

business support

SHOULD IT BE SIMPLER, CHEAPER...OR JUST BETTER?



ST JOHN'S INNOVATION CENTRE, CAMBRIDGE



NETWORKING AT THE MARTIN & AUDREY WOOD
ENTERPRISE AWARDS



MILTON PARK INNOVATION CENTRE, OXFORDSHIRE

BUSINESS SUPPORT SHOULD IT BE SIMPLER, CHEAPER... OR JUST BETTER?

FOREWORD

Publicly-funded business support in the United Kingdom has grown to be a big business over the past 20 years, but have we lost sight of its purpose? In this Viewpoint, Walter Herriot and David Kingham, who between them have over 50 years experience of providing support to over 10,000 innovative start-up businesses, share their thoughts on the future direction for business support.

Walter Herriot is a special advisor to SQW Group and was formerly Managing Director of St John's Innovation Centre, Cambridge and a leading figure in the Cambridge enterprise scene. David Kingham is a consultant to Oxford Innovation and SQW Group and was formerly Managing Director of Oxford Innovation, which operates a network of innovation centres housing over 300 innovative start-up companies.

In this Viewpoint, they focus on the real needs and preferences of businesses and differentiate between "lifestyle" businesses and more entrepreneurial businesses capable of creating greater wealth. Importantly, they propose a new approach for improving the business support system in England that addresses the economic priorities of the country at a time of recession, but in an era of increasing global competition.

We hope you find this Viewpoint interesting and welcome your feedback.

Chris Green

Chief Executive Officer, SQW Group

July 2009

VIEWPOINT SERIES - FEEDBACK AND MAILING LIST

To send us your views on this publication, please contact David Kingham, Oxford Innovation
E: d.kingham@oxin.co.uk

To sign up for further publications in the Viewpoint series, please contact Michael Frearson, SQW Consulting
E: viewpoint@sqw.co.uk

EXECUTIVE SUMMARY

The government has set in motion a Business Support Simplification Programme (BSSP)¹ to reduce the plethora of publicly-funded business support schemes from a staggering 3,000 in 2005 to just 30 by 2010. While the intention is to reduce complexity for the benefit of businesses, there are concerns that it may be a cost-cutting exercise and may be designed to simplify things from the government perspective, without paying sufficient attention to the real needs of business.

In this Viewpoint we go back to basics and consider what the country and individual businesses really need from business support. We argue that it is more important than ever for a major part of business support to be focussed on building on strengths and on helping businesses to seize global opportunities.

In our view, a simple categorisation of businesses leads naturally to the selection of the most appropriate delivery channels, through the organizations that best relate to each category of business.

Our proposals would retain the best aspects of the current system, but aim to simplify delivery of business support, instead of focussing purely on a target of reducing the number of schemes or products. Indeed, our proposals would result in it being easier to introduce new schemes to address changing priorities for business.

Specifically, we call for:

- Enterprise agencies to assist most start-ups
- Innovation centres to provide business incubation services and premises to high-growth potential start-ups
- Business Link to deal with the majority of established businesses
- a range of current and new specialist national programmes, such as UK Trade and Investment, Manufacturing Advisory Service (MAS) and an Innovation Advisory Service (IAS), to deal with those business with potential to create the greatest wealth in the future.

And we think that the Business Link website has an increasingly important role to play in the delivery of factual information to business from all arms of government.

Our proposals are intended to simplify business support delivery channels so that there is a more appropriate fit between the organizations delivering the services and their business clients. We believe that this should create a higher quality business support system that is simpler to access for business clients while also being more flexible, responsive and cost-effective.

[1] Information on the BSSP can be found at: <http://www.berr.gov.uk/whatwedo/enterprise/simplifyingbusinesssupport/page44802.html>
At the time of writing the BSSP website was migrating to a new website at the Department for Business, Innovation and Skills: <http://www.bis.gov.uk>.

WHAT DO BUSINESSES NEED?

The case for public funding of business support

In a globally competitive environment it is essential that the UK makes the most of the talents of its population in creating wealth through commercial activities. The government, as custodian of the economy, has an important role to play in encouraging business activities through legislation, taxation and business support. While there are frequent calls for a free-market, low-tax approach, governments of all political persuasions in developed countries currently choose an interventionist, “tax and spend” approach. In the current economic conditions, this may have to change somewhat, to a “tax more and spend less” approach, but we do not expect, or recommend, the government to adopt a completely free-market approach to business support.

The government claims that the UK now ranks in the world’s top ten countries for “ease of doing business” and has the lowest barriers to entrepreneurship amongst the Organization for Economic Cooperation and Development countries. However, concerns have been raised about the proliferation and complexity of business support and the relevance and effectiveness of some of the schemes. Indeed, over the last three years the government has reviewed the business support services it provides and has instigated the BSSP.

Despite the obvious attractions, simplification of services is not the only factor to be considered when addressing the clear need for improved business support. Questions must continue to be asked to test whether tax payers are receiving value from government spending on business support, specifically:

- What are the customers’ requirements?
- What are the most appropriate delivery mechanisms?
- Will the BSSP assist in improving the quality of services provided?

- Are the new “products” still the most effective in the current economic climate, given that many were devised during a period of sustained growth?
- Does business support need radical change rather than just simplification?

In this Viewpoint we attempt to answer these questions partly by reviewing two recent reports as well as providing views based on our experience. We critique the National Federation of Enterprise Agencies (NFEA) Report entitled “Business Support in a Recession” (March 2009) to examine the relevance of business support in the current economic climate, and we comment on “The Richard Report” (May 2008) on small business and government, commissioned by the Conservative Party, which takes a particularly radical view.

Finally, we summarize our findings and recommend improvements to the business support system. Our comments are intended to apply specifically to England, but are, we believe, also relevant to other parts of the UK.

What is really required from business support?

Business support has two objectives: the first is a purely economic goal - to maintain a thriving economy creating wealth and long-term gross domestic product growth; the second is a social and economic goal - to keep as many people as possible gainfully and usefully employed in what are often known as “lifestyle businesses”. The balance between these economic and social goals is a political decision, but it is vital, particularly in current economic conditions, that significant resources are committed to achieving a thriving economy. We must build on our strengths now, so that we can afford to tackle our weaknesses later. The alternative, of neglecting our current strengths while subsidising our areas of relative weakness, can only lead to economic decline.

In recent years government support has been focused explicitly on areas of market failure where businesses or individuals need support in the national interest. For example, start-up or early-stage businesses need adequate and appropriate funding if they are to create

“Unfortunately, the focus on market failure can lead to disproportionate intervention in areas of relative weakness where the market failure is most apparent.”

employment, grow fast and achieve their potential, but there may be constraints on access to finance or they may be unable to afford the specialist services they need. But if they do grow, the national interest is then well served through the increased direct and indirect taxes which they generate.

Unfortunately, the focus on market failure can lead to disproportionate intervention in areas of relative weakness where the market failure is most apparent. The tendency for this to occur is heightened in a recession, perhaps for good short-term reasons.

In a recent report on “Building Britain’s Future: New Industry, New Jobs” (April 2009), Lord Mandelson has revised this approach to “unlocking potential that will not be achieved by the market alone” and focusing on “addressing new opportunities”. We welcome this change: intervention will achieve much greater economic impact in the medium-to long-term if it is concentrated on areas of global opportunity which would not otherwise be pursued. However, this recent change needs to be fully reflected in the ways in which government funds business support.

Simplification of business support

The government currently spends £2.5 billion per annum on direct business support schemes and in 2005 it was estimated that over 3,000 publicly-funded business support schemes existed. In that year the annual Small Business Survey found that over 50% of businesses wanted government help, but struggled to find their way through the maze of provision. It was argued that businesses which would benefit most from support were often least likely to access it, and further that confusion and complexity meant that the system was neither cost effective nor efficient. It was also argued that government would obtain greater value for money from a simpler, leaner system.

Therefore, following a review, it was announced in the 2006 Budget that the 3,000 schemes would be reduced to 100 or fewer by 2010. The Pre-Budget Report 2007 announced that Business Link would be the primary access route for individuals and businesses seeking support. The 2008 Budget announced a timetable for the transfer of all brokerage services to Business Link and in October 2008 the government announced its revised support package, under the new banner “Solutions for Business”.

A new business support system is, therefore, now being put in place with Business Link as the main route to support and a range of 30 “products” (Figure 1).

The government claims that “by 2010 all government [business support] products will either have migrated to the portfolio or closed” (www.berr.gov.uk, currently migrating to www.bis.gov.uk, June 2009). It also claims that the changes will result in a better support service to business, increase the impact of schemes, and make savings for government by removing complexity, cost and confusion from the system. Under this new approach the government believes that better targeted assistance will add up to £1.4bn per year of value for businesses.

Any programme which cuts costs and makes services more accessible to clients is to be welcomed. It is certainly true that 3,000 different schemes are excessive, but the argument that the sheer number of schemes is daunting to the entrepreneur seems to misunderstand how the business support process should work.

The entrepreneur need not be concerned about the number of schemes or “products”, or how the system works any more than (s)he needs to know how a computer works. The entrepreneur just wants to switch on a computer and find relevant information, and it is the same with business support.

Figure 1: Solutions for business products, as at June 2009

Products	Pre start-up	New company	SME	Large firm
Small Loans for Business		✓	✓	✓
Enterprise Finance Guarantee		✓	✓	✓
Understanding Finance for Business	✓	✓	✓	
Finance for Business		✓	✓	
Business Collaboration Networks		✓	✓	✓
Business Premises		✓	✓	
Business Growth: Specialist Facilities and Environments			✓	
Grant for Business Investment		✓	✓	✓
Export Credit Insurance			✓	✓
Enterprise Coaching	✓			
Starting a High-growth Business	✓	✓		
Intensive Start-up Support	✓	✓		
Starting a Business	✓	✓		
Coaching for High Growth			✓	
Manufacturing Advisory Service		✓	✓	✓
Designing Demand		✓	✓	
Innovation Advice and Guidance			✓	✓
Improving your Resource Efficiency			✓	✓
Maximizing Foreign Direct Investment			✓	✓
Accessing International Markets			✓	✓
Developing your International Trade Potential			✓	✓
Collaborative Research and Development			✓	✓
Networking for Innovation		✓	✓	✓
Knowledge Transfer Partnerships			✓	✓
Innovation Vouchers			✓	
Low-carbon Energy Demonstration			✓	✓
Grant for Research and Development	✓	✓	✓	✓
Train to Gain			✓	✓
Rural Development Programme for England	✓	✓	✓	✓
Automotive Assistance Programme			✓	✓

Source: www.berr.gov.uk (currently migrating to [www. http://www.bis.gov.uk/](http://www.bis.gov.uk/))

If an entrepreneur has a business problem or wants business information (s)he should be able to find that information on a well-organised website or by calling an intelligent helpdesk.

The number of schemes would then be much less important than whether they match business needs and aspirations and are available throughout the country. Indeed, it could be argued that the BSSP is a misnomer in that although there are now just 30 products, many of the products are actually quite complex and can be delivered in a bewildering variety of ways. At best, it could appear that the government is not comparing like with like when claiming a reduction from 3,000 schemes to 30 products. At worst, the programme may turn out to be a new categorization of business support which is convenient for government, rather than a simplification that helps business.

Variable delivery mechanisms

We would argue that the complexity of business support is due more to the variety of delivery methods and organizations than the range of products that are available. The government has tried to address this point by boosting the role of Business Link as the “access brand” to all government support for business.

The Business Link brand was established by the Department for Trade and Industry in the early 1990s to cover the services provided by government-funded business support organizations. These services were originally provided on a local basis, often through organizations with strong local roots. This, however, was regarded as inefficient and in recent years most Business Links have been reorganised on a regional basis.

Business Links are now meant to operate on the Information, Diagnosis and Brokerage (IDB) model. The idea is that Business Link staff are not supposed to provide advice themselves, but, after investigation and diagnosis, should refer clients to appropriate

deliverers of services. However, this means that much of the Business Support budget is not actually spent on providing business support and, in our experience, some businesses get frustrated with the diagnosis process because it can be bureaucratic and highlights problems rather than delivering solutions.

Despite the intention of the government to provide a uniform national service, the way Business Link delivers, or signposts to, products and services varies widely depending on the location of the business client.

As the NFEA has highlighted, in the East of England clients looking for start-up help are subject to a diagnosis and then directed to a website or business skills workshop. If one-to-one assistance is required, for example, to help in writing a business plan, then the client will be given a list of 250 organizations on the Business Link register to choose from. The only quality control for appearing on the register is the ability to provide three references. In a second region, the approach is even less systematic, with a website offering “everything you need to start up”, plus free seminars and workshops. In a third region, mainstream pre-start delivery is sub-contracted to enterprise agencies.

In a country the size of England it seems both illogical and inefficient that the quality and delivery of a business support service should vary so widely.

A further problem with the government’s BSSP is that one “access brand” or delivery mechanism may simply not suit all businesses, a point we address in the next section.

“The complexity of business support is due more to the variety of delivery methods and organizations than the range of products that are available.”

“In a country the size of England it seems both illogical and inefficient that the quality and delivery of a business support service should vary so widely.”

IS CURRENT BUSINESS SUPPORT APPROPRIATE FOR RECESSION AND RECOVERY?

The NFEA approach

The NFEA argues that in a recession support should be focused on “lifestyle” businesses as distinct from “gazelles” (fast growth businesses). Their report, “Business Support in a Recession” (March 2009), argues that a business support system designed in times of prosperity needs radical revision to deal with the volume and nature of demands currently being made on it with unemployment rising and expected to exceed three million in 2009.

According to the NFEA, “lifestyle” businesses are an important and neglected part of the economy. The report quotes BERR statistics for 2006 which indicate that 72% of the UK stock of businesses had no employees but the owners accounted for 12.2% of the workforce, and that businesses with fewer than 10 employees accounted for 95.2% of the business stock and 25.5% of employment. Additionally, it is believed that there are now over 2.5 million businesses based at home, a figure that rose by 16% in 2008.

The NFEA makes the case that the full effects of the recession are still to be felt, but previous experience of economic downturns indicates that “distress starts” will increase and “necessity” entrepreneurs will come forward in increasing numbers to run predominately “lifestyle” businesses. The report argues that “lifestyle” is a pejorative term that leads to an undervaluing of the small business sector, particularly in times of economic difficulty and growing unemployment.

The NFEA recommends the creation of an enterprise escalator to assist start-up businesses by providing a comprehensive “Customer Journey” which consists of:

- outreach and awareness raising
- pre start-up advice
- start-up training
- one-to-one support
- mentoring
- networking.

We agree that this approach is suitable for most of the businesses that enterprise agencies deal with. However, we think a quite different approach is required for “gazelles”, and any simplification of business support needs to take account of these different requirements.

“Lifestyle” businesses tend to sell their products and services locally so their networking requests can be met by local organizations. “Gazelles” on the other hand are aiming to serve national and international markets and require more specific expertise in marketing, innovation, design, exporting and fundraising throughout their growth.

Figure 2 summarises our view of the different features of “gazelles” and “lifestyle” businesses.

The role of innovation centres

During many years of running St John’s Innovation Centre in Cambridge, and Oxford Innovation with its national network of innovation centres, we have seen that high-tech entrepreneurs and businesses require a lighter touch and would run a mile if they thought they were on a “customer journey”.

It would be anathema to serious entrepreneurs if they felt that their business growth was being “managed” by business support organizations, or that

Figure 2: Features of “gazelles” and “lifestyle” businesses

“Gazelles”	“Lifestyle” businesses
Entrepreneurial	Proprietorial
Ambitious	Cautious
Knowledge-based	Traditional
Serving national or global markets	Serving local or regional markets
High added value	Low added value
High growth potential	Low growth aspirations
High growth of employment and taxes paid	Low growth of employment and taxes paid

they should become dependent on publicly-funded business support. If they lack experience, potential entrepreneurs require a basic grounding in starting a business and the ability to access “one-to-one” advice with experienced practitioners, including other businesses, as appropriate. They prefer to choose from a range of services to meet their specific needs, rather than “embark on a customer journey”. In fact, a key skill of an entrepreneur is to select and harness the right resources to generate business success.

Innovation centres, incubators for high-growth potential businesses, provide a supportive environment for these “gazelles”. The fact that they provide tangible services, particularly office and laboratory premises, gives them credibility and substance. Support from experienced business people is available, and the “gazelles” can be part of a community of entrepreneurs whose members tend to help each other. Innovation centres provide great flexibility to allow firms to grow quickly, or retrench as painlessly as possible if they have to. Meanwhile the centre staff look after many of the routine issues that can be distracting for new businesses.

Going a step further, the best innovation centres are at the heart of a high-tech or entrepreneurial cluster. The centres provide networking services to many entrepreneurs, start-ups and established businesses that are not physically based in the centre. Innovation centres can play a key role in a wider community of entrepreneurs and private investors, and help to

“recycle” entrepreneurs and investors into new ventures.

Whilst not wishing to downplay the importance of “lifestyle” businesses, particularly in the current economic climate, we believe that to support such businesses to the detriment of growth businesses would not be in the interests of the UK economy. Indeed, in contrast to the views of the NFEA, many business advisors that we have worked with in the Greater South East feel that too little money has gone into supporting success by backing high-growth start-ups.

We would argue that building on our strengths by backing high-growth start-ups, and particularly knowledge-based businesses, is vital to the future of the UK, and that the recession has indicated more starkly than ever before the importance of developing such businesses. The future of the country now lies in the success of the knowledge-based sector as a whole, including high-value manufacturing, and not just in financial services and banking. It is important not to ignore “lifestyle” business start-ups, but we need to provide appropriate support to high growth start-ups if we are to continue to create wealth and remain internationally competitive.

DOES BUSINESS SUPPORT NEED RADICAL CHANGE RATHER THAN JUST SIMPLIFICATION?

The case for radical change ...

The Richard Report, written for the Conservative Party and published in May 2008, challenged the entire rationale for business support and proposed some radical alternatives. The key challenge to the rationale was based on economic analysis that compared UK regions and demonstrated that there seemed to be no correlation between expenditure on business support and outcomes. This does raise serious questions about the value of government-funded business support and the way in which it is delivered.

The Business Link website has improved hugely over the last few years and now provides an excellent service that should be developed further.

Doug Richard recommended, inter alia, the appointment of “an effective Ministerial champion for Small Business and Enterprise across the whole of Government” and proposed that “business support policy should clearly reflect the difference between providing information and expert advice or support”. These recommendations have a lot of merit.

More radically, Richard proposed that “the entire regional business support apparatus of Regional Development Agencies (RDAs) and Business Links should be replaced by a single, web-based business information service”. We support the suggestion that factual business information is best delivered through a web-based business information service with a

national telephone helpline, but beyond that we think this kind of streamlining is going too far.

Moreover, in his proposed model for such a web-based service, Richard unfortunately ignored the BusinessLink.gov.uk website. In our view, the Business Link website has improved hugely in the last few years and now provides an excellent service that should be developed further. And we do not agree with Richard’s proposal that a factual business information site can also function as a social network for businesses. Other social networks for business people (e.g. Linked-in or Plaxo, rather than Facebook) have emerged and are fulfilling this valuable role.

Richard was also critical of RDAs for failing to measure the effects of programmes, or for measuring them in trivial ways². He has a point that “little is known about the effectiveness of existing programmes”, but fails to recognise the difficulty of generating accurate and meaningful measurements, and thus leaps to an unsustainable conclusion that programmes which have not been measured well, or are not amenable to measurement, should be scrapped. We should certainly try to improve our measurement techniques, but meanwhile it would be a mistake to do only those things that are easy to count. In fact, a legitimate criticism of much of business support is that it focuses too much on simple assistance to business, which can be easily counted, even if the benefit is trivial.

This measurement problem could be at least partially addressed by creating a Business Support Regulator whose role would be to ensure the quality of service and delivery across the country with a small central team. The Regulator would also be responsible for improving appraisal processes,

“The Business Link website has improved hugely over the last few years and now provides an excellent service that should be developed further.”

[2] Since the Richard report was published, BERR has overseen a national evaluation of the impact and effectiveness of RDA programmes, in which SQW Consulting played a major role – see: <http://www.sqw.co.uk/news/sqw-pushes-the-boundaries-of-impact-evaluation>.

“We call for the Bank of England to resume its role of producing an authoritative annual report on finance for small business.”

collecting the statistical information associated with the various programmes, and disseminating good practice and discouraging poor practice.

The Bank of England used to produce an authoritative annual report on the provision of finance to small businesses. The responsibility was passed to the Small Business Service a few years ago and seems to have been neglected. The result has been the removal of an important and influential check and balance on policy. We call for the Bank of England to resume its role of producing an authoritative annual report on finance for small business.

The Richard Report makes uncomfortable reading for Business Links and the business support side of RDAs. It is right that such organizations are challenged to justify themselves and put under the microscope from a radically different perspective. However, it would be wrong to sweep away all the existing structures, good, bad or indifferent. There is little advantage to be gained for anyone by destabilising a system that, while not perfect, does have many good features and some excellent people working within it.

... or incremental improvement?

Unlike Doug Richard, we believe there are many elements of current business support that should be built on, rather than scrapped. During this recession, it is important for the government to improve business support for economic and social reasons, rather than view cuts in business support as an easy way to save money.

In our current economic conditions, it would seem essential that friendly and locally knowledgeable advice to start-ups (available to all, but optimised for “lifestyle” businesses) should be delivered through courses and one-to-one meetings with experienced advisors. Many enterprise agencies are well placed to deliver this support

cost-effectively and have a long track record of doing so. One of the unfortunate consequences of government policy in recent years has been the marginalization of enterprise agencies. In some cases we have witnessed, Business Links have even used public funds to compete with enterprise agencies, resulting in more expensive and less effective services to start-ups.

A world-class service for entrepreneurial and technology-based businesses, particularly those with global ambitions, is also essential. This service would aim to provide top-quality assistance to businesses with significant potential. A good example of how this should be done is UK Trade and Investment (UKTI), which has a mixture of international representation, a national standard set of services and regional delivery teams.

There is a case for other services to “gazelles” to be delivered to a national standard set of services by regional delivery teams, and we note that some of the new “Solutions for Business” are suitable for delivery in this way. For example, the MAS already works this way and innovation and design advisory services could be delivered in a similar way. Indeed, Oxford Innovation used to deliver such an Innovation Advisory Service, supported by South East England Development Agency, in the South East of England. This was a highly effective service that used its regional scale to good effect, engaging many of the large companies in the region as potential partners to help “gazelles” reach global markets.

The East of England Development Agency (EEDA) has gone as far as integrating delivery of Manufacturing, Innovation and Design Advisory Services, with Oxford Innovation delivering the innovation advice part. EEDA has taken a similar approach in commissioning the “Understanding Finance for Business” product, with experts from St John’s Innovation Centre and Oxford Innovation in the delivery team.

“A strong emphasis on start-ups is essential in the current economic conditions.”

Such specialist services should not represent “supply-side” interests. They should be brokerage services that respond to demand in the knowledge transfer process and aim to deliver the best solutions to client businesses. Therefore, they must not be instructed or incentivised to signpost businesses to publicly-funded services or organizations, unless those bodies or services are genuinely the best sources of the relevant advice.

There is also a clear need for networks to connect large and small companies nationally and locally. This is fully acknowledged in publications such as “Attacking the Recession - How Innovation Can Fight the Downturn” (National Endowment for Science, Technology and the Arts, December 2008). This publication’s authors, Charles Leadbeater and James Meadway, say that:

‘...recession will create a new platform of growth if business entrepreneurs emerge to take opportunities in new growth industries and social entrepreneurs address emerging social challenges. Key to this we believe will be the ability to share and mobilise resources through networks.’

Good innovation centres act in this way as the hub of a local network of entrepreneurs and high-growth start-ups and as a connector to the wider world of innovation and investment in new technology.

A NEW PROPOSAL FOR THE DELIVERY OF BUSINESS SUPPORT

Our experience shows that start-ups in particular respond best to a tailored approach to fit their individual needs and do not want to be forced to accept generic solutions. In our view, entrepreneurs starting up and receiving government-funded business support want:

- to be treated as individuals
- to have service providers with a real understanding both of their business and of the locality and sector in which they operate
- to have a “no wrong door” approach which networks smoothly to other sources of help.

We believe that a strong emphasis on start-ups is essential in the current economic conditions and is a good use of limited resources because business support can make a huge difference to start-ups, whereas it has a proportionally lesser effect on more established businesses.

We have already highlighted the differences between “lifestyle” businesses and “gazelles” and it is clear that the skills required to assist each group are different. “Lifestyle” businesses require an enterprise agency approach with local advisors, often volunteers, acting as mentors. “Gazelles” on the other hand are assisted best through innovation centres that have contacts into large firms, investors, universities and knowledge-based business clusters.

The question arises, therefore, as to whether there is a role for Business Link given that many of the more specialised advisory services (manufacturing, innovation, design etc.) are best provided by the private sector and marketed as specialist services, although they need to be funded or subsidised by

the government. Business Link at grass roots level still comes in for considerable criticism. Furthermore, strict adherence to the IDB model, which requires Business Link advisors to provide only a diagnostic and referral service, means that it is questionable whether the service represents value for money.

We believe that it is possible to provide an increasing level of information, diagnostic and brokerage services through a well-designed national website backed up by a national telephone helpline, perhaps similar to NHS Direct. We would relocate many of the Business Link advisors, according to their skills and experience, to enterprise agencies and innovation centres, leaving Business Link teams of reduced size to focus on support to established businesses.

We would like Business Link advisors to be able to deliver support, as well to provide information, diagnosis and brokerage services so long as they do not compete with, or displace, private sector services. We would encourage Business Link staff to refer client businesses to other publicly-funded services only if that was the best source of support. We believe that this expanded role would play to the strengths of the best advisors who are currently hamstrung by the IDB model.

Our overall approach to the delivery of business support would be to ensure a strong emphasis on support for start-ups, particularly over the next few years as we slowly emerge from recession. It is important to retain the best bits of Business Link, which we see as the national website and many of the front line advisors, and to have nationally-standardised services, organised on a regional or sub-regional basis, aimed at our high-growth potential, globally competitive “gazelles”.

There is a need for a Business Support Regulator to ensure quality and efficient delivery on a national

basis and to tackle the continuing tendency to introduce new schemes that don't work instead of investing more in those that are proven to work. We also call for the reintroduction of the objective and authoritative Bank of England annual report on finance for small business. This will help, for example, to measure annual improvements, or otherwise, in the availability of growth finance.

The Business Link national website should be developed further, with a focus on delivering factual information, and complemented by a national helpline. In time, more sophisticated support services might be delivered through such a website.

The nationally standardised services should be delivered by the best people for the job, marketed as specialist niche services and not forced under the Business Link brand which works much better for high-volume basic business support and for delivery of factual information. The current arrangements for such nationally standardised services, for example the Manufacturing Advisory Service and UKTI, are for regional procurement and delivery. While regional delivery is clearly important for relations with client businesses, procurement on a national basis may be preferable to achieve high quality and uniformity of the service.

Simpler delivery channels would then make it easier and quicker to introduce new publicly-funded business support services as the economy, the business world and global markets change over the next few years.

Figure 3 indicates the different features and benefits that the different delivery channels would offer.

Figure 3: Features and benefits of simpler delivery channels

	Start-ups	Established businesses
High added-value and high growth-potential businesses (“gazelles”)	Innovation Centres <ul style="list-style-type: none"> • Locally accessible, but globally connected • Able to recycle entrepreneurs, connect with investors, facilitate clusters and stimulate collaboration and innovation 	Nationally standardised services <ul style="list-style-type: none"> • Globally competitive • Top quality • Up to date with latest knowledge and techniques
“Lifestyle” businesses	Enterprise agencies <ul style="list-style-type: none"> • Locally accessible • Locally knowledgeable and well-connected • Cost effective 	Business Link <ul style="list-style-type: none"> • Locally accessible • Efficient • Cost effective
All businesses	Business Link national web site and helpline <ul style="list-style-type: none"> • Easily accessible with accurate, timely and complete information delivered in a cost-effective manner 	

CONCLUSION

Our proposals are intended to simplify business support delivery channels so that the organizations delivering the services are more focused on the needs of their target clients. This should do more to create a system that is simple and transparent for business clients, than any re-categorization of support products can ever hope to achieve. The result should be a better and more cost-effective business support system for businesses, government and the country.

About us

SQW Consulting, SQW Energy, Oxford Innovation and SQW Asia are part of SQW Group.

For more information: www.sqwgroup.com



SQW Consulting is one of the largest and best known providers of consultancy services in sustainable economic and social development to public sector organizations. The company works with clients in the UK and overseas, providing advice on urban and rural regeneration; innovation and business development; higher education and technology transfer, and skills development.

For more information: www.sqw.co.uk



SQW Energy has a specialist focus on energy and carbon management and works with the energy industry, public and private sector organizations and NGOs, providing tailored consultancy services in energy market design and regulation, energy technology strategy and policy, and carbon assessment and management.

For more information: www.sqwenergy.com



Oxford Innovation is the UK's leading operator of innovation centres, providing office and laboratory premises to innovative start-up companies. Oxford Innovation also manages the most successful technology investment networks in Europe with members including business angels, investment funds and corporate venturers. The company provides further innovation support services to achieve economic development objectives for public sector clients.

For more information: www.oxin.co.uk



SQW Asia is headquartered in Hong Kong and provides economic and management consultancy services, including: policy analysis and review; market, feasibility and planning studies for economic and physical development and investment; and advice to support project implementation. Services are provided for government organizations in Hong Kong and China as well as foreign firms investing in China and Chinese organizations investing overseas.

For more information, contact Chris Green. E: cgreen@sqwgroup.com



For more information about this Viewpoint, please contact

David Kingham, Oxford Innovation

T: +44 (0)1865 811127 E: d.kingham@oxin.co.uk

To sign up for further publications in the Viewpoint Series, please contact

Michael Frearson, SQW Consulting

E: viewpoint@sqw.co.uk

THE VIEWPOINT SERIES

Oxford Innovation is the UK's leading operator of innovation centres, providing office and laboratory premises to innovative start-up companies. The Viewpoint Series is a series of 'thought piece' publications produced by SQW Consulting, SQW Energy, Oxford Innovation and SQW Asia, the operating divisions of SQW Group.

The aim of the Viewpoint Series is to share our thoughts on key topical issues in the arena of sustainable economic development, public policy, innovation and enterprise with our clients and others with an interest in the particular subject area of each paper. In each Viewpoint, we will draw on our policy research and implementation experience to consider key topical issues, and provide suggestions for strategic and practical solutions.

More copies of this publication are available at: <http://www.oxin.co.uk/ourviews>
and at <http://www.sqw.co.uk/publications>