

As we enter a new era for enterprise development...the time is right for a business support revolution



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With more Government resources being promised to support enterprise development at a local level across the UK, it is an exciting time for the Local Enterprise Partnership (LEP) network and other local representatives. It presents a golden opportunity to truly drive growth, productivity, create start-ups, galvanise local economies and create jobs.

History shows that many of the strategies previously applied to stimulating enterprise in the past have not worked effectively. Consequently it is fair to conclude that despite the numerous well-intentioned programmes and initiatives created, piecemeal approaches to enterprise development have in the final analysis effectively 'failed'.

The dawn of this new era represents a real chance for a fresh, joined up approach. The easy option would be to simply carry on as before, creating a similar, albeit reduced, infrastructure doing pretty much the same things. This would be a mistake, bringing to mind Albert Einstein's famous and oft repeated definition of insanity, described as 'doing the same thing over and over again and expecting different results'.

We believe that it's time for a business support revolution!



The top 10 recurring issues facing enterprise support organisations...

Winning Moves has helped over 30,000 businesses to start and grow. We believe that our experience has taught us a thing or two about the challenges facing organisations charged with providing enterprise support. Whilst not intended to be an exhaustive list, we have identified 10 recurring issues we have encountered when working with new and existing business.

01 **Businesses don't invest in their growth or development**

Many owner managers' personal capacity is a major constraint to growth. They are fundamentally involved in the day-to-day delivery of their product and service and not focusing time to the development of their business.

02 **Businesses don't know what they don't know**

People with a particular skill or idea start the majority of businesses. They are often experts in their field but not necessarily knowledgeable in running and growing a business. For this reason they are very aware of their broad area of 'need' (e.g. lack of sales) and what they 'want' (e.g. more demand for their product and services), but they often don't understand the 'root causes' (e.g. poor product design or ineffective marketing) and 'how' they can overcome their constraints.

03 **Existing sources of support are biased**

The majority of support solutions are not impartial, they have a vested interest in recruiting business. Consequently they tend to sell their solution as being the answer. Therefore when a business presents a need to generate more sales, it is little surprise when a marketing consultant identifies the solution as marketing, or the

web developer identifies the solution as a new website, the product designer as product development, the accountant as financial restructuring etc.

04 **Business support options are cluttered, confused and uncoordinated**

There is currently no mechanism to organise business support, to remove confusion and duplication. In addition there is a lack of an impartial mechanism to help businesses identify the 'root cause' of their problems and connect them to the most appropriate form of support and advice.

05 **There aren't enough businesses**

In recent years, considerable focus has been placed on 'high growth' businesses and 'knowledge based' sectors. The reality is that high growth businesses are rare, almost impossible to spot, and contrary to popular thinking, they are NOT alone responsible for the majority of new jobs. Equally, knowledge-based businesses – and Winning Moves is one – cannot create jobs on the scale needed. The simple reality is that volume of businesses is more important than the type of business. So for the UK, the fundamental issue is that increasing both the business birth and survival rates are critical to economic growth.

06 The density of high growth businesses is low

It's estimated that 6% of the business population are high growth and many new jobs are generated from this group. A higher birth rate therefore would impact on the number of high growth businesses by virtue of an increase in the total population of enterprises. Moreover, if an increase in the number of high growth businesses as a percentage of the business population was achieved, to say 10% for example, this would act as a real kick-start to the UK economy.

07 Access to Finance

The vast majority of Government initiatives are targeted at lowering the cost of borrowing rather than easing access to finance. Banks are increasingly focused on product push (e.g. factoring deals) and businesses expectations are often mistaken. For instance, many businesses expect banks to share financial risks with them (isn't that why they charge a margin), when banks in reality don't consider themselves to be in the 'risk' business. This creates unmet expectations on both sides. In addition businesses are largely unaware of the range of options available (especially new options such as Crowd Funding for instance) and which ones are most appropriate to them.

08 UK output is too low

The most up to date First Estimates of International Comparisons of Productivity for 2011, produced by the Office for National Statistics, present some striking information on where the UK stands in comparison with other nations. Examples include Output per hour in the UK being some 15% below the average for the rest of the G7 industrialised nations, the widest productivity gap since 1995. On an output per worker basis, UK productivity was 20% lower than the rest of the G7. Also, over this same period, UK output per worker has fallen by a cumulative 3%. This is the weakest of all G7 economies apart from Italy.

09 Resources dedicated to innovation have been reduced

Innovative businesses grow twice as fast in terms of both employment and sales. Innovation is critical to job creation, with numerous studies having shown that innovativeness is the only clear common characteristic of high growth businesses. The last 10 years has seen a reduction in the resources dedicated to this, which has coincided with a general drop in business's capacity to innovate.

10 Businesses are waiting for the good times to return

The majority of businesses have a survivalist mentality – they are focused on getting through the next 6 months in the hope that the good times will come back. The harsh reality is that the world has changed and we are now in a long-term period of sustained low growth. It is only through growing the population of innovative businesses who accept and adapt to the new environment that prosperity, economic growth and wealth creation can be achieved.

"Innovative businesses grow twice as fast in terms of both employment and sales."

innovate
& GROW

Potential solutions to **drive growth**

The diagram below illustrates the top-level inputs to a healthy business and enterprise base. Whilst not purporting to offer all the answers, the points below present some ideas on how the conditions for a healthy business and enterprise base can be achieved through tackling the restrictive factors outlined.

Coordinate and align the supply of business support

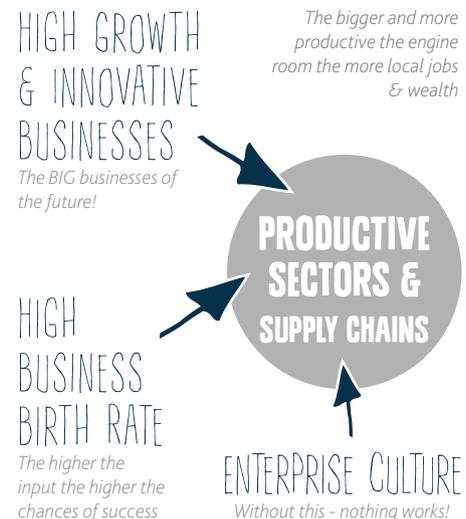
LEPs have the opportunity to co-ordinate and align providers of business support, ensuring that all parties play to their strengths. Adopting the principle of there being 'no wrong door' would help ensure that regardless of the entry point, businesses would always be provided with access to the most appropriate support.

Properly diagnose real need

Taking a simple analogy, if all you have to sell are apples, why bother trying to establish if a business wants or needs strawberries, or any other type of fruit? Just offer them the apples and save yourself (and them) any hassle. The role of honest broker that doesn't predetermine the need of the business or would be entrepreneur, and wants to truly understand what will help them, is an underrated but crucial role. In our view, a **real need** is one driven by vision and goals, focused on the future, reflects the business' real performance relative to its peers, is the result of objective and impartial diagnosis, and crucially is measurably supported by data. This dramatically improves the chances of translating the need into suitable support provision.

Provide an impartial 'one stop shop' that understands companies' needs

An effective support help line can go a long way to validating a businesses '**needs**' and '**wants**', even going some way to identifying the '**root cause**' and '**how**' it will be overcome. The correct approach, positioned alongside effective online resources, can provide a powerful and cost effective service for local SMEs.



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Raise the quality of support and advice

The quality of previous generations of business support was decidedly inconsistent and left many businesses underwhelmed. There is a real opportunity to enhance local business support capacity and raise the quality of assistance, using technology and quality management to put the 'choice' of provider in the hands of the business (rather than getting what your given).

Increase the business birth rate

Start-up support is currently largely focused on social outputs such as a reduction in benefit claimants (through self-employment). Although this approach generates a small number of high flyers, the vast majority of start-ups are driven by an aspiration to make a living, with few breaking through the VAT threshold. There is currently a lack of an adequate business birth rate strategy and support to those who wish to start a business – this is potentially a missed opportunity considering the amounts of skilled professionals and accidental entrepreneurs being made redundant from both the public and private sectors (current support isn't at the right level for this group).

Developing the skills and human capital needed to drive productivity and innovation

The productivity of many sectors and supply-chains is being restricted through a lack of skills. In addition, OEM's are not attracting the best people, leaving the supply base increasingly stretched. Many businesses we work with have skills issues in 2 areas:

- 1 Vocational: accessing people with the **skills** and **attitude** needed to perform business tasks and functions (this is a cross cutting issue covering many job roles, including administration, engineering, machine operators, designers, etc.).
- 2 Leadership & management: businesses need to develop the leadership capabilities and have a management team that is capable of growing the business to the next level.

There are opportunities for LEPs to work strategically and tactically with Sector Skills Councils/Academies, local providers (incl. FE/HE) and initiatives such as Growth Accelerator (including Leadership & Management funding) to fulfill employers' skills needs.

Create a more entrepreneurial and innovative cultures

Without an entrepreneurial and innovative culture then nothing changes, people don't take risk, they don't develop new ideas, they don't start and grow businesses, and they don't aspire to get the very best from themselves and life. Culture change doesn't occur in isolation, it cuts across all segments of society and requires an effort to catalyse change in individuals at all levels, i.e. this isn't just about running enterprise days for young people. In addition it's not confined to those leading or starting businesses, we need innovative employees, innovative social enterprises, innovative civil servants, innovative teachers – its about challenging the status quo and supporting people to make positive progress in whichever direction they choose to take.

Support productivity improvement in key sectors and supply chains

There are key sectors and supply-chains in all areas of the UK that are important to the local economy. It is essential that these become more productive and that more local business participate in them. This requires focused support to raise the overall performance of supply-chains and to develop the density of innovative knowledge-based businesses within relevant sectors.

"There is a real opportunity to create local business support capacity and raise the quality of assistance."

How Winning Moves can help...

- **Strategy development**
We can help you create the right programmes to achieve your policy aim and goals
- **Benchmarkindex®**
A World-leading tool to help improve GVA
- **Winning.co.uk**
Providing online support to businesses 24-7
- **Helpline**
Providing a professional and courteous resource to give people a leg up
- **Leadership and Management development**
Part funded ILM accredited Leadership and Management programmes
- **Powerful support tools**
Broad suite of powerful adviser facilitated and self-service business tools used in over 30 countries and by 250,000 people worldwide
- **Knowledge**
We have directly supported over 30,000 businesses to start and grow
- **Advisers**
Trained, supported and quality monitored over 5,000 business advisers
- **Data**
Our performance database containing over 100,000 businesses provides intelligence about local businesses to inform policy and strategy creation

Work with us...

YOU'LL BE IN GOOD COMPANY



For further information on how we can make a measurable difference to you

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