competitive landscape was not a factor in the location decisions of the businesses interviewed. Most interviewees reported having no direct competitors locally in the Midlands, and some cited no direct competitors at all, typically owing to the innovative nature of their technologies. Others tracked the progress of more geographically distant competitors (e.g., in the Golden Triangle or abroad) to varying degrees, from “somewhat” to “extensively”, but their location was not considered relevant.

5. Support requirements

Interviewees were asked to reflect on the support that would or would have helped them stay in the Midlands over the long term. A few firms believed they would have moved regardless, given key decision-makers’ ties to the location. Others often emphasised financial aspects: support for scaling and for renting premises (offices, laboratories and equipment), help to maintain cashflow (“anything to lower costs”) and access to (non-diluted) funding. This did not need to be direct financial support, as a few spinouts mentioned investment and grant-writing support to access funding, or favourable leasing conditions and competitive pricing of R&D spaces to alleviate financial constraints.

Other support needs varied and included better-managed support for graduate talent via universities or internationally, proactive support from science parks, or collaboration with potential local council partners on using the technology.

6. Future outlook

Most of the companies interviewed did not seriously consider relocating in the foreseeable future. This included firms that had left the Midlands and did not consider returning. For a few spinouts, this was a decision out of necessity (e.g., to avoid increased rent or to retain access to the

university's scientific equipment), but largely it was because the business needs were being met in their current location. Several firms explored international expansion into the EU, Asia or North America to access larger markets, but this was in the early stages.

Staff and decision-makers' location was cited several times to justify the decision not to relocate in the near future. For example, two spinouts explained that they did not consider moving to avoid losing core staff. A few firms considered relocating to larger premises if they raised funding and could grow their business, albeit regionally, because of staff location. Meanwhile, one interviewee said they frequently considered moving but were constrained by staff location.

7. Key findings

7.1 Understanding spinout mobility

This paper summarised findings from 21 qualitative interviews with Midlands university spinouts about their location decisions. Companies described a range of location decisions, including founding outside the Midlands region, relocating within the region, leaving for the Golden Triangle, or establishing new sites elsewhere. Many spinouts retained some connection to their university in terms of ownership and IP, though this connection typically decreased over time. The academic founding team provided another link, though senior university staff (e.g., professors) were less likely to choose full-time work at the spinout over their university positions, and thus their influence also decreased over time. University connections did not appear to feature in relocation decisions, as spinouts with similar levels of connection reported different location decisions.

For spinouts with multiple university affiliations, the first decision to locate outside the Midlands appeared to reflect a tenuous connection to a Midlands University. However, some firms presented a more complex picture, in which a registered office might be chosen for the convenience of one of the founders even though the work essentially takes place elsewhere; or multiple offices might be established from the outset, guided by market demand. Overall, the decision to relocate (including partially) was tied to business scaling, which necessitated access to more or better physical space and depended on the availability of funding to support scaling. For instance, many spinouts relocated out of the university premises or science parks after raising investment. Meanwhile, tapping into greater market demand or regulatory compliance rationalised international expansion.

We also found that key decision-makers' (e.g., founders, investors, top management) connection to the location was often pivotal to relocating across regional borders. For example, all but one case of relocating outside the Midlands (including partially) was informed by the decision-maker's location. This was also the case for the spin-out that relocated back into the Midlands. This decision nevertheless coexisted with the location's (perceived) suitability for spin-out needs. To illustrate, a Midlands-based spin-out that expanded into the devolved nation because its senior person wished to go back home noted that the area also had a good business ecosystem. Likewise, relocations to the Golden Triangle were contextualised by strong cluster opportunities for R&D, talent acquisition and collaboration.

Importantly, one spinout relocated to the Golden Triangle because the Midlands did not meet its infrastructural needs for advanced materials facilities (a view echoed by another spinout that relocated within the region for the same reason). This case was a rare instance in which the decision was related to the business sector, as for most interviewees location determinants were sector-agnostic or of secondary importance.

The fact that most interviewed spinouts did not consider multiple alternative locations across the UK when relocating suggests that relocation considerations are geographically focused. This could be explained by the need to accommodate staff's travel-to-work distances. Beyond discussing international expansion, most companies had no near-term plans to relocate. This suggests that retaining spinouts could be central to their long-term plan to remain in the region. Plus, remote working presents an opportunity for the region because it reduces the importance of physical

location for some industries, as well as for customer acquisition, the supply chain and collaborative relationships.

The Midlands has the means to retain its spinouts, as Midlands-based firms were typically satisfied with the region's business ecosystem and infrastructure, including good transport links and a university ecosystem that provided a steady supply of technical talent. Assessments of the funding landscape were mixed, though this was often framed as a UK-wide issue. Some businesses were very complimentary of the support they received from their universities, while others were less so. Furthermore, while the Midlands benefits from a perception that it is cheaper than the Golden Triangle, some spinouts faced higher rents and poor value for money in regional science parks or innovation hubs. Spinouts focused on financial support to help them stay in the region over the long term.

7.2 Insights from the research process

The research process enabled us to identify several insights relevant to research on university spinouts. First, the spinout contact list included firms that were dissolved or in the process of dissolution, as reported by TTOs or identified through desk research. This is expected in business research. Furthermore, some decision-makers responded to research requests by stating that their company was not a university spinout or had never been based in the Midlands. Regarding spinout status, such responses conflicted with the UK Higher Education Statistics Agency (HESA) spinout register, though some companies on the contact list were also not on the register (especially those reportedly relocating to the Midlands). However, one interviewee's company was not on the HESA register despite clearly being a spinout. This suggests the difficulty of identifying "spinouts" and the need to continue developing related data sources.

As some interviews suggested, original decision-makers might have left (especially in older companies), the company and technology might have evolved in ways that distanced them from the original research, or the firm may have been founded outside the region. This might explain why some contacts said their business was never based in the Midlands. This is an important finding, suggesting that spinout journeys can be more complex, leading some firms not to recognise prior links to the original host university.

Additionally, the study originally aimed primarily to interview firms that relocated out of the Midlands. However, interviews revealed that many spinouts relocated within the region rather than outside it. To better identify firms that left the Midlands, we matched their location information to UK Companies House data: some firms were found to have registered addresses only within the Midlands or only outside it. As a few interviewees explained, this information might not accurately reflect spinouts' location journey, as a registered address can sometimes be a formality. This underscores the difficulty of accurately identifying spinout location decisions based on business data and a need for further interrogation.

It was also challenging to recruit spinouts that relocated to the Midlands, as no firms approached responded to multiple contact attempts. Understandably, there was no Midlands University TTO contact for these firms. Therefore, it is unclear whether non-response was due to a lack of a personal connection to the spinout, a lack of buy-in to participate in this research, or challenges in accurately identifying the relocation.

Lastly, some of the firms interviewed were relatively old. This made it harder to reach the original decision-makers who knew about early relocation decisions, as they might have left the company. Some interviewees were senior decision-makers who joined after all or some relocations. For instance, one spinout relocated in the Midlands several times before moving to South East England under the previous CEO, while the interviewed CEO relocated to the Golden Triangle and could not provide extensive detail on the early decisions to leave the Midlands. Also, due to years of operations, some interviewees found it challenging to accurately recall decisions made a long time ago. Plus, the region's business landscape evolved over time, so considerations relevant at the time might have become obsolete. This suggests that it may be prudent to limit spinout mobility research to younger companies (e.g., less than 5 or 10 years) or to use the case study approach to interview multiple decision-makers from the same spinout.

8. References

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