Travelling the Yellow Brick Road Together

Understanding and Promoting Small Business Growth and Entrepreneurship

Part 2

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Capturing the concept of the Captured Programme

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Introduction
In March 2015 the UK Commission for Employment and Skills (UKCES) launched the fifth ‘Productivity Challenge’ for their UK Futures Programme. The programme had been launched in March 2014 to test innovative ways of addressing workforce development and skills issues that were seen to be restraining economic performance. Previous rounds had focused on sectoral challenges in manufacturing, construction, legal firms, tourism and hospitality, and UKCES had co-invested in 12 projects that were employer-led.

For the fifth competition UKCES invited organisations who operate as ‘anchor institutions’ within their local community to put forward proposals that would explore ways to support small firms to develop their leadership and entrepreneurship capabilities. They were specifically interested in proposals from areas of the United Kingdom that rank below the UK average in terms of productivity.

Anchor institutions are conceptualised as place-based organisations that can play a role in building successful local economies and communities (Taylor and Luter, 2013). Newcastle University is one of North East England’s anchor institutions and as a world-class civic university aims to play a leading role in the economic, social and cultural development of the North East of England. Newcastle University Business School submitted a proposal for a programme known as ‘Captured’ and were one of eight projects that were funded.

The approach of the UK Futures Programme, which is being wound up following the 2015 Autumn Spending Review, is essentially an experimental approach. They wanted to co-invest with organisations who were prepared to test innovative ways of developing skills, learn from what works (and doesn’t). A key element of the programme was sharing learning with UKCES and other projects and maximising the impact of the learning by seeking to engage with policy and wider practice. Having attended the very supportive AMED/ISBE Gathering in Birmingham in April 2016 on Understanding and Promoting Small Business Growth and...
Entrepreneurship: enhancing impact, I recognised that here was an opportunity to share the ideas behind our project with an engaged academic and practitioner audience and hopefully stimulate further debate and learning.

Scoping the Captured Programme

Regional ‘Gross Value Added’ per head, 2014

It is generally acknowledged that there are too few private sector jobs in the North East of England (NELEP, 2014) and that productivity is considerably below the national average. There is a low stock of private sector businesses, too few private enterprises are created and too few of these grow to become significant providers of employment and contributors to Gross Value Added (GVA) and regional productivity. Turnover per employee is lower in small businesses than in other comparator regions e.g. North West England and Yorkshire and Humber.

Hayton’s 2015 BIS Research Paper on Leadership and Management Skills in SMEs suggests that the overall impact of leadership and management skills on firm performance tends to be particularly strong for firms with between five and 19 employees. This is a significant opportunity for the economy, but there are many challenges for small firms in this respect.

**Challenges for developing leadership skills in micro-businesses**

Small firms are seen to underinvest in training. And if they do invest in training, it is more likely to be related to financial or technical training than to leadership and management training. In any case, generic leadership and management training is not tailored to the needs of small firms. According to the APPSBG/FSB (2014) report, schemes to promote leadership development and management, including Growth Accelerator, were not widely marketed, and are accessed by businesses which self-identify as ‘high-growth firms’. Larger small firms have been better able to take advantage of government support because of greater expertise, more personnel and the financial ability to match fund. Yet it may well be, as Hayton (2015) asserts, that smaller small firms could benefit the most from investment in leadership and management skills development.

Typically, the owner-manager of a micro-business is responsible for carrying out the full range of managerial duties and finds it very difficult to step away from the business and take time to identify opportunities to develop their business. Johnson et al (2007) note that it is difficult for a small firm with limited managerial resources to identify the type of formal (market or non-market) advice that they need to produce the development outcome they want and therefore may rely on friends and family for advice. This reinforces earlier work by Robson and Bennett (2000) which noted that business friends and relatives were often the preferred and most valued source of advice for micro-business owners. While those informal networks can dispense free advice, they may not have the expertise and contacts to provide the support that non-executive directors would provide for larger businesses.

With the severe austerity measures first imposed by the Conservative-led coalition government in 2010, the level of public support for economic growth has reduced considerably, and local authorities have drastically cut their business support provision. Lord Young in his Growing Business report (May 2013) recognised that business schools are an under-utilised asset in their local economies. The introduction of the Small Business Charter scheme by the Chartered Association of Business Schools (ABS) seeks to incentivise engagement between university business schools and small businesses. However, for a variety of reasons (cf. Thorpe & Rawlinson, 2013), very few business schools have been able to sustain small business skills programmes beyond short term funding. In addition, small businesses may not naturally seek support from business schools either because they see such institutions as only providing formal educational qualifications or being insufficiently responsive to their needs (Bishop, 2011; Ylinenpää, 2005).
The APPG /FSB report (2014) recognises that larger companies should be encouraged to provide advice, share expertise and offer other forms of support to smaller companies within their supply chain. However, there are few mechanisms to bring large companies into contact with smaller companies to develop leadership and management skills.

**The contribution of the “Captured Programme”**

“Captured” was originally piloted in the Newcastle Business School in 2012, but was not continued due to personnel changes and a lack of funding. It is an experiment based on our hypothesis that business people who have had management and leadership experience in large organisations can be valuable to a small business owner by acting as a critical friend (MacKenzie 2015) and gateway to other resources and contacts. The Business School partners with large regional employers to identify managers within their business who might participate in the programme. Recognising that different sizes of small firms need different approaches to skills development, this project focuses on businesses of between 1-19 employees.

**The “Captured” programme format**

The “Captured” programme consists of three half-day facilitated workshops over approximately two months. Each iteration of “Captured” has a cohort of up to eight small firms and for the second two workshops the small firm owner is paired with a manager from a large regional firm. This programme has evolved since project award, and the format is now:

- **Workshop 1**: Small firms only identify key areas of the business they want to lead or develop more effectively.
- **Workshop 2**: Small firms and managers work to get to know each other and identify key challenges and priorities facing the small business.
- **Workshop 3**: Small firms and managers focus on discussing the action plan that the small firm wants to pursue in light of your resources, capabilities and capacities.

We always arrange briefings for managers before matching them to a local small firm owner. This enables us to get to know the managers so that we can match them appropriately to the small firm owners. It also gives the managers an insight into the life world of the owner-manager, and it provides an introduction or refresher to skills in mentoring others.
The activities within the programme are designed to appeal specifically to small businesses. They work on identifying priorities for their business, skills and knowledge gaps, and identifying market opportunities. The output is always a tailored action plan for each business developed with their mentor. The workshops are jointly facilitated by a part-time member of the Business School who is also a small-firm owner with substantial expertise in training mentors and me. Importantly, we emphasise that the small businesses are not taking unproductive time away from their business. Rather, we stress that they are spending time working on plans for their business with experienced business people and fellow entrepreneurs. The small firm owner benefits from ‘one-to-one’ discussions with their ‘critical friend’ during the workshops and has time to reflect in between workshops.

We believe this format and process is beneficial and early results are positive as comments from three of the participants indicate:

“Captured just took me to another level. In myself as well. That was the main thing, I really thought there’s a group of people here that want to help”

“I think it’s always good to, kind of, step outside of the business and look at what you know…it was the process of writing stuff down, of looking at different areas of your business”

“I remember working for a company […] the senior management team, they come together, they present things, you reach a conclusion, you agree on it and move on. […] a very real benefit of having been on [Captured], is for me to be able to bring that back here, because it's something that we didn't have. That's been a huge benefit”

The programme also has to deliver value to the managers and organisations who are volunteering time. The premise is that the managers will develop their skills and be exposed to a different, more entrepreneurial mind-set which they can take back to their workplace. Demonstrating that the programme delivers value to the managers and organisations is a key priority because the programme is dependent on that input.

Comparing “Captured” with other anchor institution programmes

Several business schools have delivered successful programmes, including Lancaster’s LEAD programme and the Goldman Sachs 10,000 small businesses programme (GS10,000). These are tailored to the needs of small businesses, incorporating elements similar to “Captured”, such as peer–peer learning and action planning. GS10,000 focused very much on functional skills, whereas, like LEAD, we are keen to develop the business owner personally, as well as to support them in developing their business.

Our programme is much shorter (GS10000 is 12 days over 4 months; LEAD is over 10 months). We believe this will enable us to recruit more participants because it is a lower time commitment, although it is a risk that the intervention will be too short.

We utilise managers who have received formal management and leadership training in their careers to support the small businesses in developing leadership skills. The only programme targeting small businesses that we have identified as in any way similar is Lancaster’s GOLD programme, which allows businesses to experiment with having a Non-Executive Director. But that is a follow-on to their LEAD programme, and we sense that it is aimed at larger small businesses and medium businesses.
It may have been controversial, but we explicitly stated to UKCES that we were not going to focus on attracting small businesses with ‘obvious’ high growth potential. GS10,000 in the UK was ruthlessly targeted at small businesses which self-identified as having high growth potential. And indeed there was screening through the application process to confirm that the business idea and owner did have high growth potential. The evaluations and outcomes of the programme are very positive, but there is the question of selection bias. Our marketing material intentionally did not mention the word ‘growth’, and when I read Simon Raby’s introduction to Part 1 of this special edition of e-Organisations and People (Raby, 2015) I recognised the picture he was painting from the following quotes:

“In running workshops on growth, business owners quickly move to the question of what success means to them.”

“What we are really talking about is not calculable, but rather human behaviour and social process. Entrepreneurs are passionate about achieving their aspirations, and these aspirations are not discrete or formulaic.”

I agree that the concept of growth, in the way that the academic community, and I would argue policy community, typically define it, is not helpful. The policy community notion of growth may be especially harmful if it deters firms like the ones who we have recruited to “Captured”, who do not self-identify as ‘high-growth’ from seeking external guidance and support.

The Challenges of “Captured”

One of the biggest challenges was always going to be the short length of the project (originally 12 months), and this became much more of a challenge when UK Government funding cuts shortened this to a nine-month project.

We need to test what works well within the programme for the participating small businesses. Our ‘delivery team’ consists of our lead facilitator (the aforementioned small-firm owner and part-time member of Business School staff); two academic members of Business School staff; one of the University’s Business Development Managers; and our Project Co-ordinator. We regularly schedule time for the ‘delivery team’ to reflect on what went well (and what didn’t), and what could be improved. We speak regularly with our Programme Manager at UKCES, have a very active steering group, and participate in UKCES Co-creation Labs (facilitated workshops with the other seven projects in this round). We also involve the small businesses individually in reflecting on the programme. These interactions are challenging and force us to reflect on our programme and processes and because we have multiple cohorts, it is possible to adapt the programme during the project.

We have had to address two major problems in recruiting small firms. One is that small businesses tend to undervalue business support. The other is that programmes for leadership and entrepreneurship skills are not always well marketed. So we have tested how best to engage small businesses, and we have experimented with different marketing messages and marketing channels. By far the most effective method of recruitment has been face-to-face at business networking events. However, that may well have skewed participation to those who attend such events.
There has also been a considerable challenge in recruiting larger firms to participate and volunteer their managers’ time in a short timescale. We have used our existing networks and connections and also drawn on the influence of our steering group to hone our messaging and secure commitment. The sector breakdown of the large firms is very different from the sector breakdown of the small firms as shown in Table 1 below:

**Table 1: Large firms by sector**

Our steering group would particularly like us to work with more small firms in the manufacturing sector (see Table 2 below). However, our methods and marketing messages are not reaching those firms and we will need to review those and the literature on sector take-up of external support and advice.

**Table 2: Small firms by sector**

**Early results**

We have worked with 41 small firms over 6 cohorts against a target of 48, and will self-fund a further cohort in July. It is too early to identify the outcomes and impacts of the programme, but some interesting initial observations can be made.
Small firms have told us that Captured provides them with the opportunity to:

- Clarify their vision for their business and its value proposition
- Focus on how they should invest their time to generate greatest impact
- Obtain external perspectives and validation
- Access resources of the larger organisations
- Make valuable new connections
- Obtain new clients and routes to market
- Increase their confidence as a leader of their business

Managers from larger firms have told us that Captured provides them with space to:

- Get out of their business and see what other businesses are doing
- Engage with entrepreneurial business people
- Make a difference by supporting the development of small businesses
- Return to their workplace with new ideas and contacts
- Further develop their own management and leadership skills
- Connect with managers from other larger organisations

We have found the UK Futures Programme and the UKCES team to be immensely helpful in enabling us to run this experimental programme and challenge us to constantly reflect on what we are doing and what we are learning. We regret that the UK Futures programme has been cut short, but are grateful the Association for Management Education and Development has given us the opportunity to share our learning. As The Introduction to the UK Futures Programme stated “The success of the Programme is crucially dependent on actively communicating our findings and sharing good practice to influence […] future public policy debates.”

Amen to that!

References


UKCES (2015) UK Futures Programme: An Introduction


About the author

Dr Fiona Whitehurst is a Senior Lecturer at Newcastle University Business School and a member of the Centre for Knowledge, Innovation, Technology and Enterprise (KITE). She completed a PhD in Economic Geography at Newcastle University in 2005 looking at the use of clusters in economic development policy and has a strong research interest in regional economic development policy and the way in which firms interact with universities.

More details of the Captured project including case studies and media coverage can be found at go.ncl.ac.uk/nubs/captured. You can contact Fiona by e-mail at fiona.whitehurst@ncl.ac.uk
A note about ISBE

We are a UK-based global network of 4,000 members that promotes excellence in small business and entrepreneurship by building bridges between researchers, policy-makers and practitioners.

Our annual conference has become a premier event for this constituency, and 2017 heralds its 40th anniversary.

We hold many regional events, including academic, entrepreneurial education and practical, skill-building workshops for small business practitioners and the business networks that support them. We contribute actively to policy think-tanks and debates in response to government initiatives and other contemporary issues, and we actively support research via our annual Research and Knowledge Exchange (RAKE) fund, which is awarded to small business and entrepreneurship researchers to develop, produce and disseminate their work.

Overall, ISBE contributes to the world of enterprise by disseminating relevant knowledge and skills, the latest research, and by supporting entrepreneurial education and encouraging debate. www.isbe.org.uk

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Our purpose is to serve as a forum for people who want to share, learn and experiment, and find support, encouragement, and innovative ways of communicating. Our conversations are open, constructive, and facilitated.

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