Bournemouth University

The role of co-production in strategy formation: A study of business support for small enterprises in Dorset.

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A thesis submitted in partial fulfilment of the requirements of Bournemouth University for the degree of Doctor of Philosophy

August 2018

Copyright Statement

Abstract

This study addresses co-production in business support, arising from interventions between small enterprise owner/managers and business support intermediaries, and the effect on strategy formation. There is a significant amount of literature in the distinct areas of co-production; strategy; and business support, however much of the extant co-production literature focusses on public services, and there is a gap in literature which focuses specifically on co-production in business support and strategy formation. The research was undertaken against a backdrop of major change in business support policy and provision, which had a notable impact throughout the study. A conceptual framework was developed that identified the key components of co-production in business support interventions and how these interact and add value. Taking a mixed methods approach, using qualitative research as the dominant method, the study has focused on relationships between Dorset small enterprises and intermediaries that provided business advice, mentoring, brokerage, coaching and consultancy. A contextual quantitative survey was undertaken to provide baseline data on business support and strategy in Dorset small enterprises. The contributions to knowledge are as follows: 1) This study has responded to a call to extend co-production research into other areas, outside of public services, and has subsequently linked the themes of business support and strategy formation to co-production and value creation; 2) This study has identified where value is added in co-production business support interventions, through the development of the critical mix; and 3) This study makes a methodological contribution by identifying the need for triangulation of owner/managers' perceptions of a range of 'hard' and 'soft' outcomes, to assess the value created though interventions. Implications for practice include: an increased understanding of how the aspirations of owner/managers influence the direction of business support interventions, leading to more targeted provision; the need for improved mechanisms for measuring business support outcomes; and business support has been shown to add value, but sustainable programmes are needed to maximise success.

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Acknowledgements

I would like to extend my sincere gratitude and appreciation to all those who have helped towards the completion of this thesis.

Special thanks and appreciation to my supervisors, Dr Julie Robson and Dr Peter Erdélyi for providing invaluable support and expertise - especially for their patience, dedication, encouragement and motivation.

I'd also like thank Professor Dean Patton for all the useful comments including the suggestions around co-production and the conceptual framework, as well as all the encouragement to "just get it written".

Thanks to my colleague, Dr Thanh Huynh, for his help with the statistical validation. Thanks to Dr John Beavis, for his fantastic help with the SPSS statistics package and survey design, early on in the research process.

I am also grateful to Melissa Carr and Deborah Taylor for organising a weekly academic writing group, which has been invaluable in helping me to 'get into the zone' and focus on the writing.

Thanks to the academic staff at the Business School for always being so willing to discuss issues and for their input throughout the course of study. Thanks, also, to the administrative staff in the Business School for their support and patience.

I would also like to thank the team at the Graduate School / Doctoral College for facilitating the various training sessions I have attended.

I greatly appreciate the commitment of Bournemouth University, in covering the course fees, transcription/binding costs and for the allowance of study time.

Many thanks to the owner/managers and business support intermediaries, across Dorset, who participated in this research.

Finally, thanks to my dad, Ivor Ford, for his help with the proof reading.

Dedication

I dedicate this thesis to:

My children - ***Katie, Sophie and James***

I am very proud of you all.

And to my parents - ***Wendy and Ivor Ford***

Thanks for always being there when I have needed you.

With Love – ***Tim***

Declaration

I declare that:

- No material contained in the thesis has been used in any other submission for an academic award.
- The material in the thesis is my own work.
- I acknowledge the support of my supervisory team: Dr Julie Robson and Dr Peter Erdélyi.
- This thesis was developed in adherence to Bournemouth University rules.

Signed …………………………. Date: **6th August, 2018**

Timothy James Ford

Total Word Count: 93,731
(Excluding table of contents; references; and appendices)

Acronyms, Abbreviations and Key Terms

BIS	Department for Business, Innovation and Skills
BL	Business Link
CAQDAS	Computer Assisted Qualitative Data Analysis Software
CM	Critical Mix
CRM	Customer Relationship Management
DTI	Department of Trade and Industry
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
FP	Foundational Premise(s) (in S-D Logic)
GVA	Gross Value Added
HR	Human Resources
IDB	Information, Diagnostic and Brokerage
Intermediary	Provider of Business Support e.g. business advisors; coaches; mentors; consultants; professional services
IOEE	Institute of Enterprise and Entrepreneurs
LEP	Local Enterprise Partnership
LMAP	Local Manufacturing Advisory Programme
KIBS	Knowledge Intensive Business Services
KTP	Knowledge Transfer Partnership
MD	Managing Director
NVivo	A computer aided tool for qualitative data analysis
ONS	Office of National Statistics
Owner/Manager	The owner or manager of a small enterprise or SME
OU	Open University
R&D	Research and Development
PBA	Personal Business Advisor
RDA	Regional Development Agency
RIS	Regional Innovation System
PEST	Political, Economic, Social and Technological
SBU	Strategic Business Unit

S-D Logic	Service Dominant Logic
SMART Awards	A grant scheme which offered funding to SMEs to engage in R&D projects
SFEDI	Small Firms Enterprise Development Initiative
Small Enterprise	An enterprise with 0-49 employees
SPSS	A computer aided tool for quantitative data analysis
SME	Small and Medium Sized Enterprise (0 – 249 employees)
SWOT	Strengths, Weaknesses, Opportunities and Threats
SWRDA	South West of England Regional Development Agency
TUC	Trade Union Congress
UK	United Kingdom

Chapter 1 – Introduction

1.1 Title of the Research

"The role of co-production in strategy formation: A study of business support for small enterprises in Dorset."

1.2 Introduction

This study considers the role of business support and its effect on strategy development, using theories of co-production. The research was undertaken in the context of the regional and sub-regional business environment, namely the South West of England and, more specifically, Dorset. The South West region includes the Dorset sub-region, including the conurbations of Bournemouth and Poole, and is illustrated in Figure 1.1.

Whilst there is significant knowledge about strategy in larger companies and, to a lesser extent, business support, little is known about the impact of business support, the effect on strategy formation in small enterprises and the role that co-production takes in this process. This study therefore aims to investigate the role of co-production in business support for small enterprises with a focus on the relationship between the owner/manager and business support intermediaries, and is underpinned by the theories of co-production in which the successful outcomes, in terms of new strategy formation and subsequent improvements in business performance, are achieved through a two-way working relationship where value is added through co-operative working (Parks et al. 1981 and Rice 2002).

One of the key challenges for small enterprises is their limited access to resources that results in disadvantages, across the market, in comparison to larger corporations that are well established (Penrose 1959). Barney's (1996) Resource Based View of firms, and the later Knowledge-Based View (Eisenhardt and Santos 2002) demonstrated the importance of intangible knowledge assets for the competitiveness and subsequent growth of small enterprises. Considering the limited resources of small enterprises, their access to external knowledge has been problematic for both the enterprises themselves, and for the policy makers with an interest in supporting them. The UK government addressed this problem, between 1992 and 2011, through market intervention using the Business Link network, which provided small business advisors to help start-ups and SMEs gain access to knowledge, innovation, networks and brokerage. The study has therefore included investigation into the effects arising from significant changes to such business support provision, which has formed the backdrop for this research. These changes have occurred both locally and nationally between 2011-2017 and, although not the core focus of the study, the resultant differences in provision have created the potential for impact on business support interventions in small enterprises across Dorset.

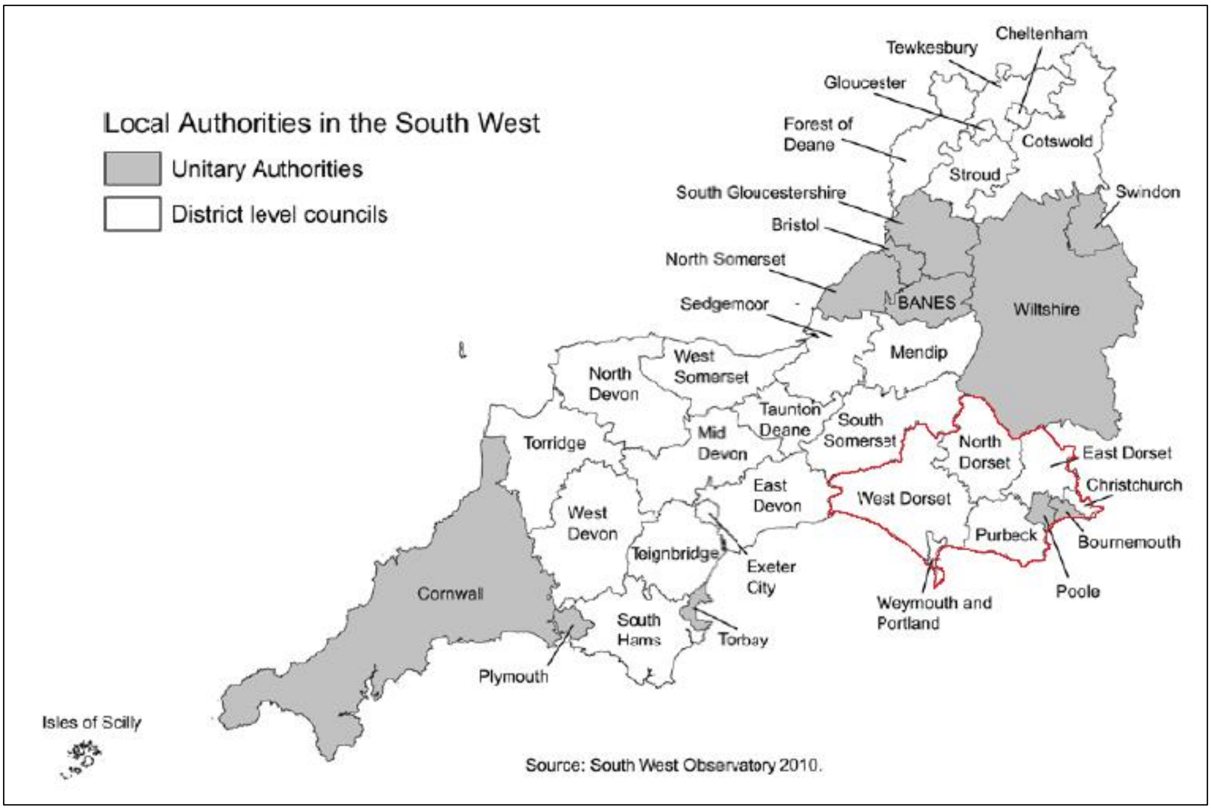


Figure 1.1 - The South West Region and Dorset Sub-Region (highlighted red)

1.3 Definitions

This section includes brief definitions of the terms: owner/managers; co-production; strategy; and business support, and is provided for clarity and context. More detailed definitions are provided within the Literature Review (Chapter 2).

1.3.1 Definition of the Owner/Manager

A useful definition of owner/managers was provided by Mazzarol et al. (2009) who differentiated between owner/managers and entrepreneurs. The owner/manager tends to be someone who launches or acquires the small enterprise for personal goals and as their main source of income, and is generally inseparable from the business. On the other hand, an entrepreneur has a focus on profit and growth, based on strategic management, innovation and differentiation. Blackburn and Hart (2013) added to this by suggesting owner/managers were the most important resource within the enterprise and their commitment to the business was a key factor in performance and growth.

1.3.2 Definition of Co-Production

Co-Production refers to situations in which collaboration takes place between producers and consumers to create value (Parks et al. 1981; Humphreys and Grayson 2008). In terms of co-production in business support, the success of business advice depends on collaborative working between ‘consumer producers’ and ‘regular producers’ i.e. owner/managers and the business advisors (Kiser & Percy 1980; Rice 2002). Through such joint efforts, value can be added that increases the effectiveness of the collaboration (Lusch et al. 2007).

The relationship that arises between the business advisor and the small enterprise owner/manager can be considered as co-production, as defined by Parks et al. (1981), albeit in the context of public service delivery. In describing co-production, Parks et al. began by citing Garn et al. (1976, p

14-15):

> *"The person being served (the client or consumer) is inevitably part of the production process if there is to be any production whatsoever. Therefore, the resources, motivations, and skills brought to bear by the client or consumer are much more intimately connected with the level of achieved output than in the case of goods production. The output is always a jointly produced output."*

Considering the providers of goods and services as *'regular producers'*, and the consumers of goods and services as *'consumer producers'*, Parks et al. (1981, p.1002) stated that a division of labour became more commonplace as the complexity of societies increased, going on to describe co-production as:

> *"Co-production involves a mixing of the productive efforts of regular and consumer producers. This mixing may occur directly, involving coordinated efforts in the same production process, or indirectly through independent, yet related efforts of regular producers and consumer producers."*

The degree to which the efforts of the regular producer (the business advisor) and the consumer producer (the owner/manager) overlap has been described as the 'critical mix' (Brudney and England 1983) and is a significant factor in the achievement of added value. In business support, the critical mix would typically include a range of factors, arising from both the owner/manager and the business advisor such as rapport/trust, aspirations, timescales, relevant knowledge, commitment and achievable goals. Brudney and England highlighted the requirement for the involvement of both parties, in activities that are positive, voluntary and active, in order for value to be added. However, added value may only be fully realised through consumption i.e. once the strategic outcomes are put into practical use (Vargo and Lusch 2004).

1.3.3 Definition of Strategy

Strategy is a largely holistic term and there is no universally agreed definition (Quinn 1980), and this is particularly the case when considering strategy within the context of the small enterprise. A useful definition of strategy in general terms was, however, provided by Walker et al. (1996, p.8) who suggested that:

> *"A strategy is a fundamental pattern of present and planned objectives, resource deployments, and interactions of an organisation with markets, competitions, and other environmental factors."*

For strategy in small enterprises specifically, Stonehouse and Pemberton (2002, p.854) suggested a focus on longer term objectives:

> *"the devising and formulation of organisational plans which set the broad and flexible objectives, strategies and policies of a business, driving the organisation towards its vision of the future".*

Stonehouse and Pemberton went on to suggest that owner/managers may undertake less *formal 'strategic thinking'*, in which managers go beyond dealing with everyday operational issues, and may have a certain amount of *'strategic intent'* for their longer term business direction.

The idea of a less formal approach to the development of strategy in small enterprises can be thought of in terms of strategy formation (Mintzberg 1978) and is suited to situations where the strategy does not necessarily involve a formal or fixed plan. However, there has been limited research on the strategy formation process that focuses specifically on SMEs (Ghobadian and O'Regan 2002).

In terms of strategy formation in small enterprises, the literature suggests owner/managers are often too busy dealing with everyday issues to be engaging in formal long term planning and in developing formal strategies (Robinson & Pearce 1984; Wang et al. 2007). That is not to say that the companies do not think ahead, but often just do not have the time to undertake formal strategic processes. However, it has been widely accepted that succesful enterprises do indeed need to actively plan for the future to be competitive, and for survival (Ennis 1998).

1.3.4 Definition of Business Support / Business Advisor

Bisk (2002) considered that business advisors, mentors, coaches and counsellors all perform a similar function and may be employed by a range of organisations across either the public or private sectors, with each being assigned to provide advice/support to clients. Bisk subsequently considered all of these types of support interchangeably under the single heading of *mentoring*, and that the focus should be on the business support role of the mentor, or advisor, regardless of how interventions are funded (i.e. public or private). Interventions considered within the present study, could therefore be undertaken by a commercially funded advisor, who is effectively a management consultant; from an advisor working for a funded local organisation (e.g. Outset Dorset, Dorset Growth Hub); or from a volunteer advisor providing mentoring.

In terms of definition in the research going forward, the role of Business Advisor will be closely based on the definition used by Business Link as it stood during the onset of the present study. The research will therefore be based around the relationships between owner/managers and business advisors who have an on-going relationship with the company including: identifying performance gaps and improvement opportunities; development of strategic frameworks and plans; jointly developing action plans; signposting to appropriate business support; providing links to solution providers; management of the client relationship; prioritising support in complex situations; and support with funding opportunities (Yorkshire Forward 2010).

However, to avoid confusion throughout the study, a single term was required that would encompass the roles of business advisors, mentors, coaches, consultants and counsellors, and indeed any provider of support, advice and guidance to the small enterprise. Major and Cordey-Hayes (2000, p.591) adopted the term ‘intermediary’ to describe the above as:

> *"Any organisation standing in an agency role between the originator and the receiver of some knowledge or information. The business support community comprises a large number of organisations playing an intermediary role for industry."*

In terms of this study, the term of 'intermediary' has therefore been adopted, throughout, to describe the individual providing support, which was usually on behalf of an organisation they represented.

1.4 Background & Context

1.4.1 Small Enterprise Definition

The European Commission (2003) defined SME (Small and Medium Sized Enterprises) as companies satisfying the following thresholds, in terms of employee numbers and turnover or balance sheet total (see Table 1.1, below).

Company Category	Employees	Turnover	or	Balance Sheet Total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	**< 50**	**≤ € 10 m**		**≤ € 10 m**
Micro	**< 10**	**≤ € 2 m**		**≤ € 2 m**

Table 1.1 - European Commission SME Thresholds
Source: European Commission (2003)

To represent the profile of Dorset enterprises, in which 98% have fewer than 50 employees (Dorset County Council 2017) empirical research for the present study will be restricted to companies in the ‘small’ and ‘micro’ categories (referred to as *small enterprises* throughout this thesis) i.e. the focus will be on Dorset enterprises with fewer than 50 employees.

However, much of the extant literature on small business has tended to be based around small and medium sized enterprises (SMEs) with under 250 employees. Wherever possible, literature will be used that focusses specifically on smaller enterprises (i.e. under 50 employees), however, in the majority of cases, it has not been possible to make such a distinction when referring to the extant literature.

1.4.2 Strategy and Business Support in Small Enterprises

In terms of strategy, the majority of small and medium sized enterprises are not thought to plan strategically (Wang et al. 2007). This lack of long term planning, or vision, can have a detrimental effect on performance (Berry 1998; Ennis 1998). When strategy formation is considered in the context of external business advice, there were considerable variations in the opinions presented in the literature with authors such as Westhead and Birley (1995), Freel (1997) finding little or no evidence of benefits, whilst other authors, for example Robson and Bennett (2000), questioned the validity of such findings, which tended to focus on a limited set of determining factors i.e. employment levels, and went on to measure against a wider range of dimensions including financial measures. Robson and Bennett's work explored specific aspects of business support that included business strategy, concluding that it is difficult to demonstrate causality in the advice-growth relationship. However, Robson and Bennett did suggest that there is a positive association between support/advice, through collaborative working, and the growth of private sector companies. Moreover, recent government data, from the 2014 BIS Small Business Survey, which included detailed interviews with approximately 5,000 small businesses, and considered the perceptions of a wide range of owner/managers, has provided some indication of positive outcomes for business support, where 59% of small enterprises felt support received had fully met their needs, a further 33% found the support had partially met their needs, but only 6% considered that the support did not meet their needs.

1.4.3 Overview of Changes to Business Support Provision

The research, for the present study, has been carried out during a period of significant change in business support provision. Business Link was a government funded business advice, guidance and support service available throughout England. The Business Link model was initially developed in the late 1980s through government policy statements, and was consolidated in 1993 when the service first became available, although there were several revisions in later years (Roper and Hart 2005). The service ran until November 2011 with 89 partnerships, supporting SMEs across all English regions.

In terms of regular Business Link support (which would include support in strategy development), according to an economic impact study for the Department for Business Enterprise & Regulatory Reform (BERR), carried out by Warwick, Kingston and Aston Universities (2005), around 40% of intensively assisted firms and 25% of other-assisted firms reported business outcomes which, in the authors' opinions, would not have been realised without specific business support from Business Link. Following the closure of the Business Link network, there were suggestions, including the results of the 2012 BIS Small Business Survey, which indicated a clear need for improved support, and that business support for SMEs had become fragmented. New initiatives, such as the Growth Accelerator fund (2012) and The Growth Hub network (2014) were subsequently launched, albeit with a fraction of the funding that had been allocated to Business Link.

The recent changes to the Dorset business environment reflects the situation for the rest of England following the change of government in 2010 which resulted in the 2011/2012 closures of both the Business Link network and England's Regional Development agencies. Locally this involved the closure of the Exeter based South West of England Regional Development Agency (SWRDA) and the Dorset based Business Link Wessex (which also had offices covering Hampshire and the Isle of Wight). These funding organisations were 'replaced' by the new Local Economic Partnerships, albeit with a very different scope and remit, along with a fraction of the budgets of its predecessors. However, WSX Enterprise, the eventual franchise holders for Business Link Wessex, has continued to offer initiatives, including operation of the Dorset Growth Hub, to small enterprise in Dorset, albeit with a significantly reduced budget and scope.

The South West of England Regional Development Agency, through its own (final) Annual Report and Financial Statements (SWRDA, 2012) claimed the impact, to enterprises and the regional economy, from business support and other services offered by Business Link and SWRDA, in the period towards Nov, 2011, was "significant" (prior to 2005, the Business Link network received funding through the Department of Trade & Industry and, later, through the Small Business Service). This report was commissioned by SWRDA themselves and therefore could be somewhat biased, however this is the only available source of performance data for the South West RDA. In contrast, the UK government's 2012 Department for Business, Innovation and Skills (BIS) Small Business Survey showed a distinct drop in levels of business support in comparison to their 2010 survey and this issue had been highlighted as an area for further research.

There has been some debate and controversy, within the extant literature, around the true benefits of business support and, in some cases, whether there is any measurable positive impact at all. Warwick, Kingston and Aston Universities suggested in their 2005 Economic Impact Study (BERR, 2005) that, for every £1 invested in the Business Link network, this generated £2.26 of value. However this did not necessarily include many of the intangible benefits arising including, for example, around 66% of intensively-assisted firms and 55 per cent of other-assisted SMEs suggesting Business Link as being a crucial factor in leveraging behavioural change within the company. Significantly for this research, around half of the SMEs reported that benefits were strategic over a term of up to 5 years, with the remainder reporting more immediate benefits.

Dorset's Local Enterprise Partnership application was approved by the government in mid-2011 and launched in 2012. The Dorset LEP covers an area with a population of c.700,000 and industry sectors that includes financial services, aerospace, tourism, food & drink, creative industries, agriculture and marine industries. However, this service cannot be seen as a direct replacement for SWRDA and the Business Link network as, in its original prospectus, it did not include any plans for direct business support, and subsequently any form of co-production in terms of strategy development (Dorset LEP 2011).

At the time of writing, Dorset LEP was still evolving and more recent activity included their announcement of a £1.26 million fund to launch the 'Dorset Growth Hub' (launched in 2014). This was linked to a national move towards regional business growth hubs and partly addressed the issues of reduced business support through RDA and Business Link closures, and the drop in perceived levels of business support identified in the 2012 BIS Small Business Survey (BIS 2013). However, this service had limited resources and was aimed at companies that demonstrate growth potential. With short-term interventions of around 3-11 hours, resulting in a set of actions plans, whilst the quality of support is not in question, this provided a very limited replacement of the services previously offered by Business Link in the period leading up to 2012. However, in the period from 2012-2017 there had been significant growth in the Dorset mentoring programme (DorMen) and the number of volunteer mentors had doubled, and was reaching around 170 small enterprises at any one time. The mentoring programme was provided at a nominal cost to companies and provided on-going support which was well suited to strategy formation.

The regional business environment is covered in greater detail in Chapter 3.

1.4.4 Rationale for Focus on Dorset Small Enterprises

Whilst the research focusses on strategy formation and co-production, it was important to consider the context of the business support environment that forms the background of the research. Dorset's small enterprises were targeted specifically in the research for the following reasons:

- The statistics for SME numbers in Dorset and the South West closely matches the national profile with 99.5% of businesses classed as SMEs (South West Observatory 2012). More specifically, small and micro enterprises currently account for approximately

98% of Dorset businesses (Dorset County Council 2017) which is very close to the national average.

- The high proportion of the micro and small business sector demonstrates the importance of small enterprises and their significant contribution to the UK economy and employment, yet such firms are less active in management development (which would include business support), when compared to employers more generally (Rae 2007).

- However, it is acknowledged that the problems faced by small enterprises and entrepreneurs, along with priorities for economic development, may vary significantly across UK regions (Smallbone et al. 2016) and there is a subsequent case for regional policies.

- The author has considerable experience in working with, and studying, Dorset SMEs through a range of enterprise projects. Areas covered have included customer service, start-up, entrepreneurship, family business, work based learning and strategy formation. This work has generally been through collaboration with business support intermediaries across Dorset and the South West of England and projects have involved Business Link Wessex; INTERREG Atlantic Net; Dorset Chamber of Commerce; South West TUC; South West RDA; and the Dorset Learning and Skills Council.

- The focus on smaller UK enterprises has a strong fit to company data analysed within homogeneous literature on strategy formation and business support in small enterprises e.g. (Smallbone and Wyer 2000; Stonehouse and Pemberton 2002; Blackburn and Jarvis 2010; Blackburn et al. 2013; BIS 2015; Mole et al. 2016).

- SMEs are often considered as important innovators in economies and are recognised as important sources of innovative products and processes (Kitching and Blackburn 1998). Innovation is a key factor in gaining competitive advantage for SMEs (Smallbone et al. 2016, p2) but not all SMEs are particularly innovative, with perhaps only 1 in 4 SMEs engaging in innovative practice (Love and Roper 2015). There are also some indications that innovation in SMEs is linked to growth aspirations – for example, Whalen et al. (2016) suggested enterprises with slower growth had a tendency to be less innovative and activity was more orientated towards markets and/or the demands of their own particular phase of development. Within the present study, efforts were therefore made to target small enterprises where examples of innovative practice were evident.

1.5 Aims and Objectives

1.5.1 Aims

To explore co-production in the strategy formation of small enterprises in Dorset.

1.5.2 Objectives

Within the overall aim, specific objectives have been developed:

1. To establish how small firms acquire business support, and from who.

2. To identify the extent to which co-production exists.

3. To understand what form co-production takes.

4. To understand how this impacts on strategy formation.

5. To establish the effects of national and local changes to business support provision.

Chapter 2 - Literature Review

2.1 Introduction

In order to fully explore co-production in the context of business support and strategy development, and to develop appropriate research questions, the literature has been considered separately in terms of co-production; business support; and strategy. These distinct aspects of the literature are then brought together in the conclusions of this chapter and have been used to inform the development of a conceptual framework appropriate for the current study.

2.2 Co-Production Literature

2.2.1 Defining Co-Production

To avoid later confusion, it is important to provide clarity about the terms co-production and co-creation. Co-production, which is at the core of the present study, can be confused with co-creation as both refer to situations in which collaboration takes place between producers and consumers to create value (Humphreys and Grayson 2008). Lusch and Vargo (2006) described the difference between the terms, beginning with co-production, which refers to *''participation in the creation of the core offering itself …. through shared inventiveness, co-design, or shared production"*. In co-creation, which has a research background in marketing and services (Grönroos 2008), *''value can only be created with, and determined by, the user in the consumption process, or through use"* (Lusch and Vargo 2006) – however, the authors suggested both terms of co-production and co-creation are encompassed within the concept of 'value co-creation' and both are therefore closely linked with the term 'value in use' (Lusch et al. 2007). The creation of value, based around the concept of 'service dominant logic' (Vargo and Lusch 2004) has been explored in greater detail in section 2.2.3 of this thesis.

In a single systematic review of both co-production and co-creation literature by Voorberg et al. (2014), 122 publications were considered and these broadly fell into two categories, namely public and private sectors. Of these 122 publications, 95 covered co-production and the remaining 27 were focussed on co-creation. Two trends were identified in the private sector: 1. End-users (i.e. customers) were defined as possible co-producers in the production chain; 2. End-users, with experience of products and services, become co-creators that can add value to a company. This focus on the end-user (usually the customer) has been a common theme in the majority of private sector co-production literature and it is often difficult to relate such literature to the co-production relationship that exists in business support interactions, where only two parties are involved (Rice 2002).

However, a potential limitation within the extant literature was identified by Voorberg et al. (2014), whose conclusions indicated that the majority of empirical data arose from public services, such as education and healthcare, and subsequently acknowledged gaps in the body of knowledge and the need for co-production research in other domains. A further co-production study by Vanleene et al. (2015) also demonstrated limitations within the literature, where co-production was generally only considered in terms of ‘customer participation’ and ‘public participation’.

This study has focused primarily on co-production literature, but does include certain literature around co-creation and/or the broader heading of value co-creation. However, when considering such co-creation literature, the research has only investigated aspects of relationships that were aligned to co-production theory and/or value creation, and had a direct relevance to the present study.

2.2.2 General Co-Production Theory

In their co-production activities, Kiser & Percy (1980) discussed theories around the ‘regular producer’ and the ‘consumer producer’. In this case the advisor would act as the regular producer ie. producing ‘paid for’ services, whilst the owner-manager consumes the resulting services of their inputs through benefits in terms of strategy formation and the positive effect on longer term performance. The concept of co-production therefore involves participation of both regular and consumer producers and overlaps between the two elements.

Brudney and England (1983) showed the relationship between the regular producers and consumer producers through a Venn diagram (Figure 2.1) as a 'co-production model of service delivery', in which the 'critical mix' was considered as the level to which the two spheres overlap. In describing this 'critical mix', Brudney and England outlined the need for involvement of both the regular producer and the consumer, in activities that were positive, voluntary and active.

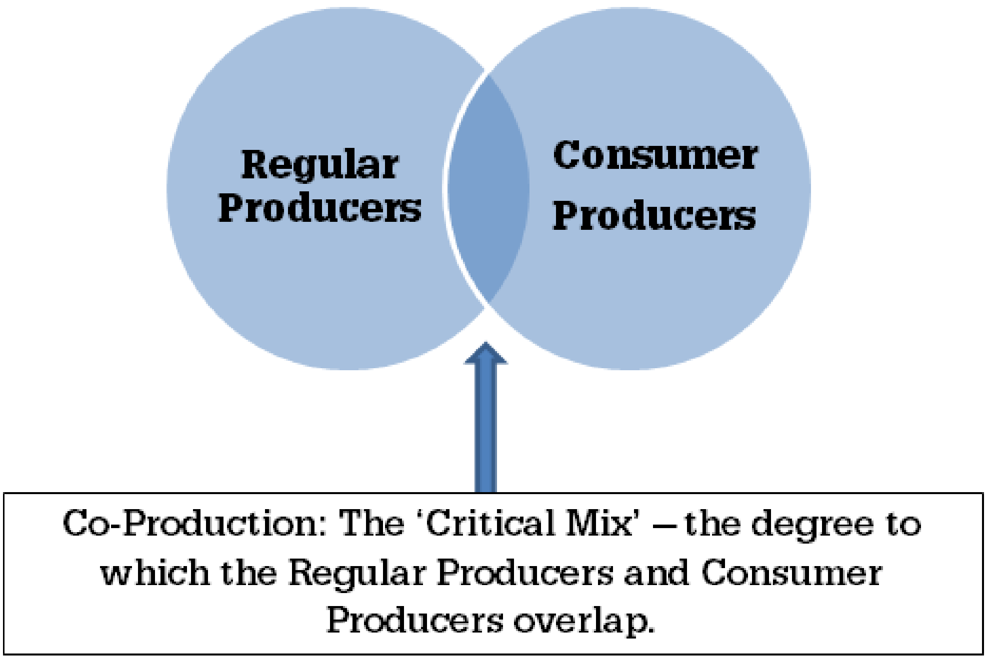


Figure 2.1 – Co-Production: The Critical Mix
(Adapted from: Brudney and England 1983)

Ahmad and Ingle (2011) noted similarities in co-production in business support (in this case through incubation) with other social processes, and highlighted the importance of quality of human relationships, along with a durable match in the relationships. Building on the earlier co-production work of Rice (2002), the authors went on to suggest that the co-production relationship was made up of a number of *"micro-processes, each with its own norms, dynamics and stages"* (Ahmad and Ingle 2011, p.626). Ahmad and Ingle also stated the further importance of the voluntary and active participation of the clients, and how the level of interaction could have a positive, or negative, impact on the overall experience, which backed up previous research on the 'critical mix' from Brudney and England (1983). Finally, the authors alluded to the importance of networking, in terms of industrial links and brokerage, and how this contributed towards overall quality.

Caniëls and Romijn (2005) described the relationship between consumers and producers as *"prosumership"*, but were essentially discussing elements of co-production, which the authors considered in terms of 'Knowledge Intensive Business Services' (KIBS) – these included support services around computing and information; research and development; engineering; marketing; business organisation; and human resources. Hauknes (1999) described KIBS as *"a co-production of capabilities"* and went on to suggest *"KIBS play a key role in transforming firms into learning organisations"*. Kuusisto and Meyer (2002) described KIBS as key drivers of growth in a knowledge driven economy.

Parks et al. (1981) suggested there were three main factors that could influence co-production, namely: technology; economics; and institutional constraint. Technology creates physical limits, so co-production could only occur if it is technically feasible; economic factors create limits in terms of the relative costs or the regular and consumer inputs, compared to the value of the output; and institutional constraints were in relation to the services that could be offered by the producer – in this case the business advisor.

Whitaker (1980) considered three dimensions of co-production: requesting assistance; co-operation; and mutual adjustment. Whitaker's work largely related to citizens who received public services, although there was some overlap with co-production in terms of business support. For example, the owner-manager may request support directly or the services of the advisor may be offered, through networking for example, and finally, there may be mutual benefit in the co-production relationship.

Aarikka-Stenroos and Jaakkola (2011) considered value co-creation (which encompasses co-production) in knowledge intensive services, and identified five key activities which had a strong fit with business support/advice, namely: **Diagnosing** needs; **Designing** and producing the solution; **Organising** the process and resources; **Managing** value conflicts; and **Implementing** the solution. However, this was not necessarily a linear progression and activities could be undertaken in parallel. Aarikka-Stenroos and Jaakkola went on to discuss the involvement of networks, and the impact on value creation, and highlighted a potential need for future research on the value that could be added by involving network actors in 'multi-actor' problem solving. When the owner/manager accesses services, in the advisor's external networks, the advisor would tend to act as an intermediary, in making the initial connection, and often managing the interaction.

2.2.3 Value Creation in Co-Production (Service Dominant Logic)

There is an emerging view that value creation may not be related directly to goods and services, but that the consumer as a co-producer, is always involved in the creation of value. Gronroos (2008) suggested that value arose through consumption (or use), rather than value distribution and stated the importance of focussing on value creation. Prahalad and Ramaswamy (2000) also acknowledged pro-active customer involvement and the importance of the customers' role in the process of value creation.

In their work on service dominant logic (SDL), Vargo and Lusch (2004) studied value creation arising through co-creation and co-production. The authors suggested that times had changed and there had been a move away from the traditional viewpoint, where value was assessed around *operand* resources, to instead consider *operant* resources as a driver of value. Constantin and Lusch (1994) defined operand resources as those needing an operation, or act, to produce an effect (i.e. value). Conversely, operant resources were defined as those that produce effects.

This work from Vargo and Lusch (2004) resulted in a move from a traditional 'goods centred' dominant logic, where the consumer is generally an operand resource, to a 'service centred' dominant logic, where the consumer is primarily an operant resource i.e. value is added through use, rather than from the product/service itself. However, Lusch et al. (2007) suggested that the beneficiary is responsible for the determination of value, and this can be subjective - value is not necessarily added at the end of the process, but can also arise through the ongoing relationship with the beneficiary.

This service centred view represented a shift in focus - away from *tangibles*, where value was determined by the producer and an 'exchange value', and a move towards *intangibles*, which includes skills, information and knowledge, and where value is perceived by the consumer through 'value in use'. This view included interactivity and on-going relationships, (Vargo and Lusch 2004).

In Service Dominant Logic, value is added through:

- Multiple actors, that would always include the beneficiary (the owner/manager in the case of business support);
- Participation in developing value propositions i.e. actors cannot deliver value itself;
- Perception of the beneficiary i.e. value is determined by the customer/consumer (i.e. in business support – through the perceptions of the owner/manager and the performance of the small enterprise); and
- Co-ordinated value co-creation.

Furthermore, there are four dynamics that have a direct role in relation to services:

- Co-operation in service provision
- Institutions in value co-creation
- Experience in service evaluation
- Value co-creation in service innovation

Figure 2.2 shows the main components of Service-Dominant Logic as a reciprocal process that includes actors; institutions; and eco-systems integrating resources and exchanging services to create value through co-production.

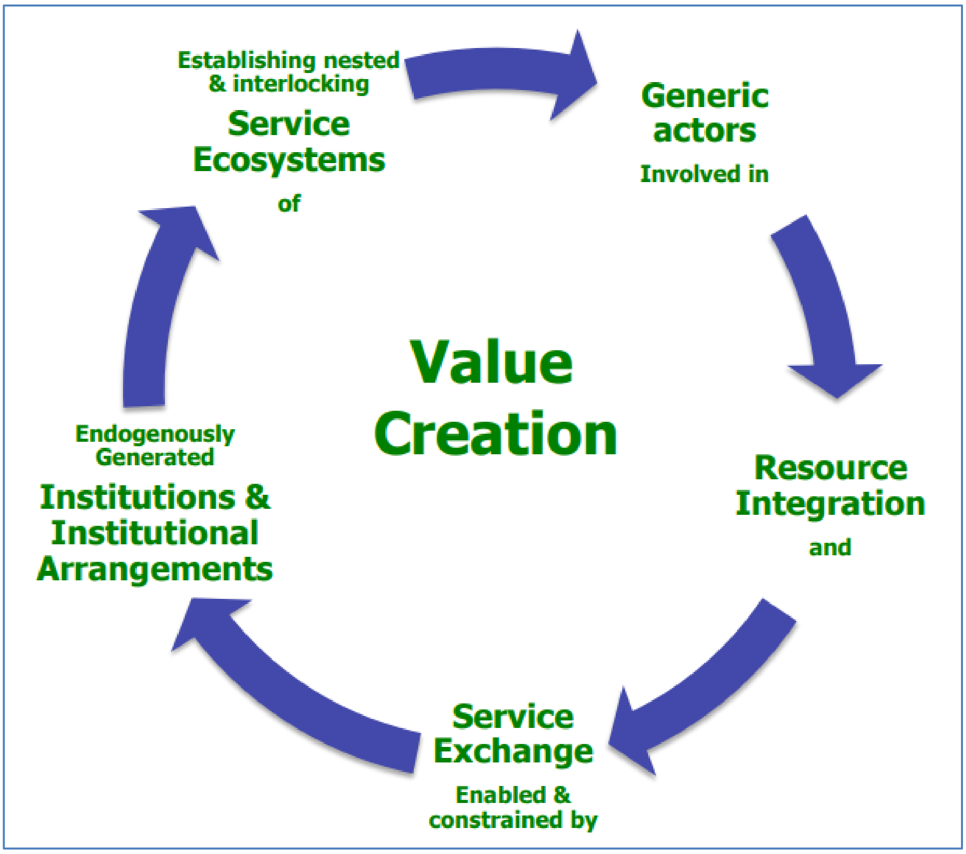


Figure 2.2 - The Core Narrative & Processes of Service-Dominant Logic (Vargo and Lusch 2016)

Vargo and Lusch's premises of Service Dominant Logic are presented as a series of 'axioms' and 'foundational premises' (FPs) (see Table 2.1, over) that were originally put forward in 2004 but have since been updated and expanded (from 9 to 12 FPs), in additional publications up to 2016, as their SD-Logic theories developed.

Axiom 1 (2004)	FP1	Service is the fundamental basis of exchange and includes the application of specialised knowledge and skills.
	FP2	Indirect exchange masks the fundamental unit of exchange.
	FP3	Goods are distribution mechanisms for service provision i.e. platforms to assist in providing benefits.
	FP4	Knowledge is an operant resource, and is the fundamental source of strategic benefit / competitive advantage
	FP5	All economies are service economies i.e. services represent operant resources that provide the essence of economic activity.
Axiom 2 (2004)	FP6	The customer (or consumer) is always a co-producer i.e. value is co-created by multiple actors, always including the beneficiary.
	FP7	The enterprise can only make value propositions i.e. actors cannot deliver value itself, but participate in the offering and creation of value propositions.
	FP8	A service-centred view is inherently beneficiary oriented and relational i.e. oriented towards the customer/consumer.
Axiom 3 (2006)	FP9	All social and economic actors are resource integrators i.e. organisations integrate and transform specialised competences into complex services to meet market needs.
Axiom 4 (2006)	FP10	Value is always uniquely and phenomenologically determined by the beneficiary i.e. it relates to the experiential nature of value, in the perceptions of the customer/consumer.
Axiom 5 (2015/16)	FP11	Value co-creation is coordinated through actor-generated institutions and institutional arrangements (i.e. considering the essential role of institutions in value creation, from a service dominant logic / ecosystems perspective).

Table 2.1 - The Developing Foundational Premises (FPs) of Service Dominant Logic
(Adapted from: Vargo and Lusch 2004/2006/2016)

Lusch and Vargo (2006) suggested that the service centred approach was applicable to all marketing offerings, including service provision. The authors went on to state that the service centred view included:

- Identification / development of core competencies (i.e. the knowledge and skills of an economic entity that could lead to a competitive advantage).

- Identifying other entities that may benefit from such competencies.

- Cultivating relationships with customers (or owner/managers, in this case) in developing value propositions for specific requirements.

- Analysing performance, from the exchange, to learn how to improve the firm's offering and improve the firm's performance.

To summarise, Vargo and Lusch (2004) discussed the value-creation aspects through consumption, and this notion could potentially be applied to business support where the on-going activities, arising from business support / strategy formation, continue to add value after the intervention may have concluded. The authors argued that the enterprise (i.e. the regular producer – intermediary) could only make value propositions, but it was the consumer (i.e. consumer producer – owner/manager) that determined value and created it through co-production. Lusch et al. (2007) suggested that, in co-production, value could also be added through the ongoing relationship and was linked to the perceptions of the beneficiary i.e. the owner/manager (see Table 2.1 – FP10). In cases such as business support, this suggested that value was added through both the co-production interventions themselves AND at the point of use, when new strategies were used in earnest and began to provide tangible benefits.

2.2.4 Co-Production in the Context of Business Support

Service Dominant Logic (Vargo and Lusch 2004) has been shown to include both interactivity and on-going relationships, as key components, along with the importance of skills, information and knowledge and therefore has a strong fit with co-production activity in business support interventions. The consumer (i.e. the owner/manager) as a co-producer of services was predominantly an operant resource, where value was determined and perceived by the consumer. Producers (i.e. the business support intermediary) could only make value propositions and, of particular relevance to business support, that wealth can be created via the application and exchange of specialised skills and knowledge.

Knowledge is therefore also considered as an operant resource and is the foundation of wealth creation through both competitive advantage and economic growth (Constantin and Lusch 1994).

Moreover, Davis and Manrodt (1996, p6) considered a service centred view which fitted well with the concept of value creation in co-production business support interventions. They suggested that the co-production process involves defining a specific need and developing a solution to meet that need using the following stages:

- An interactive definition of the consumer's problem
- Development of a customised solution – which can include an intangible service (such as business support/advice)
- Delivery of that solution to the consumer

Rice (2002) applied many of the characteristics of co-production, largely arising from research by Parks et al. (1981), to business support, in the context of business incubation in which *"the two parties engage in co-production to compensate for the firm's gaps in knowledge, competencies and resources"*. Rice referred to three approaches to counselling, namely ***"reactive and episodic"***, which was usually received through business assistance programmes and was initiated by the owner-manager, perhaps by a phone call or email. The second type of counselling was ***"pro-active and episodic"*** – this was presented in the context of a business incubator setting, whereby the advisor could be reached by a fairly informal drop-in facility or over coffee, yet this could equally apply to regular visits from the advisor. The third means of counselling was ***"continual and pro-active"*** and involved an on-going focus on the strategic needs of the company.

The services offered by a business advisor would tend towards either the "reactive and episodic" and, for those where regular visits were a feature e.g. monthly, then also towards the "continual and pro-active" category. The focus is on the dyadic working relationship between the business advisor and the business owner-manager. With this relationship considered in terms of the consumer and the producer (Parks et al. 1981), the producer could not act alone in determining the quality of outputs. In essence, both parties work together to produce successful outputs.

Rice's (2002) work on co-production also alluded to the idea of a change of culture towards longer terms thinking. This was based on achieving autonomy, sustainability and economic security following the conclusion of a co-production relationship, having developed new competencies, increased knowledge and additional resources.

In their work on business support relationships between accountants (acting as advisors, mentors, coaches) and their clients, Blackburn and Jarvis (2010) highlighted the need for ongoing relationships with small enterprises, rather than acting as 'one stop shops' for advice. Deakins et al. (2001) suggested this role required flexibility and understanding around the small enterprise and its cultural environment. The authors went on to suggest a need for suitable interpersonal skills, participation in referral networks and to develop empathy with the client for effective coaching. Blackburn and Jarvis (2010) suggested that, through such relationships, and through links with professional bodies, that small enterprises can be provided with a 'catalyst for change' in relation to their on-going development.

Eriksson et al. (2014) considered co-creation in the context of business incubation. This work differed from similar studies around support in incubation (Rice 2002; Ahmad and Ingle 2011) in which co-production relationships between the two parties, of centre manager and client, were studied. The research from Eriksson et al. (2014) also included the clients' customers and technology researchers in the relationship. The authors concluded that an important goal was the generation of trust, and how such trust was a prerequisite for collaboration and a continuous dialogue between the parties involved. For success, there was a need for the key parties to be active and motivated, and to immerse themselves in the process from the outset, which included intense and regular interactions. However, despite the approach being primarily based around co-creation, Eriksson et al. confirmed that the co-production approach of Rice (2002) still 'resonated well' with their own research.

Parks et al. (1981) developed the following equation for co-production:

$$Q = cRP^{d}\,CP^{e}$$

Q = The output (or benefit) in terms of business assistance *RP* = Regular Producer inputs, *CP* = Consumer Producer inputs, *c* = a scaling factor and *d* & *e* are output elasticities. Output elasticities would typically include external factors that might influence the inputs.

For consideration of the equation in the case of co-production in terms of business support, the owner-manager would be 'Consumer Producer'; the advisor would be the 'Regular Producer'; and the 'Output' would be the benefits to the company, in terms of strategic direction and the subsequent impact, in terms of added value, whether measurable or perceived.

Trust was an important factor arising within the co-production literature (Vanleene et al. 2015). Wang and Wan Wart (2007) defined trust, in co-production, as: *"trust is the people's belief that their interests are being treated fairly and that the other party is reliable to carry out its role".* Wang and Van Wart went on to suggest that ethical behaviours, such as honesty and integrity, could lead to trust, but also that trust could arise from the on-going co-production interactions that lead to perceptions of improved performance. Vanleene et al. (2015) suggested that a further factor in the creation of trust was the achievement of the original goals of the relationship.

Trust was considered by Lewis and Weigert (1985) who focussed on two distinct conceptualisations of trust:

1. **Cognition based trust**: a degree of cognitive familiarity with the object of trust i.e. a knowledge of the other party, and (ideally) a belief in their abilities; and
2. **Affect based trust**: arising from social and psychological bonds between the parties i.e. the emotional bond between partners in the relationship.

In co-production literature generally, trust has often been presented as an indicator of improvements in the relationships - however, Vanleene et al. (2015) identified five key factors that resulted in improved relationships between clients and professional organisations, and pointed out that these additional variables, as shown in Figure 2.3, were of importance to achieve the overall aims i.e. adding value. However, perceptions of trust can be highly subjective when being used to assess the impact of interactions early in relationships, and discussions around trust, rapport, confidence etc. may be influencing managers' early expectations/meanings and influencing actions (Devins and Gold 2000).

Figure 2.3 - Factors for strong relationships between clients and professional organisations (Vanleene et al. 2015)

Vanleene et al. (2015) considered learning in co-production, from two viewpoints and suggested the act of learning itself could lead to beneficial outcomes:

1. That the client can learn i.e. becomes informed as a ‘client expert’ with an understanding of technically difficult situations, and seeing holistic, wider solutions (Irvin and Stansbury 2004) – this could include peer learning, developing skills and knowledge and understanding processes.

2. The professional organisation (e.g. the business support intermediary) could also learn. Kim (2010) and Irvin and Stansbury (2004) suggested that learning happens through regular contact with the client, and through knowledge sharing. Furthermore, localised knowledge is shared, such as specialised knowledge of the organisation and the industry sector that, as well as the learning, can lead to innovative solutions and informed decisions.

Brandsen and Honingh (2015) developed a matrix framework (Table 2.2) to group different levels of co-production activities. The two axes considered implementation or design of services; and whether or not consumer efforts were within the core processes of the organisation. In terms of the co-production relationship arising within business support, for effective results (i.e. adding value) there was a strong fit with **“co-production in the design and implementation of core services”** which demonstrates the significance of the interactions at the core of the business and in designing, developing and implementing strategies to take the enterprise forward.

	Implementation	**Design & Implementation**
Complementary	Complementary co-production in implementation	Complementary co-production in service design and implementation
Non-Complementary	Co-production in the implementation of core services	**Co-production in the design and implementation of core services**

Table 2.2 - Types of Co-Production
(Brandsen & Honingh 2015)

To summarise, much of the literature relating to co-production has focussed on the public sector (Brudney & England 1983; Kiser & Percy 1980; Parks et al. 1981; Voorberg et al. 2014). Whilst there is very little co-production literature relating specifically to business support, many of the concepts and theories introduced in this relatively early research can, and has been, adapted to the context of business support, principally through the work of Rice (2002).

However, there are significant gaps in the literature, and new research around co-production in business support interactions, such as that undertaken in the present study, fits well with the identified requirement for co-production research in new domains (Voorberg et al. 2014).

2.2.5 Research Question 1

Building on the co-production literature, which includes theories around value creation, and in the context of the current research, along with the aims and objectives outlined in Chapter 1, the following research question has been developed:

> *What value is added to the strategy formation process through co-production in the relationship between the business advisor and the small enterprise owner/manager?*

2.3 Business Support Literature

2.3.1 Business Support and Advice

The influence of information and advice on SME strategy was considered in research by Burke and Jarratt (2004). The study compared 'informal advisors' that included business associates (e.g. internal employees, representatives, suppliers, customers) and personal associates (e.g. networks and friends); against 'formal advisors' such as professional associates (e.g. accountants, banking, business advisors); and also promotional links (e.g. Internet contacts, trade shows). The work was largely qualitative, being based around in-depth interviews and focus groups. Each group targeted eight companies and it is unclear if these overlapped. Those in the professional associates group were considered to be low value sources of strategic advice, compared to the other three groups – this was because there was a general perception that informal sources, such as networks and business alliances, had a much greater insight into the needs of the specific enterprise than more formal means of support that could tend to be generic in nature. There was also a perceived amount of caution in the advice given formally, and some respondents in the study felt that potential legal implications of giving more radical advice were to blame.

Hill et al. (1999) carried out similar research around personal business relationships. The research gave little indication that formal business advice, from consultants, banks, advisors etc., was of significant benefit to the businesses involved. Of the various aspects of formal support, accounting was seen to be the one where notable value was added. The authors concluded that, in order to be successful, business advisors needed to fully understand the business environment for the specific industry in which a firm operated and to ensure the advice was relevant and helped with profitability and business growth. There were interesting conclusions to this work, regarding the perceived value of advice and this will be investigated in more detail within the present study.

The findings from Burke and Jarratt (2004) and Hill et al. (1999) demonstrated that increased value was gained when advisors had a better insight into the specific business, an understanding of the business environment and knew the particular industry well. Major and Cordey-Hayes (2000) undertook complementary research which considered the aforementioned factors in terms of 'closeness' to the enterprise. Through a series of conceptual models, they classed those involved in the transmission of advice to be 'intermediaries' and these were considered in three groupings, namely signposting, facilitating and contracting. *Signposting* would include organisations such as Business Link and chambers of commerce; *Facilitators* would include trade associations and innovation centres; and *Contractors* would include professional institutes, universities and consultants. These conceptual models were tested in a survey that included 49 SMEs and 34 intermediaries. There was a match in that the most successful intermediaries needed to be 'close' to the enterprises. However, there was also an acknowledgement of the importance of the links with intermediaries and the value of these bodies. In particular, a need to engage with contractors was thought to be of benefit to the enterprises. Business Link advisors also acted as 'brokers' between the buyers (the businesses they represented) and suppliers (of goods and services) so were acting again as intermediaries in a predominantly business-to-business market.

Bennett and Ramsden (2007) attempted to measure the impact of the role of advice on SMEs and compared 'soft' benefits, such as dealing with problems and managing issues, with the 'hard', more tangible, benefits such as impact on turnover or profit. They carried out an in-depth quantitative survey of business and why they belong to associations, with a total of 194 respondents. The enterprises surveyed tended to belong to more than one association (average range of 1.8 to 2.0 memberships) and the number of memberships tended to increase with company size. The associations included business advisors, business clubs, Federation of Small Business, Institute of Directors and so on. This suggested Business

Link was actually only one option, amongst many localised offerings, for business support.

Bennett and Ramsden (2007) carried out an in-depth study to understand how SMEs were using business associations for advice. The results showed that trades associations, chambers of commerce and the Federation for Small Business accounted for 85% of the most 'important' advice given – the research showed that these sources tended to be the ones where tangible benefits were reported. The authors acknowledged that this did not mean these were the most important forms of advice generally for the enterprises, and went on to cite research from Bennett and Robson (2004) that indicated how advice from accountants, customers and consultants appeared to have the most value. Bennett and Ramsden (2007) concluded that the perceptions of 'soft' outcomes from business advice, as described above, outweighed the 'hard' outcomes, such as increased bottom line, in between half and two-thirds of cases.

Bennett and Smith (2003) carried out research into spatial factors of business support using data from a Geographic Information System (GIS) to map the physical distances between most types of support and small enterprises themselves. The results showed that, in the South West, 80% of business support was available in the same region as the enterprise, but this varied depending on the type of support. The lowest levels of proximity tended to be trade associations at 35% in the South West, compared to the chambers of commerce (90.9%) and Business Links (97.4%). However, the paper did not consider the added value arising from local provision (though local knowledge, networks, contacts etc.) so this aspect could form the basis for further research. Furthermore, the changes in government policy and regional provision, including the closure of Business Links, The Small Business Service, Regional Development Agencies and Learning and Skills Councils, are likely to have had a significant impact on the spatial factors of business support, as considered by Bennett and Smith.

Jones et al. (2007) carried out research into certain factors that could differentiate better performing small companies and defined this in terms of 'strategic space', which essentially involved allocating the time and resources for strategy formation. The authors considered the improved effectiveness of owner/managers that take time out from day-to-day management to focus on longer term issues that could impact on the business. These issues included transformation and higher organisational performance i.e. growth.

In demonstrating links between business support and business growth within the literature, the initial suggestion is that there is limited evidence of correlation. Although many SMEs reported that they were very happy with support from Business Link, and satisfaction levels for business support in the BIS Small Business Survey (e.g. 2015) were generally high, some literature suggests that adoption of support services shows no real effect on business growth at all (Westhead and Birley 1995; Freel 1997). Building on these findings, Robson and Bennett (2000) used a much larger sample size than Westhead and Birley, yet broadly agreed with their results, actually suggesting that there may be a negative association between support from Business Link and enterprise growth. This may, however, be down to support being required for companies already experiencing difficulties and in decline. Robson and Bennett also confirmed Porter's (1996) view that competitive conditions stimulate growth, rather than business advice. Some of the Business Link initiatives had specifically targeted companies with growth potential, yet there were no significant indications of overall growth through such interventions. Business Link had been affected by frequent government policy changes (Reynolds 2012) and these changing conditions had not enhanced their offering (Curran and Storey 2002), and caused 'inconsistency and confusion'.

Furthermore, Robson and Bennett (2000) suggested that the only interventions that did have a demonstrable positive effect on SME performance were those of supply chain collaborations. The work on spatial business support from Bennett and Smith (2003) indicated that supply chain collaborations were amongst the least localised associations and, as such, this may question the importance of locality in the provision of business support and the perception of the most useful business advice.

Whilst the positive effect of Business Link support on growth has been put into question (Westhead and Birley 1995; Freel 1997; Robson and Bennett 2000), other studies have found benefits, in terms of employment and economic contribution, which may lead to growth. In their study of Business Link assistance to over 3,000 SMEs, Mole et al. (2009) found that intensive business support assistance did provide certain measurable results and, during the 2004/5 business year, the authors estimated 22,600 jobs were created, and value was added to the economy of an estimated £333 million. Mole et al. (2009) concluded that, at the time of the performance evaluation, Business Link services were demonstrating 'value for money' in terms of both positive economic impact and positive employment impact, although went on to suggest further research was required to determine the subsequent effect on growth.

2.3.2 The Business Advisor

Prior to the introduction of models such the IDB brokerage model, Business Link provided access to 'Personal Business Advisors' (PBAs). The main task within the role of the PBAs was *"to develop and foster long-term relationships, in order to transfer their rich diversity of experience, knowledge and skills to clients, and to facilitate access to first-class business-support services"* (DUBS/QED 1995, p.1). However, this definition does imply a need to transfer knowledge and skills, along with facilitation which suggests direct engagement. And longer term interventions. Furthermore, at the early stages in the development of Business Link, there was limited clarity about how the PBAs would carry out this role in practice (Agar 1994).

By the mid-2000s, this role had evolved and there was a tendency to move away from the provision of direct advice. Business advisors to SMEs were considered varied, but tended to have an interest in promoting new ideas for practical application with owner/managers (Berry et al. 2006). In their 2006 review of business support literature, Berry et al. considered the business advisor role and included those working for both commercial and government initiatives, such as: professional services (e.g. bankers and accountants) acting as mentors; academics; manager networks (i.e. mentoring); consultants; non-executive directors; and personal business advisors (e.g. Business Link). Such co-operation between business partners, networks, and organisations related to the building of 'social capital' (Spence et al. 2003). Subsequently, business advisors (including accountants, coaches, consultants, mentors etc.), who provided support and advice from a range of sources, could be considered as 'intermediaries' who positively affect the process of small enterprise development (Butler and Durkin 1998; Major and Cordey-Hayes 2000). For clarity – the term 'intermediary' has been used throughout the present study in reference to those involved in providing business support and advice i.e. business advisors; accountants; coaches; consultants; mentors.

The service offered by Business Links from 2006 onwards, included a service portfolio consisting of Information; Diagnostics; and Brokering (IDB) (Yorkshire Forward 2010). The main components of the Personal Business Advisor (PBA) role included: **Information Provision**; **Action Planning**; and **Account/Relationship Management**. Across these headings, the role involved: identifying performance gaps and improvement opportunities; development of strategic frameworks and plans; jointly developing action plans; signposting to appropriate business support; providing links to three quality assured solution providers; management of the client relationship; prioritising support in complex situations; and support with funding opportunities. However, this role was not considered to be a consultancy service, nor did it include the making of decisions on behalf of the client.

The following excerpt from the Yorkshire Forward (2010) definition sets out the principles of the Information; Diagnostics; and Brokering (IDB) service portfolio:

> *"The Business Link brand will solely and exclusively focus on providing access to support provided by third party suppliers, offering customers a service portfolio which consists of Informing, Diagnosing and Brokering (IDB). The IDB service portfolio will:*
>
> *a) be accessible to key market segments through four channels to market: Web, Telephone, Face-to-face and networks/events.*
>
> *b) contain the following important components: Information Provision, Action Planning and Account/Relationship Management.*
>
> *The level of customer engagement intensity will vary, depending on customer need and priorities in national and regional strategies."*

In the IDB brokerage model, the Business Link advisor acts primarily as a 'sounding-board', providing information and diagnostics, but brokering/sharing responsibility for outcomes with an external provider (Hjalmarsson and Johansson 2003). However, the adoption of the IDB model could create a more complex situation in which diagnosis and delivery are differentiated. This change could therefore make evaluation of added value to be more difficult, as previous studies have indicated that perceptions of impact have been lower in interventions around diagnosis, than in actual delivery (Bennett and Robson 1999; Mole et al. 2009).

It is important to note that Business Link provision was regionalised and varied on a local basis, with programmes that tended to fit with local requirements (Mole et al. 2009). The literature has tended to generalise about Business Link as a single entity, when it was effectively an overarching brand for a suite of services, delivered through a franchise structure, by a range of regionally based organisations (e.g. Business Link Wessex, in the case of Dorset and Hampshire). Furthermore, the owner/managers' levels of perceived satisfaction, relating to the delivery of business support services, could also vary considerably based on the characteristics and delivery style of the individual business advisors (Bennett and Robson 2004). Subsequently, there were wide variations in both the scope of the service offerings themselves, and in the quality of business support delivery, across the English regions.

In research involving support agencies, advisors and consultants, Ates et al. (2013) identified a range of factors arising from interventions for development of SME managerial practices:

1. **Planning** – where SMEs showed difficulties in developing mission/vision/values, and in formalising their strategies. However there was a need for an approach to planning that fitted with the characteristics and management culture of SMEs.
2. Managerial **processes need to be focussed on performance**. For example, management of internal and external communications would be improved with a move towards empowered, information-based, enterprises.
3. There should be a **pro-active approach to change**, which should occur without being driven by external forces.

2.3.3 Business Support Data

The 2015 UK Government Small Business Survey (BIS 2015) surveyed over 9,000 firms, and included data on business support, providing a range of findings which were of direct relevance to the present study. Firstly, the survey focussed on awareness of business support services. Only 13 per cent of SMEs were aware of Growth Hubs and 45 per cent were aware of Local Enterprise Partnerships. An average of 33% of SMEs had sought advice and guidance in the preceding 12 months, although this rose 50% in larger SMEs with more than 50 employees.

Business growth was the most common reason for seeking advice, arising in 36% of cases; followed by efficiency/productivity (18%); finance (16%); marketing (10%); employment (10%) – the remainder of issues tended to be for specific requirements such as technical needs, health and safety etc.

This strong demand for support for business growth was supported with data that showed 60% of SME employers had aspirations to increase their sales during the following three year period. This backed up research from Berry et al. (2006) who found a correlation where SMEs, that were high users of business advice services, showed the highest levels of growth, suggesting business support provides a positive contribution to business growth.

Summaries of the findings from the 2015 Small Business Survey (BIS 2015), specifically in relation to business support, have been presented in Figures 2.4 and 2.5.

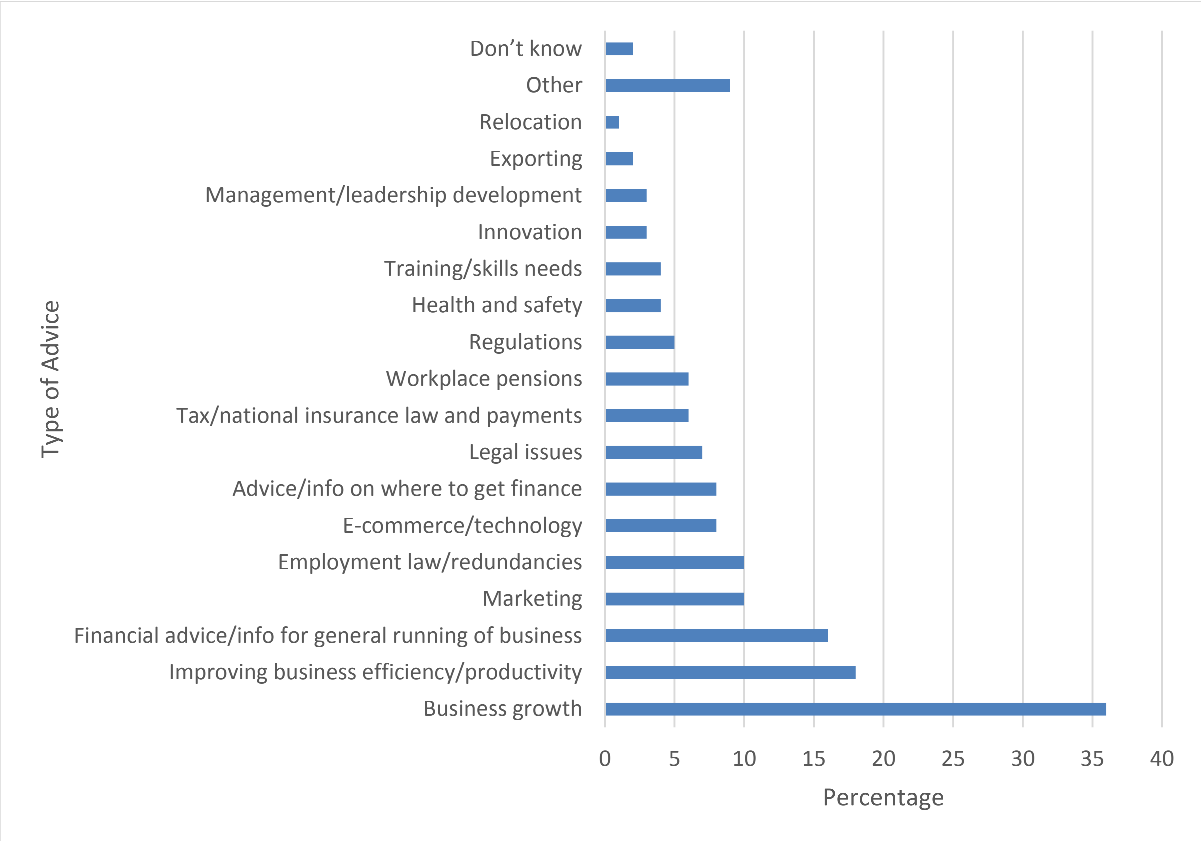


Figure 2.4 - Types of Business Advice Sought by SMEs (from data in the BIS Small Business Survey 2015)

The main providers of advice, in the preceding 12 months, were from both specialist business advisors / consultants (29%) and accountants (29%), followed by business networks at 15%. However, if considering professional services (banks, accountants, lawyers) together, then the overall figure would be around 42%. Over 70% of this advice was delivered face-to-face. On average, 40% of SMEs received advice that lasted for three or more days. A total of 65% of SMEs paid for the advice they received and the average amount paid for SMEs was £10,250, although this amount became significantly higher as company size increased.

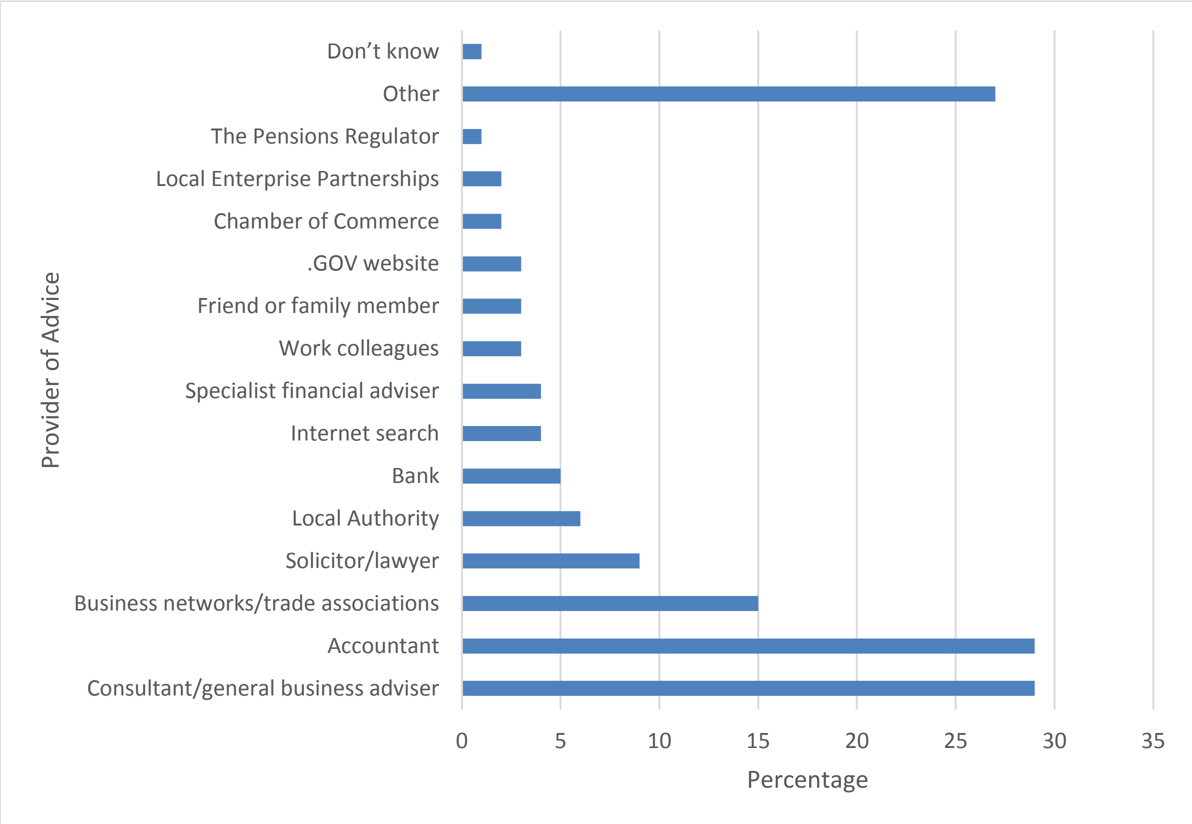


Figure 2.5 - Providers of Business Advice to SMEs (from data in BIS Small Business Survey, 2015)

Difficulties in getting support were addressed in the earlier 2014 BIS Small Business Survey, in which 5% of SMEs had difficulties in getting external advice or support for their specific advice needs. The main reasons were because they were unsure how to find it (29 per cent), did not know the right advice existed (20 per cent), lacked time (19 per cent), or had insufficient expertise/resources to deal with the issue (11 per cent). A further 10% thought it would be too expensive.

2.3.4 Entrepreneurship

Entrepreneurship involves taking advantage of entrepreneurial opportunities to create profit and growth, and often involves innovative behaviour, strategic thinking and considerable risk (Beaver and Jennings 2005). Bhide (1994) suggested new enterprises are usually started to address issues the owner/manager may have experienced themselves, either through work or in personal situations, but that they cannot rely on just an invention or anticipation of a trend – they must also start-up and run the venture effectively, so an entrepreneur must have the ability to attract and retain investors, customers, employees, and suppliers, along with strong organisational and leadership skills in order to develop a successful enterprise. Additionally, to create the most value, an entrepreneurial owner/manager will also need to act strategically (Hitt et al. 2001). Kuratko (2007) suggested that entrepreneurs continually contribute to economic growth through leadership; management; innovation; research and development; job creation; competitiveness; productivity; and the creation of new enterprises.

Small business research often fails to differentiate between entrepreneurship and the role of small business owner/managers (Beaver and Jennings 2005). When considering literature around entrepreneurship in the context of the present study, it is therefore important to note the key differences between typical small enterprise owner/managers and entrepreneurs, as the types of small enterprises targeted are not necessarily expected to be run by entrepreneurs, but they may still prove to be individuals who demonstrate entrepreneurial orientation (Bracker and Pearson 1986; Hughes et al. 2007; Eggers et al. 2013), or those who undertake strategic entrepreneurship (Covin and Miles 1999; Kuratko 2009). Mazzarol et al. (2009) suggested that an owner/manager tends to be someone who either launches or acquires the small enterprise, mainly for personal goals and as a main source of income, and who is generally inseparable from the business.

Furthermore, entrepreneurship does not necessarily need to be about starting a new business, but can involve established enterprises that can prove to be more innovative when they behave like small entrepreneurial ventures (Hart 1992). This is reflected in the definition of entrepreneurship from Guth and Ginsberg (1990, p5), which excludes any specific reference to business start-up: *"entrepreneurship involves the identification of market opportunity and the creation of combinations of resources to pursue it"*.

Beaver and Jennings (2005) questioned whether typical small enterprise owner/managers are entrepreneurs at all, and whether there are certain traits through which entrepreneurs are actually very different from most small enterprise owner/managers. The authors identified several key differences between a typical owner/manager and an entrepreneur, as summarised in Table 2.3, below.

Small enterprise owner/manager	Establishes and manages a business for the principal purpose of furthering their personal goals	• Primary source of income • Consumes the majority of his/her time and resources. • The business is an extension of his/her personality, • Linked with family needs and desires • Money is not a motivator, but is a pleasant by-product
Entrepreneur	Establishes and manages a business for the principal purpose of profit and growth	• Innovative behaviour • Will employ strategic management practices in the running of the business • Dissatisfaction with the current environment • Risk taking • Challenges established routines

Table 2.3. Key differences between the small enterprise owner/manager and an entrepreneur – based on Beaver and Jennings (2005)

Beaver and Jennings (2005) went on to suggest that a truly entrepreneurial venture would not necessarily involve a new start-up, but that it would include profitability and growth, along with examples of innovative strategic practice.

Schumpeter (1951, p16) also differentiated entrepreneurship from routine business management, noting that it includes activities outside of general business management ,and subsequently linked entrepreneurship to leadership, as follows:

> *"Entrepreneurship consists in doing things that are not generally done in the ordinary course of business routine; it is essentially a phenomenon that comes under the wider aspect of leadership."*

According to Shapero (1975) entrepreneurship involves taking the initiative for new direction; the organisation of social economic mechanisms to develop resources and situations into practical outcomes, and the acceptance of risk and the associated chance of failure. Kuratko (2009) suggested entrepreneurship is not simply a course of action, but that it can be considered as a mind-set i.e. it can provide direction to all of the firm's operations; it can be an integral component of corporate strategy; and, when combined with strategy, entrepreneurship can enhance the position a firm can reach, and how fast it gets there. Kuratko went on to discuss the concept of strategic entrepreneurship, which will be addressed later in this section. Kuratko's (2009, p5) definition of entrepreneurship included ideas around change, but linked these to risk, capability, planning and identification of opportunities, as follows:

> *"Entrepreneurship is a dynamic process of vision, change, and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. Essential ingredients include the willingness to take calculated risks, formulate an effective venture team, marshal the needed resources, build a solid business plan, and, finally, the vision*

> *to recognize opportunity where others see chaos, contradiction, and confusion."*

Ronstadt (1984) described the role of entrepreneurship in wealth creation and, in particular, the issues of risk, in terms of time, general commitment and finance. However, the emphasis was on the creation of value, rather than a need for something that was new or unique.

> *"Entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time, and/or career commitment of providing value for some product or service. The product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources."*

Indeed entrepreneurship can relate to attributes of the owner/manager in terms of entrepreneurial orientation (Bracker and Pearson 1986; Hughes et al. 2007; Eggers et al. 2013). Entrepreneurial orientation involves being pro-active; innovative; and willing to take risks (Wiklund and Shepherd 2005).

Hughes et al. (2007) carried out research into the connection between entrepreneurial orientation (EO) and business performance and concluded that EO did indeed correlate with higher performing 'exemplar' firms, and was less evident in poorer performing firms. EO generally came from the discovery of unique, or explorative, knowledge such as that raised internally (Haas and Hansen 2005) and through creativity and discovery (Hughes et al. 2007), rather than from more established knowledge around the industry and markets more generally. Stam and Elfring (2008) also found a link between EO and firm performance, but found that 'high network centrality' and 'extensive bridging ties' had a further influence on this relationship or, in other words, participation in suitable networks strengthens the link between entrepreneurial orientation and performance for the small enterprise.

However, there have been mixed findings, in the literature, about whether there is indeed a positive relationship between firm performance and entrepreneurial orientation (Wiklund and Shepherd 2008). Whilst some research did find a positive relationship (e.g. Wiklund 1999; Zahra and Covin 1995), others found little evidence of a positive association (e.g. Hart 1992; Smart and Conant 1994). Beaver and Jennings (2005) considered that it was difficult, if not impossible, to demonstrate any causal link in the relationship between management actions and enterprise performance. This difficulty was highlighted in research by Wiklund (1999) which measured performance using three financial measures and a further four measures that related to growth, concluding that there was a positive association between EO and performance, and the benefits of EO tended to be long-term and persistent rather than providing a short-term 'quick fix' – however, whilst there were, indeed, indications of a positive association, the authors highlighted limitations in the significance of their findings and the potential for bias in the results.

In a subsequent survey of over 2,200 Swedish enterprises, Wiklund and Shepherd (2008) found further evidence of a positive effect on performance, and the authors noted the result was, in fact, influenced by a three-way effect that included EO, along with access to capital and the enterprise's position in the business environment. Furthermore, Wiklund and Shepherd's research found that EO was particularly effective when attempting to overcome environmental difficulties and resource constraints and, in such cases of difficult conditions, firms with high EO could actually become superior performers. The authors went on to suggest that EO may actually prove more beneficial during difficult conditions than in favourable conditions.

In addition to having entrepreneurial orientation, there is also a need to have dynamic entrepreneurial capabilities so that a firm can not only locate opportunities, but has the capacity to continuously exploit such opportunities, often ahead of the competition (Hamel and Prahalad 1994). Zahra et al. (2006, p918) defined these dynamic capacities for entrepreneurship as *"the abilities to reconfigure a firm's resources and routines in the manner envisioned and deemed appropriate by its principal decision-maker(s)."* The idea behind these dynamic capabilities is that owner/managers should not rely on "once and for all" solutions or processes, but that they should continually adapt their capabilities to capitalise on opportunities, and is based on three underlying elements (Zahra et al. 2006):

1. **Substantive capability** - an ability to problem solve
2. **Environmental characteristics** - problems are changing rapidly
3. **Dynamic capability** to change capacities - changing the way the enterprise solves these problems

By linking entrepreneurship to strategy, the enterprise can become better placed to enhance its position as the speed and methods of achieving this can be greatly enhanced - this can be thought of in terms of *strategic entrepreneurship* (Covin and Miles, 1999; Hitt et al. 2001; Kuratko 2009). Hitt et al. (2001) described the importance of the concept of strategic entrepreneurship and noted that both new ventures, and established enterprises alike, need to be both entrepreneurial and strategic, simultaneously. Covin and Kuratko (2008) discussed the concept of strategic entrepreneurship and concluded that it refers to a broad range of entrepreneurial phenomena which may not necessarily result in the creation of a new business, but does involve innovations that ultimately lead to competitive advantage. These innovations would typically involve either changes from the enterprise's previous strategies, or through differentiation from industry rivals (Kuratko 2009). Strategic entrepreneurship is built around the notion that owner/ managers in established enterprises need to think, and act, entrepreneurially to develop and meet strategic goals.

Covin and Miles (1999) suggested strategic entrepreneurship can take five forms, namely: strategic renewal; sustained regeneration; domain redefinition; organisational rejuvenation; and business model reconstruction. These five forms are defined in Table 2.4, below.

Strategic renewal	Transforming organisations by renewing ideas that form the foundation of the business (Guth and Ginsberg 1990)
Sustained regeneration	Introduction of new products and serives, or entering new markets (Covin and Miles 1999)
Domain redefinition	'Blue Ocean' product-market opportunities where new product categories are created (Karatko 2009)
Organisational rejuvenation	Creating competitive advantage by developing internal processes, capabilities and structures (Covin and Miles 1999)
Business model reconstruction	Development of the core business model to improve efficiency in operations and to differentiate itself from industry rivals. (Karatko 2009)

Table 2.4 – Five Forms of Strategic Entrepreneurship (Based on Covin and Miles 1999)

Two aspects of strategic entrepreneurship were considered by Morris et al. (2008) who described '*entrepreneurial strategy*', which involves the application of entrepreneurial thinking and creativity to developing the core strategy of a firm; and '*strategy for entrepreneurship'*, in which there is a need to need to for strategies to guide specific entrepreneurial activities underway within the firm.

Whilst the majority of owner/managers may not be considered as true entrepreneurs (Schumpeter 1951; Beaver and Jennings 2005) the literature suggests that entrepreneurship is not just about starting new ventures (Guth and Ginsberg 1990; Hart 1992) and includes factors such as profit and growth, innovation, risk taking and strategic thinking. The notions of entrepreneurial orientation and strategic orientation both have a strong fit with the more aspirational small enterprise owner/managers who are looking for growth through the development of new strategies, and by learning from experience.

Many entrepreneurs operate with new products in new markets, products, and develop a competitive edge so, therefore need openness to learning, as well as flexibility and the obvious entrepreneurial traits of perseverance and tenacity (Bhide 1994). Bhide went on suggest that, despite clichés that suggest otherwise, successful entrepreneurs do engage in analysis and develop strategies, but take into account that there can be many unknowns, so ideas and strategies evolve through a mix of guess-work, analysis and subsequent action – all of which relate to entrepreneurial learning which tends to be largely experiential (Deakins and Freel 1998; Erdelyi 2010; Rae 2015) and is a process of learning to recognise opportunities and to act upon them (Rae 2015). Even failure can be treated as a useful learning experience, leading to positive outcomes – Deakins and Freel (1998) suggested that a feature of entrepreneurship is the ability for entrepreneurs to learn from their mistakes and failures, and that can ultimately involve creating newly adapted strategies that can lead to potential breakthroughs and contributes towards an "entrepreneurial culture".

Entrepreneurial learning involves *"recognising and acting on opportunities as a natural process which can be applied within both everyday practice and formal education"* (Rae 2015, p5). Entrepreneurs tend to engage in both formal and informal learning. Outside of formal education, entrepreneurial learning tends to be experiential; situational and contextual; self/socially mediated; and involves developing ideas and problems into opportunities and actions (Erdelyi, 2010). Deakins and Freel (1998) identified four critical factors relating to entrepreneurial learning, namely: assimilating experience and opportunity; reflecting on past strategy; recognising mistakes; and introducing external members to develop and entrepreneurial team. However, the process in which entrepreneurs learn in practice not is not fully understood, but it is accepted that there is a learning experience from setting up and/or running a small enterprise (Deakins 1996).

Despite the indications that entrepreneurial learning is largely based on practical experience, rather than from formal learning, there is a case to equip the entrepreneur with practical skills to take advantage of their experiences. Deakins and Freel (1998) linked entrepreneurial learning to business support through the identification of a need for mentoring of new and early stage entrepreneurs to help them reflect on experience and to benefit from knowledge gained through learning events.

Sullivan (2000) found that entrepreneurial learning is of great importance to small enterprises in terms of survival and growth, in most markets, and interventions with mentors provide added-value through encouragement to engage in reflective learning as well as providing suitable skills, knowledge, experience along with ongoing support. This 'just in time' approach to support was considered, by Sullivan, to be potentially more effective than prescriptive small business training programmes that were often volume driven and may not have been of immediate relevance to participants. However, Sullivan did acknowledge that prescribed 'up-front' training for business planning/strategy could be less costly than the provision of one-to-one counselling or mentoring, although noted that does not necessarily mean it is ultimately more cost effective.

The literature around entrepreneurship, entrepreneurial orientation, and entrepreneurial learning has been explored throughout this section – however, in terms of the present study, the key message relates to the notable differences between general business management and entrepreneurship as the focus is on small enterprise owner/managers who are involved in business support. Indeed, there was no specific prerequisite for them to be entrepreneurial - as some may be seeking support for operational issues, and others for strategic reasons.

2.3.5 Small Business Leadership and Growth

Entrepreneurial leadership is a concept that is still evolving - it is difficult to get a clear definition, and limited methods have been developed to determine key characteristics and/or behaviours (Leitch and Volery 2017). Thorpe et al. (2009) suggested the concept of leadership had been contested for some time, and that there were probably as many definitions as there were authors. However, in comparing leadership to management, Burgoyne (2008) concluded that management is more about order and control, whereas leadership could involve chaos and complexity and often led to unforeseen solutions.

The majority of leadership research has been focussed on the context of large corporates and there has been limited work on leadership in small enterprises and/or SMEs (Vecchio 2003; Leitch et al. 2009). Small enterprises, including recent start-ups, tend to be run by an owner/manager and involve a fairly flat hierarchy where direct interactions with the leader are commonplace (Leitch and Volery 2017; Vecchio 2003). In describing leadership and entrepreneurship, Vecchio (2003) made a distinction between entrepreneurs *(described by Vecchio as founders of the firm);* small business owner/managers (described as those that manage, but did not necessarily start a firm; and traditional managers (*described as those that direct and display leadership characteristics)*, going on to state that the variations stem from differences in backgrounds, personal goals and an openness to innovation. Vecchio (2003) also found that leadership theory contains many of the constructs used in entrepreneurship theory, and that there is a strong overlap between the two. However, Leitch et al. (2009) suggested that there are specific issues which indicate that leadership should be considered differently in small enterprises and/or SMEs than in the corporate context, most notably because there is usually little to separate leadership from managerial responsibilities in small enterprises, particularly when the personality of the entrepreneur means they often take “centre stage”.

Kuratko (2007) stated that entrepreneurial leadership is a unique concept combining the identification of opportunities, risk taking beyond security and being resolute enough to follow through. Kuratko went on to describe the spirit of entrepreneurial leadership as an integrated concept, involving: leadership; management; innovation; R & D; job creation; competitiveness; productivity; and the creation of new enterprises, and also through working alongside individuals who also have a deep innovative spirit, which has subsequently led to a revolution the way in which business is conducted across many levels. Renko et al. (2015) suggested entrepreneurial leadership involves influencing and directing team performance to achieve organisational goals, by recognising and exploiting entrepreneurial opportunities. Leitch and Volery (2017) stated that entrepreneurial leadership was located at the intersection between entrepreneurship and leadership.

Thorpe et al. (2009) described a traditional understanding in which leaders (rather like entrepreneurs) were thought to be born, but not made – however, the authors went to suggest that managers could be recruited from a range of backgrounds and levels, and could be developed as leaders through a range of interventions. However, there is a divide in the literature about training and learning for leadership in small enterprises - training refers to structured programmes such as mentoring schemes and learning is about making sense of their social context, leading to change – entrepreneurial learning involves capitalising on opportunities and initiating, organising and managing ventures (Rae 2005). Storey (2004) argued that more formal types of management training are preferred by governments because they result in recognised qualifications and allow easier monitoring of funding, but this is in contrast to the requirements of small enterprises who tend to prefer informal training that requires less time away from the workplace and an ability to tailor training to the specific needs of the firm

Within small enterprises there is a tendency for lower engagement in training and development, than their counterparts in larger firms and this is either explained by 'ignorance' where the owner/manager is unaware of the benefits of training; or ‘markets’ where an informed owner/manager faces higher costs of training and lower benefits than larger firms (Storey 2004). Wright et al. (2015) suggested that resource constraints are one reason why smaller enterprises tend to invest less in management development, but that publicly funded interventions, such as the former Growth Accelerator scheme, may provide a way to overcome this. However, this general lack of formal management training and development in small enterprises can contribute to business failure and low growth levels (Cosh et al. 2000; Rae et al. 2012). As is the case with business support, it can be difficult to prove such a link to performance – for example, Storey (2004) questioned whether formal management training in small enterprises has a causal link to the performance of the enterprise and, whilst there is indeed, some indication of positive benefits, the evidence to support this is fairly weak. This difficulty in demonstrating a clear link between formal management training and its effect on performance may be a further contributory factor in the levels of take-up, for such training, amongst small business owner/managers (Storey 2004).

Differing leadership styles can result in improved employee performance which can subsequently lead to an organisation reaching its goals and objectives (O’Regan et al. 2005). Valdiserri and Wilson (2010) categorised key leadership styles, and outlined the typical attributes of each – a selection of these styles, considered most relevant to the small enterprises targeted in the present study, are presented in Table 2.5, over.

Leadership Style	Typical Attributes
Transformational Leadership	• Systematic approach • Purposeful and organised search for changes • Capacity to move resources to improve productivity • Ability to inspire and motivate followers • Motivation of human resources leads to better performance • Employees are motivated to commit to the organisation's vision
Transactional Leadership	• Employee needs are recognised • Employees are rewarded for success • Individuals are given suitable resources • Ensures employees have suitable knowledge to complete tasks • Sets an appropriate path to achieve goals and objectives • Process development / goal setting
Laissez-faire	• No-one has responsibility for achieving goals, objectives and vision • Employees self-teach and act accordingly • Lack of leadership responsibility • Uninvolved leader • Avoids decision making • Limited responses to employee questions • Detrimental to individual performance

Table 2.5 Typical Attributes of Certain Leadership Styles (Based on Valdiserri and Wilson 2010)

Growth outcomes, in small and medium sized enterprises, require substantive growth capabilities, which are dependent on strong leadership and dynamic capabilities in relation to recognising, and exploiting, opportunities (Zahra et al. 2006; Koryak et al. 2015). Koryak et al. (2015) broke down each of these elements into their components parts, presented as a 'research framework for growth' - shown in Figure 2.6 (over). Acknowledging the importance of such dynamic capabilities, and an alignment with appropriate leadership skills, Wright et al. (2015) linked national programmes, such as Growth Accelerator, and more local support initiatives, such as Innovation Vouchers, to the creation of inter-organisational knowledge sharing networks that could then evolve into increased dynamic capabilities.

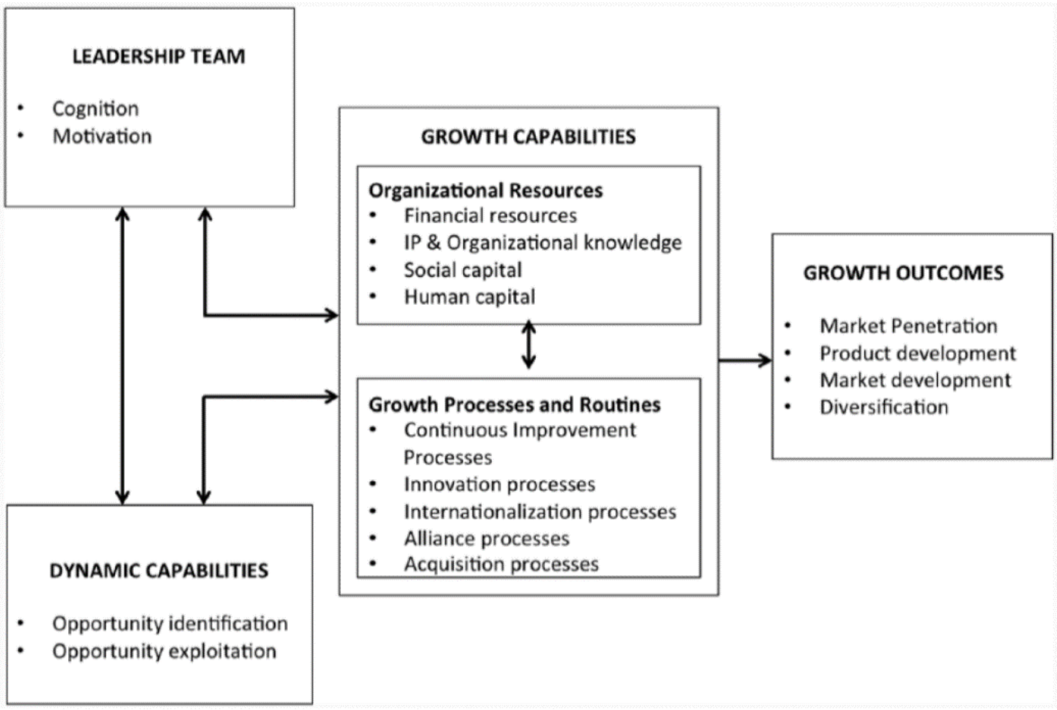


Figure 2.6 – A Research Framework for Growth: Entrepreneurial Leadership, Capabilities and Growth (Koryak et al. 2015)

This work from Koryak et al. (2015) highlighted the importance of the leadership team, but also a need for an organisation that has the dynamic capabilities to recognise opportunity, and has the capacity, resources and processes in order to capitalise on such opportunities. Wright et al. (2015) suggested leaders need to have both the will and the ability to grow their enterprises, but still need policies to provide training programmes that are growth-oriented and aimed at developing knowledge and abilities, along with entrepreneurial thinking and motivations. Leaders therefore need to be both willing <u>and</u> able to grow their enterprises, but should also be equipped with the knowledge and skills to achieve this.

Leitch et al. (2013) considered leadership development as a social process that was built around theories of human capital and social capital. This involved adaptive learning that tended to arise from interactions with peers, often arising from events, training courses and through engagement in learning networks.

The key messages, arising from this section on leadership have been around the differences in leadership between small enterprises against their larger corporate counterparts, and how issues such as resources, skills, knowledge and aspirations align with the organisational capabilities that are required if the aim is for significant growth. In terms of the current study, strong leadership skills may be needed for small enterprises seeking business support for growth, but this is less of a requirement for those whose focus is on operational issues.

2.3.5 Mentoring

Whilst researching the role of the business support intermediaries across Dorset, from 2010-2017, significant growth was noted in the role of mentoring. Indeed entrepreneurial mentoring has become increasingly popular within national economic development offerings, and structured programmes have been available in various forms since the early 1990s (Bisk 2002; Peel 2004). Compared with alternative forms of business support, mentoring would tend to be positioned at the longer-term, and more collaborative, end of the business support / advice continuum (Graham and O'Neill 1997). However, despite the growth of support activities, through small enterprise mentoring and coaching, there is a relatively small body of literature available (Peel 2004).

In carrying out this section of the literature review, entrepreneurial mentoring was the main focus, although some literature does cover mentoring in the broader sense (e.g. education, public services), although is still included where the underlying principles remain relevant to this study.

One of the main reasons behind a lack of success amongst new entrepreneurs is inexperience and the, sometimes, limited competency that can lead to a lack of vision and ultimately in reduced profits and/or business failure (St-Jean & Audet 2009). Evidence has suggested business growth can be influenced by entrepreneurial learning (Priyanto and Sandjojo 2005; Rae 2010). However, entrepreneurs have sometimes reported that training received is not always tailored to their specific requirements, which suggests a more personalised approach is needed (Morrison and Bergin-Seers 2002). Mentoring may offer a solution, as it provides this personalisation, and the mentor can facilitate an efficient transfer of experience and knowledge into learning, and to develop management skills (St-Jean & Audet 2009).

Mentoring can be differentiated from other types of individual business support, such as that received through a business advisor or a coach, in that the mentor places the individual being supported as the priority, and not as part of a wider set of priorities (Gibson 2005). There are many broad definitions of mentoring, such as that from Collin (1979, p.12), who defined mentoring as:

> *"a one-to-one relationship between a more experienced person and an inexperienced person, and only until the latter himself reaches maturity"*

However, it was difficult to identify a single definition that related specifically to entrepreneurial mentoring and covered all aspects of such arrangements – for example St-Jean & Audet's (2009, p.149) definition described certain elements of entrepreneurial mentoring but this did not allude to issues such as trust/rapport, co-production, knowledge and on-going relationships:

> *"Entrepreneurial mentoring involves a support relationship between an experienced entrepreneur (the mentor), and a novice entrepreneur (the mentee), in order to foster the latter's personal development."*
> - **St-Jean & Audet (2009, p.149)**

The following broader definition, from Addington and Graves (2000, online), brought in factors about conveying specific content and wisdom. Importantly, considering elements that related to co-production, this definition also alluded to the working relationship between a mentor and a mentee. However, this definition still does not relate directly to entrepreneurial mentoring:

> *"A mutual relationship with an intentional agenda designed to convey specific content along with life wisdom from one individual to another. Mentoring does not happen by accident, nor do its benefits come quickly. It is relationally based, but it is more than a good friendship…mentoring is not two people who just spend time together sharing".* **- Addington and Graves (2000, online)**

In more practical terms, which related specifically to this research study, SFEDI (Small Firms Enterprise Development Initiative) considered a wider set of factors in its definition of business mentoring, which comprised:

- *A one-to-one relationship over a period of time between a less experienced person (mentee) and an established professional (mentor), which provides consistent support, guidance and practical help*
- *A process by which an experienced professional shares their personal skills, knowledge and experience with another person*
- *A means of enabling a less experienced person to gain the necessary skills, knowledge and confidence to be able to perform at a higher level*
- *An opportunity for a less experienced person to gain access to impartial, non-judgmental guidance and support*
- *A process of working together to achieve predetermined goals and objectives*
- *A two-way process through which both parties derive satisfaction from the progress, and success is attained through working together.*

\- **SFEDI (2011, online)**

In terms of this particular study, mentors were considered within the scope of the IOEE (Institute of Enterprise and Entrepreneurs) Code of Conduct, which stated:

> *"A mentor does not give advice, rather helps the mentee to weigh up situations, through a process of reflection, questions, challenge and feedback allowing the mentor to come to a decision themselves. The mentor will conduct themselves with dignity and will act in a way which respects diversity and promotes equal opportunities"* **– SFEDI (2011, online)**

There has been limited research that related specifically to mentoring entrepreneurs and SMEs, and particularly in mentoring support for new businesses (Peel 2004; Terjesen and Sullivan 2011; McKevitt and Marshall 2015). It has been widely accepted that SMEs are unique and have different needs, so the nature of mentoring interventions needs to be adaptable to meet such needs (McKevitt and Marshall 2015).

McKevitt and Marshall (2015) carried out a study of mentoring, in association with Enterprise Ireland that supported a state-run mentoring network. The study considered both large companies and SMEs, but also made a distinction between high growth SMEs, against the general SME population. The purpose of the study was: to ask how mentoring supported SMEs with different needs; and what factors influenced successful mentoring.

The Enterprise Ireland mentoring programme had strong similarities with mentoring programmes run in Dorset. Most notably, mentors tended to be independent business people, including consultants and retired professionals, but all worked on a volunteer basis, receiving expenses only. Equally, the role of the mentor was to provide listening, guidance and to set challenges, but not to provide the functions of a consultant i.e. not providing direct business advice (McKevitt and Marshall 2015). The programme differed slightly from the Dorset programme in that it was limited to twelve months in which 10 three hour visits would take place. In Dorset, the frequency and length of visits was similar, and whilst there was an initial one year contract, there was no upper limit on the length of the mentoring relationship, which could last several years.

McKevitt and Marshall's study found that mentoring provided a useful 'person centred' approach to developing a business. The notion of phases, in the mentoring process, was put forward starting with an 'opportunity recognition' phase and moving on to an 'opportunity enactment' phase. Indirect support appeared to meet the needs of the earlier opportunity recognition phase, and more direct support was suited to the needs of the later opportunity enactment phase. The credibility of the mentor was an important factor, and variations in quality and motives had been suggested, sometimes leading to less successful outcomes – for example, some mentors had strong experience, but in the wrong context, and others tried to cross-sell alternative, paid-for, services. Despite the role of mentoring being considered for provision of advice and guidance only, the study suggested that there was a need for a 'dual role-set' and that mentors needed to adopt both a paternalistic (indirect support) role and a pragmatic (direct support) role, taking into account the stage of development for the owner/manager. There were, for example, cases of success where mentors took on additional responsibility for opportunity enactment. The less successful cases involved the mentors not being sufficiently involved in the venture; where there was no effective fit between the mentor and the owner/manager; or where there were mismatches between the scale of change and the expected timeframe. Organisational differences were also noted between SMEs that had established systems and processes in place, compared to those that did not. The suggestion was that future studies should take these differences into account.

A US review, by Hansford et al. (2002), considered 151 business mentoring studies, to assess both the positive and negative outcomes of mentoring. This work considered a total of 15 distinct factors including satisfaction/motivation; coaching strategies; performance; social issues etc. Around 70% of the studies assessed had taken place in the USA, and 14% were from the UK. The research considered business mentoring programmes of varying natures, which were not necessarily made explicit. Of the positive outcomes reported, 86% related to the mentee, but only 40% of the studies included any positive outcomes for the mentor, although it is questionable whether such information was actively collected in all cases. Positive outcomes for mentees, on a personal level, included: career enhancement; challenging strategies and tasks; and social benefits. Organisational benefits included: increased productivity; contribution of employees; and increased retention of staff.

The negative outcomes were less common, but tended to arise through factors such as limited time, insufficient training, negative attitudes and mismatches between the mentors and the owner/managers (mentees).

The Department for Business, Innovation and Skills (BIS 2012) summarised evidence around the provision and use of mentoring in SMEs. This included primary research and consideration of both the 2010 Small Business Survey (BIS 2010), based on 4,580 interviews, and the 2012 SME Business Barometer (BIS 2012), which involved around 1,000 interviews. The research was used to inform the Policy Action Plan for the Department for Business, Innovation and Skills.

BIS found that 49% of SMEs had sought external advice or support with mentoring being a key component. Mentoring was considered to be particularly suitable due to it being informal, making used of experienced peers, and being tailored to specific needs. The report estimated that over 300,000 SMEs had worked with a mentor for over one year, and that mentoring was more commonplace in larger SMEs. Over 90% of SMEs, using mentoring, reported hard and soft benefits including development of business plans and strategy; improved financial performance; enhanced skills in leadership & management; and access to finance. However, there was no evidence of any causal link between the reported hard outcomes and the mentoring interventions themselves, other than through the perceptions of the owner/managers that were interviewed.

BIS estimated that there were about 400 providers of SME mentoring in the UK, with 21,000 active mentors across public and private sectors. 86%

of mentoring relationships were for longer term developmental support. Around a third of mentoring organisations offered all mentoring services at zero cost to the enterprise, with around half charging for all services, and a further 17% charging for some services. There was evidence that mentoring was growing in popularity with 80% of mentoring organisations reporting an increase in demand. There was little evidence of any major focus on specific life-cycle stages or enterprise types, although mentors were most likely to be targeting early stage SMEs; those looking for growth; and micro-businesses.

The launch of the MentorsMe portal (set up by the British Banking Association in 2011) and the GetMentoring programme (grant assisted by BIS and operational from September 2011 until December 2012) had tied in with a reported increase in demand during this period.

In their 2012 Small Business Survey ('Focus on Mentoring' report), BIS made direct comparisons between SMEs that had, and had not, used mentors. There were notable differences in the results – for example, 44% of those using a mentor reported an increase in turnover in the preceding 12 months, compared to 23% for those with no mentor. In employment, 25% of SMEs with mentors reported employment growth, compared to 9% for those without mentors. When considering strengths in eight key business tasks (regulatory/tax decisions; operations management; business systems; business planning; management of people; innovation; new markets; and access to finance) the evidence showed that mentored companies were ahead, in every category, when compared to the general SME population. Considering innovation, 69% of mentored SMEs had introduced new products in the preceding 12 months, compared to 31% for those without a mentor. Finally, SMEs that had exported in the previous 12 months was reported at 33% for SMEs that had a mentor and 13% for SMEs that did not have a mentor.

2.3.6 Research Question 2

Building on the business support literature in the context of the current research, and taking into account the aims and objectives outlined in Chapter 1, the following research question has been developed:

> *What are the key elements of business support that lead to effective handling of strategy formation in small enterprises?*

2.4 Strategy Literature

2.4.1 Strategy Definitions

Strategy is a largely holistic term and there is no universally agreed definition (Quinn 1980). In order to keep this piece of research focused, it was important to develop a definition of what is meant by strategy and strategy formation in the context of the research.

Mintzberg et al. (1998) summarised ten distinct 'schools of thought' around strategy and sub-divided these into three 'meta schools', namely: Prescriptive i.e. *Design, Planning, and Positioning;* Descriptive i.e. *Entrepreneurial, Cognitive, Learning, Power, Cultural, and Environmental;* and Configurational i.e. *Configuration.* Of the various definitions, Mintzberg et al. (1998) included a strategy around a plan, a pattern, a position and a perspective. The plan suggested a way to get from 'here to there'. The pattern of actions could include, for example, decisions to develop expensive products with a 'high end' focus. Position was about placing products within particular markets. Finally perspective was about vision and direction.

Porter (1996) suggested strategy was concerned with competitive position and differentiating the company from the customer's perspective. Value was added by means of a range of activities that were different from those of the competition. Robert (1993) argued that the main issues involved *'strategic management'* and *'thinking strategically'*, and these required decisions around four key factors, namely: customers; products/services; market segments; and geographic areas.

However, these definitions were fairly universal and generic and did not take into account the actual process of developing a strategy. While these processes tended to be detailed within the literature, the processes were often generic and did not address the specific issues that can be faced by the small enterprises that are the focus of this research.

Burke and Jarratt (2004) considered the various definitions of strategy from authors over a period of more than 40 years. These authors adopted a clear and succinct definition from Walker et al. (1996, p.8) that also appeared appropriate to the present study, which has subsequently been elected to align with this definition from Walker et al. The definition provided a succinct statement that covers the simplistic, but useful, notion of moving from 'where they are now' to 'where they want to be'. However this builds on the simplicity of that statement by involving the complex interactions, within the business environment, that a fully considered strategy would include.

> *"Strategy is a fundamental pattern of present and planned objectives, resource deployments, and interactions of an organisation with markets, competitors, and other environmental forces."* **- Walker et al. (1996, p.8)**

2.4.2 General Strategic Planning Literature

In carrying out the literature review, the initial literature on strategy and strategy formation for business tended to focus on the subject of strategic planning and the processes involved have been widely published since the mid 1960s and followed on from the publication of *Corporate Strategy* by Ansoff in 1965. Strategic planning now has a firmly established place in management theory and practice. However, strategic planning has not been without its problems; for example Mintzberg (1994) highlighted the need for most planning systems to rely on 'hard data' but illustrated the difficulties in gathering such useful hard data. These included a lack of richness and scope of data, too much aggregation in data, timing issues with data ariving too late to be of use, and the unreliability/inaccuracy of data.

Mintzberg went on to suggest that it was the 'soft data' that may be more useful. There was also some suggestion, from Mintzberg et al. (1998), that the structured and formalised approach to strategic planning may be too rigid for some organisations and that a less formal planning process may be more appropriate. Indeed, Mintzberg et al. continued by higlighting the difficult issues of being unable to predetermine the future environment, detachment from the core facts and the difficulties in substituting a rigidly structured process for human creativity.

Thompson & Martin (2010, p.363) suggested that strategic planning had become unfashionable in the 1980s and 1990s, largely because methods were time consuming, mechanistic and were unable to keep apace with changes in the business. There was also seen to be a need to have a specific role for strategic planners and these were not always alligned to management, often resulting in the development of plans that were not always used in practice.

Wilson (1994) argued that strategic planning had changed since the early 1970s and had actually evolved into the more viable strategic management or strategic thinking. Wilson also suggested that the organisation and the culture within it are an important factor in the execution of strategy.

2.4.3 Consideration of Strategy Within Small Enterprises

Considering traditional strategic planning in small enterprises, Stonehouse and Pemberton (2002, p.854) suggested strategic planning (in SMEs) focussed on long-term objectives for an organisation and defined it as *"the devising and formulation of organisational plans which set the broad and flexible objectives, strategies and policies of a business, driving the organisation towards its vision of the future"*. Stonehouse and Pemberton went on to differentiate strategic planning from *'business planning'* which focussed more on short-term analysis and goal setting along with functional level planning. The authors also suggested a more informal approach, namely *'strategic thinking'*, in which managers would simply go beyond day-to-day thinking and have more of a 'strategic intent' for the direction of their business. Stonehouse and Pemberton stated that it was unfortunate that the term 'strategic planning' had an association with a prescriptive approach (Mintzberg 1990) and went on to describe a process of broad, long term planning that included aspects of strategic thinking. This more informal approach to strategic planning could perhaps be considered more in terms of 'strategy formulation' (Chan and Foster 2001; Peel and Bridge 1998). However, Mintzberg (1978) suggested that the term 'strategy formulation' was somewhat misleading, as it implied conscious or deliberate thought, whereas the term 'strategy formation' was more suited to a situation where the strategy did not necessarily involve a fixed plan.

Mintzberg (1978) described strategy formation, in many organisations, as an 'interplay' around three main forces:

1. Occurs in an environment where there are continuous changes
2. An 'operating system', or bureaucracy, within the organisation can stabilise actions against the environmental changes
3. Leaders can mediate between the above forces, both maintaining organisational stability and adapting to change.

Strategy formation can therefore be considered as the ability of an organisation to maintain its place within a changing operating environment, and how the leadership responds and adapts to such change in moving forward.

Despite the recognised difficulties with formal strategic planning, there is evidence to suggest that its use still has significant benefits to small enterprises. Wang et al. (2007) acknowledged that previous research clearly showed the majority of small enterprises did not plan, although there may be scope for identifying what constitutes planning as, for example, financial forecasts in a spread-sheet may be considered by some, to be planning. Wang et al. went on to identify several factors that could be attributed to the small enterprises that do engage in strategic planning. These included improvements in: *sales growth; financial performance; employee growth; innovation; product patents; process and manufacturing technologies; international growth;* and *reductions in business failure*. Their research also considered the 'push/pull' factors that motivated owner/managers and how the motivations of the management could affect strategic planning, and subsequently business performance. Wang et al. suggested that strategic planning was more evident in enterprises where the owner/manager was 'growth oriented' and that many owner/managers were not entrepreneurial, and often chose not to engage in major growth. Indeed, Deacon and Corp (2004) suggested small enterprises are diverse in nature, are affected by social context and are highly individual resulting in a match between the rationales of both the owner/manager and the firm. A knowledge based view of the firm, and motivational issues (Wang et al. 2007) were further key factors for small enterprises in strategy formation.

Ownership motivation was therefore an important consideration in understanding why smaller firms do not always engage in planning. Wang et al. cited research from Jennings and Beaver (1995) in their conclusions, acknowledging a need for further research to differentiate the entrepreneur from the enterprise and to understand where differences existed between a true entrepreneur and an owner/manager of a small enterprise.

It has been generally agreed that small enterprises, and particularly those of independent ownership i.e. those outside larger groups, have a less structured approach to strategic planning (O'Regan and Ghobadian 2002) and that there has been limited research on the strategy formation process that focuses specifically on SMEs (Ghobadian and O'Regan 2000). The authors had measured a range of thirty five characteristics associated with strategic planning (internal capability, financial performance, departmental co-operation, management techniques used etc.) and scored these in two categories – formal planning enterprises and non-formal planning enterprises. The overall sample size was 194 companies. Small companies that demonstrated formal planning outperformed the non-formal planning group in all thirty five categories, although the difference was only statistically significant in five of these categories. O'Regan and Ghobadian concluded by suggesting that a diagnostic framework could be developed for strategic planning in small enterprises on the basis of a checklist system.

In their analysis of SME strategy, Bretherton and Chaston (2005) concluded that having strategic intent, along with adequate funding represented a 'key to success'. In particular they went on to highlight the importance of strategic alliances as a further factor of success. However, there was little mention of how the strategic process would work in practice, as resources and capabilities would vary significantly with each enterprise, and the context in which it operates.

Robinson and Pearce (1984) undertook a review of over fifty studies carried out, around small enterprises, in terms of planning. The conclusion was that the majority of smaller firms did not plan formally and, of those that did plan, whilst the overall findings were that planning was beneficial to those that do it, the results tended to be evaluated in terms of sales, growth, profitability etc., rather than softer outcomes such as competitive advantage, morale, continued ownership and management transitions, even though indications were that improvements were found in both hard and soft outcomes. In contrast to the earlier suggestion from Wang et al. (2007) that the majority of SMEs did not plan ahead, Robinson and Pearce highlighted Van Auken and Sexton's (1985) suggestion that strategic thinking does, in fact, frequently exist in smaller firms. This finding indicated that, whilst the review was generally showing that most firms did not plan formally, there was a good indication that informal 'strategic thinking' and, subsequently, some level of strategy formation was actually still present.

2.4.4 Strategy and Performance

Research by Peel and Bridge (1998) involved a survey of 150 UK SMEs carried out in 1996/7 to analyse the relationships between strategic planning, business objectives, business environment and performance. The findings suggested profit improvement, followed by sales and growth, were the most important objective in the strategy formation of small enterprises and an improved economic environment was important in achieving this. The findings linked well to Burke and Jarratt's (2004) strategy definition, and reinforced the importance of the business environment in strategy formation. Peel and Bridge also went on to suggest that small enterprises were better equipped to react to opportunities (and threats) which could mean that, with good strategic planning, companies would be well placed to benefit from the predicted improvements in the regional economy. In conclusion, the findings indicated a positive association between strategy formation and *perceived* performance. There were also indications that small companies that undertook detailed strategy formation would also be using formal financial planning techniques. Finally, Peel and Bridge suggested a case for a strategic planning methodology that could potentially be used to enhance small enterprise performance.

Berry (1998) considered the use of strategic planning in small companies that operated, predominantly, in the high tech sectors. There were six main conclusions as follows:

- Firstly, that strategic planning was demonstrated to enhance performance, in terms of turnover, growth and reaching objectives.
- Importantly for this research, the second conclusion was that, particularly in the early stages of the company life cycle, strategic planning does not need to be a formalised process with greater benefits gained from having regular discussions and agreements of objectives, than the need for formal documentation. This tended to reverse as company size increased.
- The third conclusion highlighted the need for an understanding of the business environment, competitive analysis, assessment of own strengths and weaknesses, consideration of alternative approaches and, finally, reviewing and revising plans. This approach was independent of whether formal or informal methods were used.
- The fourth conclusion from Berry was that a business needs to adapt and evolve; a business that may have been founded by ideas from the entrepreneur will need to adapt to its markets and strategic planning, whether formal or informal, is required to ensure long term survival and growth.

- The fifth element is about the quality and diversity of leadership where a range of skilled individuals across a range of business areas (marketing, finance, technical etc.) can help shape strategies for long term success.
- Finally, the strategic awareness of the entrepreneur was considered and the suggestion was that those exposed to strategic planning to other environments and/or those that are just aware of the benefits of strategic planning are more likely bring these benefits to their own company.

Baird et al. (1994) tested theories originally developed by Robinson and Pearce (1984) that there is a positive relationship between the levels of planning and overall company performance. In testing this theory, Baird et al. compared enterprises that undertook formalised strategic planning with those that undertook more informal planning. Their conclusions back up the theories of Robinson and Pearce, and demonstrated that enterprises undertaking formal planning do indeed benefit from this activity. Whilst there was no notable difference in terms of bottom line i.e. rates of sales, they demonstrated that those undertaking a more formal approach to planning showed higher rates of growth than those that planned more informally. However, whilst the initial indication might be that better planning means improved growth, the work of Wang et al. (2007) puts into question whether it is the planning itself that improves growth, or that the lack of planning is intentional in companies that have no plans to grow in the first place. Alternatively, these findings suggest that the process of planning may be of greater importance than that of planning in itself.

The majority of the literature used has focused on UK enterprises, but some international research, in similar sized companies, was identified with interesting findings. Research by Waalewijn and Segaar (1993) considered strategic management in small companies in the Netherlands, taking into account factors such as the planning system itself, leadership styles, human resource management, organisational structure, strategic frameworks and strategic direction. The authors concluded that knowledge of strategic management was lacking, organisational structures were not necessarily suited to formal planning and finally, that there was a positive association between profitability and formal planning.

Chan and Foster (2001) undertook small enterprise research in Hong Kong, and moved away from the usual concepts of strategic planning or strategic management and focussed on the idea of ‘strategy formulation’. The authors suggested that all firms had a strategy, whether it was deliberate or “casually emergent”. Their research was based around a sample of 44 companies, each having between 2 and 49 employees. Their results were largely inconclusive but backed up findings by others, for example Bretherton and Chaston (2005), that planning levels were very much dependant on context. The research used a relatively small sample, but indications were that very few of the companies, that engaged in strategy formation, showed indications of any perceived improvements in performance. Chan and Foster acknowledged that, these findings may in part be down to the nature of the local companies, that were used in this sample, and who tended to be imitators rather than innovators.

Aguilar et al. (1997) noted that, whilst large companies were able to engage in formal strategic planning, often through dedicated staff, small enterprises did not have such resources and, in many cases, would not be able to afford to employ consultants. In recognising this need, Aguilar et al. set out to develop a method specifically for SMEs to plan strategically. This method (or tool) was called COMPASS and was developed using EU funding from ESPRIT (1992-1994), and with partners in a range of EU countries, including UK, Spain, Italy, Germany and Finland. The tool took a ‘top down’ approach, and with a specific emphasis on strategic business units (SBUs). The method had a number of drawbacks in that it was only piloted in three enterprises and the notion of the SBUs might relate only to larger SMEs, and may not be applicable to smaller enterprises, particularly as size decreases. In testing the tool, the authors noted that, during evaluation, the tool could be used in a few hours but, in practice, the process took weeks or months. Aguilar et al. suggested that a tool of this type could be a great help to enterprises, but this required a thorough understanding of the methodology. Their overall conclusion that was that the methodology needed to be about developing the strategy, rather than about using the tool itself and this indicates that formal tools may not be well suited to small enterprises at all.

In conclusion, there are considerable gaps in the literature around strategy formation within small enterprises and SMEs, and much of the available literature is no longer up-to-date, given the rapidly changing economic conditions, markets and the technological conditions that affect the small business environment. The most notable publications, for example Peel and Bridge (1998) and Stonehouse & Pemberton (2002), rely on limited sample sizes and do not fully consider the role of business advice, nor the value of co-production in developing that advice into workable strategies. In addition, the findings around improved performance, arising from strategy formation, demonstrated very mixed results – authors including Peel and Bridge (1998) and Burke and Jarratt (2004), Baird et al. (1994) and Waalewijn and Segaar (1993) suggested there were clear indications of positive associations between strategy formation and improvements in business performance, whilst authors including Chan and Foster (2001), Bretherton and Chaston (2005) and Wang et al. (2007) suggested that findings were either inconclusive, or that there was no specific evidence of a positive association at all. Furthermore, the characteristics of small enterprises varied considerably by factors including region; sector; ownership; and there is little acknowledgement of the size of the enterprises (or a breakdown of size) within most of the literature.

2.4.5 Research Question 3

Building on the strategy literature in the context of the current research, and the aims and objectives outlined in Chapter 1, the following research question has been developed:

> *Considering the advisor-owner/manager relationship, how does this affect strategy formation, taking into account policy changes and availability of business support?*

2.5 The Role of Universities in Knowledge Transfer and Regional Innovation Systems

The academic system currently plays a pivotal role in the production of knowledge in advanced economic systems (Cooke and Piccaluga 2005; Malecki 2018), which represents a shift from the corporate model, established in the later 20th century, with corporations now having a declining role in terms of research and development activities (Antonelli 2008). Universities are frequently identified as key actors in entrepreneurial ecosystems and there is significant research that focuses on universities as hubs within such systems (Malecki 2018). The intention of UK Government policy is to promote research excellence in the universities, and to transfer knowledge through university–business engagement, to create economic benefits (Hewitt-Dundas 2012). The involvement of universities and enterprises, along with government intervention is acknowledged in the 'triple helix' metaphor which suggests university–industry–government networks form three elements of a dynamic process of interaction and interdependence (Leydesdorff and Etzkowitz, 2001; Etzkowitz, 2003). However, there is limited understanding of the factors that demonstrate the impact and accomplishments of universities of such collaborations (Fritsch and Slavtchev 2006).

Potts (2002) recognised the potential of knowledge transfer through university–industry links, including technical innovation in particular, to contribute economic success and/or growth, but highlighted the economic disparities across regions in England, and subsequently identified a need for new policies to increase university–industry links in weaker regions. In particular, Potts concluded that: a) clarity is needed for universities to engage in evenly dispersed knowledge transfer to maximise regional growth; and b) appropriate public funding must be deployed to support this vision.

However, Antonelli (2008) found that universities concentrate on their own specialisms, where they may have competitive advantage and therefore, whilst alignment with commercial entities may occur, this may not have a natural fit with the strategic priorities of organisations. Whilst, the intention of UK Government policy is to promote research, Fritsch and Slavtchev (2006) found that benefits are not based on the existence or size of universities themselves, but rather on the quantity and quality of the research outputs – policies should therefore promote regional innovation with an emphasis on increasing the levels of quality research undertaken.

The term, Regional Innovation System (RIS) was originally introduced by Cooke (1992), who went on to further develop this work by relating it to existing research on national innovation systems. Regional Innovation Systems literature tends to be built around innovation approaches; innovation environments; clusters; and more established research on industrial districts (Asheim et al. 2011). Considering innovation at a regional level, concepts such as industrial districts, innovative milieu and Regional Innovation Systems provide the preconditions for regional economic growth, in terms of innovation and learning (Ľapinová et al. 2016). The focus of research around Regional Innovation Systems is generally built around the relationship between innovation; technology; and physical location (Schrempf et al. 2013).

Cooke et al (1998) found that the strongest potential existed when enterprises and other organisations were systematically engaged with interactive learning and in being embedded within the environment. Most regions did not have organisations with all the characteristics to be part of a RIS, but usually had the key elements to do so over time. The importance of innovation, to the economy, was also thought to enhance the need for regional evolution towards RISs. The authors also referred to a need to understand processes, in regional systems, around agglomeration (e.g. related firms located close to each other); development of trust; innovation; institutions; and learning. Schrempf et al, (2013) suggested that, as well as being a theoretical concept, RISs also form a significant part of regional policy objectives. Regional policies are required that are context specific; are adapted to regional variations; involve network level interventions to improve interactions; develop new collaborations;

address failures within the RIS system; and facilitate the sharing of knowledge (Schrempf et al. 2013).

RISs usually involve interaction between private enterprises and public organisations, which interact within an institutional framework that supports innovation through the generation, exploitation and dissemination of knowledge on a regional level (Schrempf et al. 2013). Figure 2.7 provides a conceptual framework for a Regional Innovation System, showing the main dimensions and actors, along with the interaction and interdependence between them (Cooke and Piccaluga 2005) – within this framework, universities are shown to play a key role in knowledge and technology transfer. Policy interventions can target any actors within the system at all levels. However, as Malecki (2018) points out, the focus of a framework, such as this, for entrepreneurial ecosystems tends to be on the individual elements, but usually ignores the processes within the system that lead to 'entrepreneurial vitality', and that these processes also change with time.

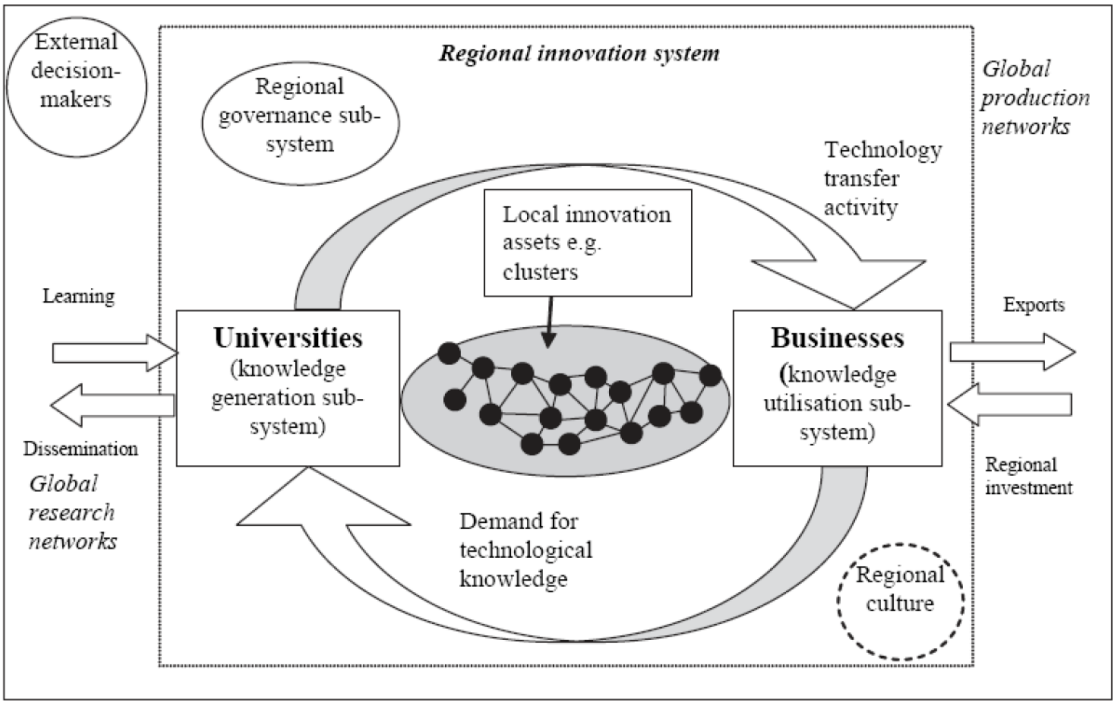


Figure 2.7 – "An ideal type of Regional Innovation System" (Cooke and Piccaluga 2005)

Over the last 25 years or so, innovation and knowledge have become more closely linked with entrepreneurship at regional and national levels (Fritsch and Storey 2014). Moreover, Schumpeter (1934) described entrepreneurs as innovators whose role involved: developing new goods; methods; processes; markets; and organisations, within an industry. Hekkert et al. (2007, p421) stated that *"there is no such thing as an innovation system without entrepreneurs"*. However, Sternberg and Muller (2005) found that regional innovation systems did not fully consider the term *'entrepreneurship'*, especially for recent start-ups, within their determinants of the actors and elements within RISs - this was unexpected as the authors considered that entrepreneurial activity was usually regionally based. Sternberg and Muller found the focus was on usually on the geographical proximity and intra-regional factors, but entrepreneurship, which was arguably a factor in economic growth at both regional and national levels, was largely overlooked. Size, location and flexibility may be factors that mean entrepreneurs are also better placed to learn from, and engage with, their local environment than may be the case with larger, less regionally based, enterprises (Malecki 2018).
However, Cooke (2004), building on earlier work, began to acknowledge the role of entrepreneurship in RISs and emphasis on issues such as serial start-ups, local market focus and incubators, as shown in Table 2.6.

Institutional Regional Innovation Systems (IRIS)	**Entrepreneurial Regional Innovation Systems (ERIS)**
Research & Development Driven	Venture Capital Driven
User-Producer Relations	Serial Start-ups
Technology Focused	Market Focused
Incremental Innovation	Incremental & Disruptive
Bank Borrowing	Initial Public Offerings
External Supply - Chain Networks	Internal EcoNets
Science Parks	Incubators

Table 2.6 Institutional and Entrepreneurial Regional Innovation Systems (Cooke 2004)

Lawton-Smith (2017) suggested a need for entrepreneurship policies, within RIS, which would include those that are enabling, empowering and leading to sustainable entrepreneurship and innovation. To achieve this, the main areas to address were networking; human capital; and technology transfer.

Fritsch and Storey (2014) compared different regions and found patterns where the more entrepreneurial regions did not show evidence of greater interventions through policies, suggesting that Regional Innovation Systems have evolved with the need for any specific entrepreneurship policy, and this was particularly so for high-tech disciplines. Whilst Sternberg and Muller (2005), and Feldman (2014), acknowledged a link between RISs and entrepreneurship, this did not appear to arise from any specific entrepreneurship policies.

Dorset forms part of South West region which, according to the Regional Innovation Scoreboard 2017, classed as an 'Innovation Leader, with a Regional Innovation Index which is 7.2% higher than the UK average and 32.1% higher than the EU average (EU Europa 2018). In the UK, the Index had risen by 5.4% since 2011. However, public sector spending on R&D is 4% below the UK average, and 15% below the EU average. The South West is particularly good at developing existing products and services, although is slightly below average, when it comes to novel products. However, in 2012 patent levels were, almost 38% higher than the UK national average.

According to EU Europa (2018), the South West had a total of eight universities and four higher education colleges, several of which are considered as being 'research-intensive'. The Universities are usually involved in the Local Enterprise Partnerships, which are jointly led by local authorities and enterprises across sub-regions (e.g. Dorset) and their remit is on developing sustainable growth and job creation - innovation is a key part of the LEPs' work as they collectively deliver an element of the EU Structural and Investment Funds (2014-2020) which targets innovation on a local level (EU Europa 2018). Dorset LEP has close links with higher education providers, including board members representing Bournemouth University and Arts University Bournemouth, and currently operates from BU premises (Dorset LEP 2018).

Examples of recent sub-regional innovation projects include:

- Growth Deal local funding has been allocated up to £1.4 million per project (Dorset LEP 2018) - resulting in activities including:
    - Bournemouth University incubation facilities, aimed at sectors including: Creative and Digital Media; Advanced Engineering; Health and Wellbeing; and Global Cyber Security.
    - Arts University Bournemouth Innovation Centre which will act as a base for graduate start-ups.
- Dorset Innovation Park was awarded Enterprise Zone status in 2016 as part of government plans to transferring the leadership of growth to local areas to support enterprises and job creation.
- LEP funding has helped to set up the Orthopaedic Research Institute at BU (Dorset LEP 2018).
- Continued engagement with local enterprises through Knowledge Transfer Partnerships (KTP) which is a government-funded programme intended to share university knowledge with UK businesses, and relates particularly to innovation (Bournemouth University 2018).

Regional Innovation Systems have been shown to provide a strong theoretical model for the various actors and subsequent interdependencies that result in growth and improved economic performance, and universities play a key part in this, especially when quality outputs are embedded in regional needs. Dorset, and the South West, has a network of universities that engage, with the region, and Dorset is complemented with a strong Local Enterprise Partnership, a range of business support organisations, and clusters of innovative enterprises which has a strong fit with the conceptual model from Cooke and Piccaluga 2005 (Figure 2.7), albeit with a significant level of entrepreneurial activity.

2.6 Development of a Conceptual Framework

The theories of co-production have provided a mechanism for a specific focus on the relationship between the advisor and the small enterprise owner/manager. This tied in well with the role of the Business Advisor (as defined in Section 1.3.4) in which the advisor was not acting as a consultant providing prescriptive support, but works together with the owner/manager, as an intermediary, to develop joint solutions through a co-production intervention. To this end, the initial conceptual framework (Figure 2.8) has been adapted from the co-production modalities model proposed by Rice (2002). The framework included interdependent co-production, as defined by Parks et al. (1981). Rice's framework considered the co-production relationship between business incubation programmes and the start-up companies within an incubator, but also took account of external networks. The framework was subsequently adapted, within the current study, to address business support more generally, and to cater for the relationship between the business advisor (intermediary) and the small enterprise(s) they supported. The most significant change to the framework was the addition of the business advisor acting as an intermediary (or broker) for the services offered by individuals or organisations in the external network of the business advisor.

The initial conceptual framework for co-production (Figure 2.8) allows the roles of the business advisor (whether publicly funded or private sector), the owner/manager, and the wider business environment to be considered in the context of the research questions.

The literature review chapter described the factors that have influenced the development of the initial conceptual framework for this study, however the framework will be further developed throughout the thesis.

2.6.1 Existing Co-Production Frameworks

Building on the aforementioned definition of co-production (2.2.1), Parks et al. (1981, p.1002) described the co-production process as follows:

> *"Co-production involves a mixing of the productive efforts of regular and consumer producers. This mixing may occur directly, involving coordinated efforts in the same production process, or indirectly through independent, yet related efforts of regular producers and consumer producers. Co-production, if it occurs, occurs as a result of technological, economic, and institutional influences. Technology determines whether there are production functions for a service where both regular and consumer producer activities contribute to the output. Economic considerations determine whether it is efficient to mix regular and consumer producer activities to produce the service. Institutional considerations determine whether appropriate mixing is allowed in situations where co-production is technically feasible and economically efficient, and whether mixing is discouraged where it is inefficient."*

Parks et al. (1981) represented their conceptual framework through the co-production equation which provided a linear representation of their co-production framework. The above definition of the co-production process was used, in the present study, to develop a diagrammatic interpretation of their original framework (Figure 2.6). This outline framework, included the inputs of both parties; the different modes of interaction (or mixing); external influences (e.g. output elasticities); and outputs (i.e. value added). All of these aspects informed the development of the co-production framework for business support presented at the end of this chapter. In creating the new outline framework, in Figure 2.6, it is acknowledged that this provides a non-linear interpretation of the original co-production framework from Parks et al.

As with much of the extant literature around co-production, the work from Parks et al. was based around public service delivery. This typically included dealing with waste, crime, education and health services (Rice 2002) and therefore did not directly relate to business support. However, the basic co-production principles are transferable and have therefore been considered and presented in a generic format which is further developed, later in this chapter.

It is important to note that Parks et al. identified interdependence between both the regular and consumer producers, and that no co-production outputs could be achieved without inputs from both parties. Additionally, the role of the consumer producer was not passive and was central to the quality of outputs, along with the role of the regular producer (Rice 2002).

Parks et al. (1981) noted the importance of external influences (technological, economic and institutional) and went on to unpack each of these. However, these influences were not referred to directly within the authors' co-production equation that was set out in the same paper [$Q = cRP^d\, CP^e$], as described in Section 2.2. It is not clear why these external influences were not included directly in the equation, but these may be considered within the output elasticities (d & e). However, these influences have been specifically included in the outline framework (Figure 2.8, below) based on Parks et al.'s definition of co-production. In relating the framework to business support, the direct/indirect mixing can generally be considered around the counselling that takes place during interventions.

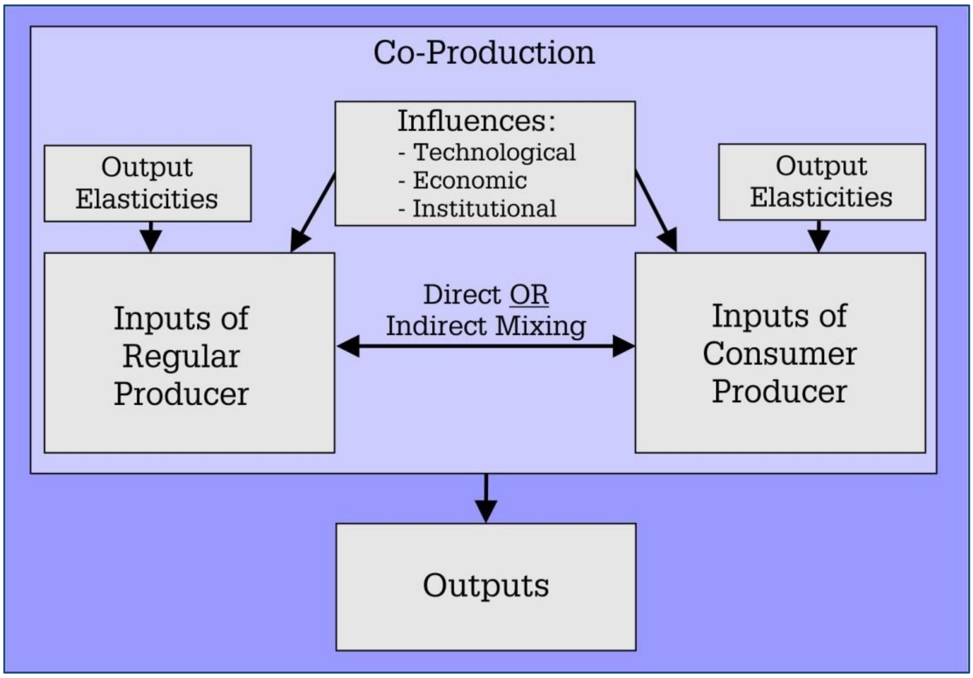


Figure 2.8 - Outline Framework for Co-Production
(Author's own – based on Parks et al. 1981)

In an effort to explore the interdependent relationships between the managers of business incubators (whose role generally involved an element of business support) and the companies within such incubators, Rice (2002) developed the theories of co-production to address issues around business assistance. Rice's work was based firmly on the earlier work of Parks et al. (1981), utilising the three core elements that made up the co-production equation, namely the inputs of the regular and consumer producers; the outputs; and the elasticities. In this case, the elasticities included the time allocated to co-production by the manager of the incubator; the intensity of engagement from the manager; the breadth of the co-production modalities; and the entrepreneur's engagement in the co-production process.

In Rice's theoretical framework, the *regular producer* was the incubator manager and the *consumer producer* was the entrepreneur (or owner/manager). Rice considered the outputs as business assistance under three broad categories identified by Chrisman (1989), namely strategic; administrative; and operational.

A key difference to the work from Parks et al. was that Rice recognised the need for outside inputs through networking as there was a requirement for entrepreneurs to be connected to resources in areas where they had gaps, and where such resources were not readily available through the initial co-production relationship. When networks were brought into the co-production relationship, the incubator manager acted as the intermediary between the company and the external provider of services.

Whilst Parks et al. used the notions of direct or indirect 'mixing', Rice (2002) developed this idea in the context of business assistance and applied this to the framework of co-production (Figure 2.7). Two types of interaction between the incubator manager and the owner/manager were identified:

1) **Passive Intervention**, which provided a supportive environment and informal networking opportunities for recent start-ups, and

included shared (managed) business services, use of equipment, shared facilities and co-location.

2) **Counselling** was provided and this involved the dissemination of knowledge and advice to the owner/managers. Furthermore, counselling could be considered as either **'reactive and episodic'**; **'proactive and episodic'**; or **'continual and proactive'**.

'Reactive and episodic' support would normally involve dealing with specific issues or problems and is similar to business assistance and tends to be for a limited period. 'Proactive and episodic' which, based on co-location meant the centre managers could be proactive in providing support, but on an occasional basis – for example, the incubator manager 'walking around' or meeting in social areas. The final type of counselling, 'continual and proactive', considered on-going developmental needs of small enterprises and required more intense interventions with regular reviews and planning activities. For the purposes of business support within the present study, the support would tend to be either 'proactive and episodic' or 'continual and proactive' depending on whether the support was for operational or strategic issues.

Rice's co-production framework for business incubation is shown in Figure 2.9 (below), and builds on the earlier work from Parks et al. (1981) with the addition of external networks, and the adaptation of the framework to the field of business support, so co-production outputs were considered as business assistance and fell into two categories – "short term jolts, crises or problems" i.e. Operational Issues; and "Long term developmental needs" i.e. Strategy Formation. Within Rice's framework, 'C' represented counselling interactions, and 'N' represented networking. This framework, whilst developed specifically for business assistance within an incubation environment, provided a potential basis for developing a conceptual framework for business support more generally.

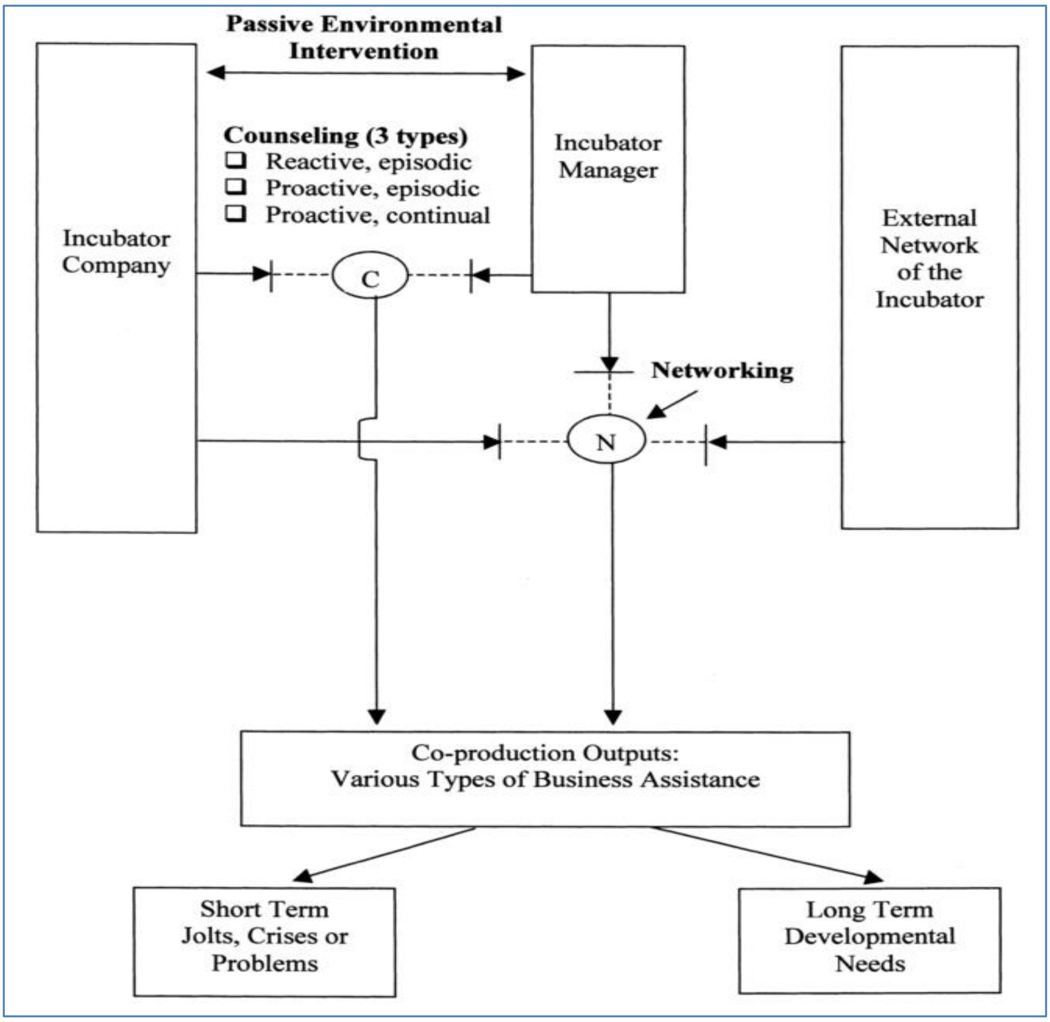


Figure 2.9 - Framework of Co-Production – for Business Incubation (Rice 2002)

2.6.2 The Conceptual Framework for Business Support

An initial representation of a conceptual framework for business support, based on the extant literature, was created and is presented in Figure 2.10 (over) – this framework is expected to be developed, as the study progresses.

The external influences, described by Parks et al. and including technological, economic and institutional effects, were included in the proposed framework within the element of 'Wider Business Environment'. This would vary from case to case, but would typically include the industry sector, markets, supply chains, economic factors, availability of local business support, government policies, location, innovation etc. The aspects of the framework for the main co-production interventions were therefore placed within the overall business environment.

The role of the business advisor/coach/mentor may be offering support services to a range of small enterprises and could, in the case of Business Link for example, act as a broker for a range of external support services. As such the advisor/coach/mentor has two roles – one as counsellor, and another in networking - the types of interaction were highlighted in the proposed framework with 'C' for counselling and 'N' for networking.

The counselling, shown in Figure 2.10, occurs between the business advisor (intermediary) and the owner/manager and involves offering support through a range of delivery modes, which are detailed in Chapter 6. The second role, as an intermediary, involves acting as a co-ordinator between the owner/manager and external organisations offering support and involves networking, rather than counselling. Once external links have been set up, in many cases the owner/manager would then work directly with the external organisation following the initial introduction – a direct networking link between these two parties was therefore included in the framework. In shorter term interactions with external providers, then the advisor/coach/mentor may have greater involvement in the arrangement – for example, in raising external finance for on-going co-production projects when the intermediary may elect to sit on meetings.

As with Rice's framework, the co-production outputs addressed two distinct types of business support, which involves either tackling [generally] short-term operational issues, or strategy formation for longer-term issues. This fitted with the notions of '*tackling issues of current concern'* vs. the more strategic approach of '*looking towards a vision for two+ years ahead'* (Devins and Gold 2000) and was largely down to the aspirations of the owner/manager (Chandler and Hanks 1994; Wang et al. 2007) and/or entrepreneurial orientation (Bracker and Pearson 1986; Eggers et al. 2013).

Again, in line with Rice's framework (2002), the initial proposed framework considered the co-production element to include all interactions, including counselling and networking. However, there has been some debate on whether networking fully contributes to value being added, or whether it is a just a useful 'add-on' (Mole et al. 2009). The position of networking, within co-production, was therefore addressed as the framework developed.

The main output has been presented in terms of value creation – however, considering the theories around service dominant logic (Vargo and Lusch 2004), value tended to be added through both the co-production in the business support intervention itself (in terms of owner/manager perceptions and development), but value could also be added at the point of use i.e. through consumption, where the value can only be fully realised when the owner/manager makes practical use of the support and advice given, and goes on to benefit in terms of improved performance. The value output therefore emphasises the role of co-production itself and that plans, developed through the co-production process, are taken forward and used in practice.

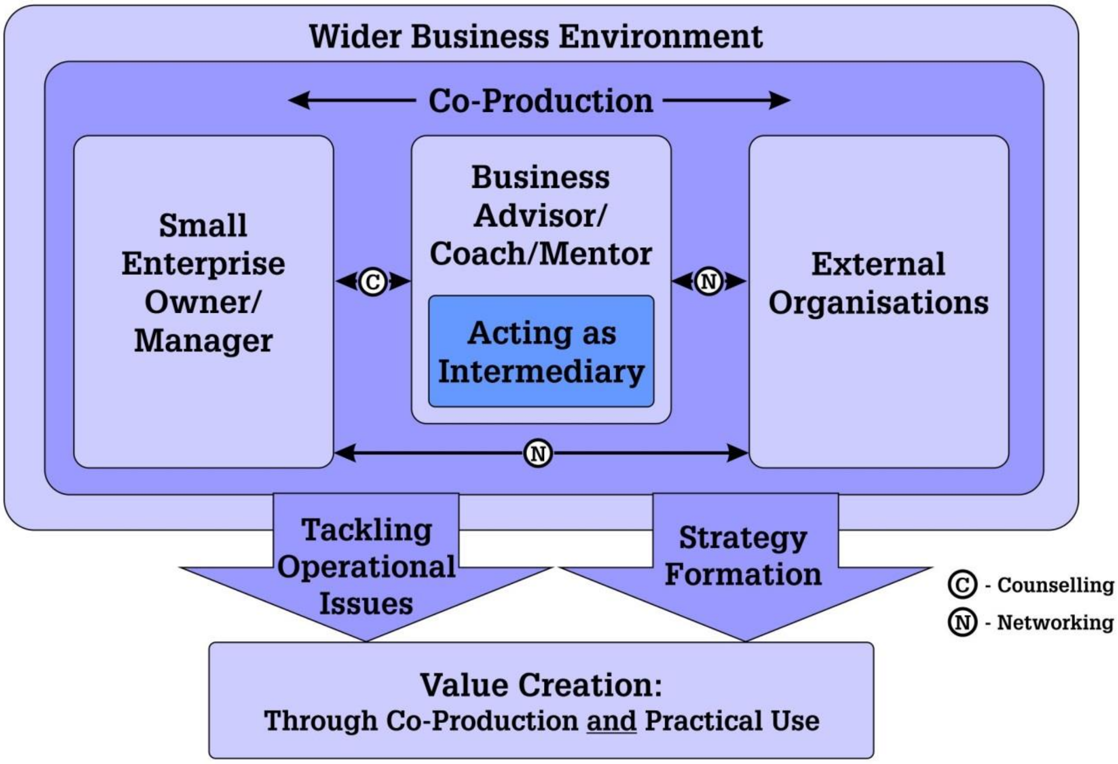


Figure 2.10 - Initial Co-Production Framework for Business Support (based on a framework proposed by Rice 2002)

2.7 Conclusions of the Literature Review

Theory around co-production has its origins in the delivery of public services (Ostrom et al. 1978; Parks et al. 1981; Rice 2002) and much of the extant literature continued this focus on public services. Having developed the work from Parks et al. into a generic outline framework for co-production, this was considered along with the later work from Rice (2002), in which basic co-production theory was developed in the context of business support, albeit within the environment of business incubation.

With consideration of the more generalised business support, which has been typically available to small enterprises in Dorset, Rice's conceptual framework was subsequently developed to take into account the wider business environment which has a significant impact on business support for small enterprise. Furthermore, the inclusion of networks had become more relevant to business support since the growth of brokerage models and the increased use of 'signposting' (Huggins 2000; Hjalmarsson and Johansson 2003).

In terms of value creation, research on Service Dominant Logic (Vargo and Lusch 2004; Lusch et al. 2007) suggested that value was added, both through consumption i.e. through usage, and during the co-production process itself where the owner/manager as the 'consumer' perceives 'value in use'.

The main gap identified in the knowledge around co-production, in the business support context, was that there is very little known literature that specifically considers co-production in terms of business advice/support for small enterprises. It is not clear why literature around co-production in business support was so limited, but one possibility could be the continued emphasis on public services (e.g. those provide by local authorities, education and healthcare providers) in the extant co-production literature, where the relationship was often based around public bodies as producers, and citizens as consumers. There are no known conceptual reasons, or disagreements between theorists, for the existence of such a knowledge gap.

Funded business support and advice, which was offered at low cost by organisations such as Business Link, is no longer so readily available, although local organisations such as Dorset Growth Hub and Outset Dorset do offer low cost services to some eligible small companies, albeit with limited funding and scope. The business environment, which previously received major investment from Central Government, via the South West Regional Development Agency, is now dominated by the Local Enterprise Partnerships that operate with a fraction of the budgets and with limited (although growing) powers.

Entrepreneurship involves taking advantage of entrepreneurial opportunities to create profit and growth (Beaver and Jennings 2005). However, in order to achieve this, there is a need to: attract and retain a variety of stakeholders; to act strategically; to be risk averse; and have the right range of skills and organisational capability to benefit from opportunities (Hitt et al. 2001; Kuratko 2007).

Entrepreneurship does not necessarily need to be about starting a new business, but can be built around entrepreneurial behaviours within an existing enterprise (Guth and Ginsberg 1990; Hart 1992). However, Beaver and Jennings (2005) questioned whether typical small enterprise owner/managers are always true entrepreneurs, and it can therefore be important to differentiate between owner/managers and entrepreneurs. Schumpeter (1951) also differentiated between entrepreneurship and business management, linking the former more to leadership. The term 'entrepreneurial orientation' which involves being pro-active; innovative; and being risk averse (Wiklund and Shepherd 2005) may provide an appropriate way to describe small enterprise owner/managers who are seeking growth.

Entrepreneurial learning, which is about learning how to recognise, and act on opportunities (Deakins and Freel 1998; Erdelyi 2010; Rae 2015) can be linked to business support through the identification of appropriate mentoring, and can help owner/managers, who have an entrepreneurial orientation, to benefit from knowledge gained through learning events and make the most of new opportunities, and is important for both survival and growth (Sullivan 2000).

There is no clear definition of Entrepreneurial Leadership, and there has been limited work to determine key leadership characteristics and/or behaviours in small enterprises (Vecchio 2003; Leitch et al. 2009; Leitch and Volery 2017). Vecchio (2003) made a distinction between entrepreneurs and small business owner/managers and there have been suggestions that leadership should be considered differently in smaller enterprises than in larger corporates (Leitch et al. 2009).

However, despite an identified need to develop managers into leaders, and for entrepreneurial learning (Thorpe et al. 2009; Rae 2005; Wright et al, 2015), there is a tendency for lower engagement in management training and development in smaller enterprises (Storey 2004). Furthermore, Storey (2004) suggests it is difficult to demonstrate a causal link between managerial training and performance. Koryak et al. (2015) found that growth outcomes, in smaller enterprises, required both strong leadership and suitable growth capabilities. Growth is therefore dependent on ambitious managers with strong transformational leadership skills, along with an organisation that has the capability for growth.

With academic institutions playing an increasingly important role in the production of knowledge (Cooke and Piccaluga 2005), and the UK Government's policy to promote research excellence and to transfer knowledge (Hewitt-Dundas 2012), innovation through the 'triple helix' metaphor of university–industry–government networks (Leydesdorff and Etzkowitz, 2001) is now a key factor of regional economic growth. Regional Innovation Systems, which are generally built around the relationship between innovation; technology; and physical location, are not only a theoretical concept, but also form a basis for regional innovation policy (Schrempf et al. 2013).

Within Regional Innovations systems, the strongest potential existed when enterprises and other organisations were engaged with interactive learning and embedded within the environment (Cooke et al. 1998). Benefits were not based on the existence or size of universities themselves, but rather on the quantity and quality of the research outputs, and relevance to the region (Fritsch and Slavtchev 2006) – regional policies should therefore reflect the need for good levels of high quality, and appropriate, outputs.

Whilst the conceptual framework of the "ideal Regional Innovation System (Cooke and Piccaluga 2005) includes most of the key actors and interdependencies that make up an RIS system, Sternberg and Muller (2005) found that entrepreneurship was not always fully considered within RISs. There may therefore be a case to develop the framework, from Cooke and Piccaluga (2005) to include the role of entrepreneurship. This would be particularly appropriate in the case of Dorset and the South West, where there is a high proportion of smaller, entrepreneurial enterprises, and where levels of innovation are higher than the national and EU averages (EU Europa 2018).

The evidence, investigated throughout the literature review, indicated that small enterprises do benefit from strategy formation and, to some extent, business support and advice – and these aspects were interconnected. With a reduction in business support and advice, this brings into question how well small enterprises, which may have relied on business advice in formulating strategies, will manage in somewhat unchartered territories.

In terms of knowledge gaps in the literature around business support, the following was observed:

1. There was limited literature on the effects of business support on strategy formation and business performance relating specifically to small enterprises (and SMEs)
2. Limited literature was found that considered the theories of co-production in terms of business support.

The conceptual framework (Figure 2.10) provides a means to focus on points 1. & 2. by examining the effect of business support on strategy formation and business performance through consideration of co-production theories, specifically in small enterprises.

Formal strategic planning, has been shown to be more suited to larger organisations and, indeed, has tended to evolve into strategic management. The evidence presented suggests small enterprises are more likely to engage in more informal methods of strategy formation and there are indications that planning ahead in this form does at least result in perceptions of improved performance, although it is difficult to measure or assess any finite figures.

The importance of small enterprises to the Dorset region and its economy is highly significant and was reflected in the local business profile that included SMEs representing over 99.5% of businesses; a total of over 30,000 SMEs (South West Observatory, 2012); and, for small enterprises specifically, 98% of businesses were represented (Dorset County Council 2017).

In terms of knowledge gaps, there was limited literature on formal strategy planning that specifically focussed on small enterprises and/or SMEs, and much of what was available may not have been entirely up-to-date. This could simply be down to not many enterprises actually doing it – the initial baseline research for the present study also supported this (see Chapters 7 & 8). Subsequently, the concept of 'strategy formation' was adopted for this study as it considers strategy development using less formal approaches and as *"a pattern in a stream of decisions"* (Mintzberg 1978).

Building on the literature, across the areas of co-production, business support and strategy, and aligning with the Aims and Objectives set out in Chapter 1, the following research questions were developed:

1. *What value is added to the strategy formation process through co-production in the relationship between the business advisor and the*

small enterprise owner/manager?

2. *What are the key elements of business support that lead to effective handling of strategy formation in small enterprises?*

3. *Considering the advisor-owner/manager relationship, how does this affect strategy formation, taking into account policy changes and availability of business support?*

The emergent conceptual framework for business support has taken into account the underlying co-production theories of both Parks et al. (1981) and Rice (2002) to provide a basis for understanding the key elements of co-production in business support and how these interacted, leading to outputs and, potentially added value. Furthermore, the framework considered service dominant logic (Vargo and Lusch 2004) in the creation of value. As the thesis progressed, this initial framework was developed further as each of the three research questions were addressed, with a finalised version presented in Chapter 9.

Chapter 3 – The Regional Context

3.1 Introduction

Across the UK, SMEs, which include small enterprises, account for 99.3% of companies, employing an estimated 14.4 million people and accounting for 59.3% of the UK workforce (BIS 2013/2015). The profile of Dorset businesses closely matches that of the UK average (Dorset County Council 2017). These national figures are also reflected across the South West region where there are just 480 companies not having SME classification, representing fewer than 0.1% of businesses in the region (BIS 2010).

With Dorset small enterprises at the core of this study, Chapter 3 describes the overall environment in which business support was available during the period covered in the research study (2010-2017), and provides further context to the research which was undertaken throughout the Dorset sub-region.

During the time of the study there were significant cutbacks in Central Government funding for public services, which included reduced funding for business support programmes nationally and locally, and this period of austerity was expected to last until at least 2018 (Price et al. 2013).

In terms of business support there were considerable changes in policies and provision, between 2010 and 2017, that have had a notable impact on the study. Moreover, the research refers to and includes a number of key local agencies which, through their networks of intermediaries (i.e. business advisors, coaches, mentors, consultants), acted as regular producers in co-production support interventions with small enterprises (Parks et al. 1981).

3.2 Small Enterprises in Dorset

The county of Dorset is classed as a sub-region of the of the wider South West region of England – this includes towns and rural areas across Dorset, and also the larger conurbations of Bournemouth and Poole. In recent years there has sometimes been confusion when referring to Dorset, in terms of regional initiatives.

In some cases a Dorset initiative may have referred only to the area west of the conurbations of Bournemouth, Poole and Christchurch, and in others the whole county is included. Subsequently, local initiatives often referred to the term 'Dorset Sub-Region' (of the South West) which included the entire county of Dorset including the conurbations.

For clarity in this study, the area covered, in terms of business support provision, correlates directly with the Dorset Local Enterprise Partnership (LEP) region, as presented in Figure 3.1. This includes all areas of Dorset including Bournemouth, Poole and Christchurch.

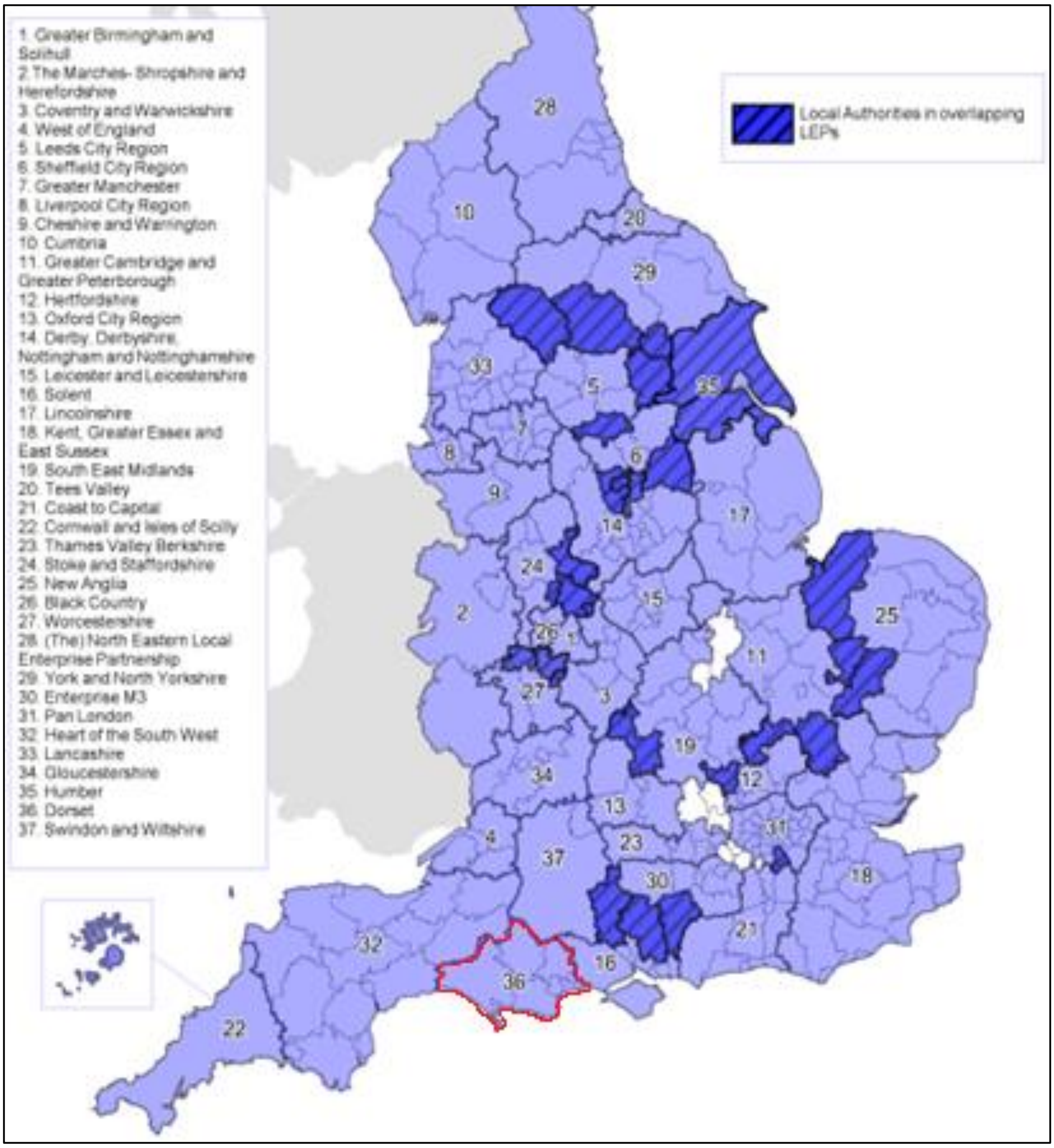


Figure 3.1: Map of Local Enterprise Partnerships in England, including the full Dorset LEP area (36)
(Source: Department for Business Innovation and Skills 2011)

In Dorset, 99.8% of companies are classed as SMEs, of which 2% are classed as medium firms – small and micro enterprises therefore account for approximately 98% of Dorset businesses (Dorset County Council 2017). By comparison, the wider South West economy comprises 99.4% SMEs (South West RDA Economic Profile 2006, based on 2005 ONS data). The figures for Dorset and the South West are very close to the current national average for SMEs of 99.3% (BIS 2015). Employment in SMEs comprises 73.3% of the SW region total, compared to 58.0% nationally (BIS 2010). SMEs are considered key drivers of economic growth (Wang et al. 2007) and, with an above average proportion of such enterprises in the South West, they play an important role in the regional economy.

In light of the emergence of the Local Enterprise Partnerships (see sections 3.4 and 3.5), the South West Observatory now publishes its economic data, mapped according to LEP areas. In its economic snapshot for the Dorset LEP area (South West Observatory 2012), some key points to note included a slight drop of 1.4% in year-on-year in overall GVA figures; a 0.7% fall in GVA figures per head; the importance of the finance and insurance sector to Poole and Bournemouth was highlighted and represented 21.6% of output (£1.4 billion); unemployment levels were relatively low at 2.3% although long term unemployment was an issue, albeit at lower levels than the rest of South West region; business start-ups had declined by 0.9% whilst businesses closing increased by 8% over the previous year. Business survival rates were also addressed – around half of start-ups had a survival rate of five years or more and around a quarter had a survival rate of less than 2 years. Small enterprise survival and growth is a major issue in economic development, on a regional basis, and many companies fail within three years of start-up (Rae 2007). However, the South West Observatory noted that the above figures were in line with general expectations during the downturn in economic conditions at that time.

According to the South West Observatory (2012) there were 30,120 businesses in the Dorset LEP area at the time of their assessment. There were, however, some discrepancies in the figures relating to the number of businesses - according to 2012 figures from the Office of National Statistics (ONS) there were an estimated 33,700 business units in the area covered by the Dorset Local Enterprise Partnership. This disparity could partly be down to the way in which the figures are calculated, which often relies on an overall figure based on actual VAT registrations, combined with an estimate of non-VAT registered enterprises.

In terms of industry type, the ONS figures, for Dorset, were broken down into sectors that included: construction 13%; retails 12%; production 6%; agriculture, forestry and fishing 6%; wholesale 4%; and motor trades 3%.

3.3 Business Support Provision

In the South West region, small (and medium-sized) enterprises had generally been eligible to receive low cost business support from Business Link since 1993 and this came in a variety of forms, initially operating as Business Link Dorset and, later, operated as Business Link Wessex (which also had coverage of Hampshire and the Isle of Wight, albeit through separate teams). The Business Link offering included: personal business advisors advising on business strategy; start-up support; business services brokering; networking events; and intense high-growth business support.

As well as Business Link, support had been available from a number of other providers including DorMen (Dorset Mentoring), Dorset Growth Hub and Outset Dorset. In all cases, interventions involved co-production, through a range of intermediaries working with small enterprise owner/managers in strategy formation and/or dealing with operational issues.

Sustainability has been an issue in recent years, especially in terms of funding and policy. The South West of England Regional Development Agency (SWRDA), who were funded by central government, were the principal channel of government funds for Business Link in Dorset from 2005-2011, having taken over the responsibility of Business Link funding from the Small Business Service in 2004. As a result of the change of government in 2010, plans were announced for the closure of both SWRDA and Business Link Wessex, and the services were shut down in 2011/2012 resulting in the loss of these business support services for Dorset's small enterprises, and also across the rest of England.

A network of Local Enterprises Partnerships (LEPs) was launched in 2011 and effectively took over the role of the Regional Development Agencies (RDAs), albeit with a different set of responsibilities than the (RDAs) they effectively replaced, with a mix of both regional and national provision (Ward 2016). A map of the LEP network, including the Dorset LEP (highlighted) is shown in Figure 3.1. The LEPs are described in greater detail within sections 3.5 and 3.6 of this chapter.

3.4 Summary of Changes Since 2010

Following policy changes by the 2010 coalition government, SWRDA was wound up by the end of March, 2012. In SWRDA's own closing report (2012), it was claimed that, in the financial year 2010/2011, they had invested over £240 million in the South West economy and £1.3 billion of investment in the South West since 2002 (although this report may not have been produced from an entirely impartial perspective). The Manufacturing Advisory Service had received £3 million of SWRDA and European investment resulting in a *claimed* £30 million benefit to local economy (Source: SWRDA Annual Review, 2011/12). On behalf of the Department of Business, Enterprise and Regulatory Reform (BERR), Price Waterhouse Coopers (2009) reported that, over the four-year period from 2002/3 to 2006/7, each £1 invested by RDAs across England, had a *claimed* impact on regional economies of an average of at least £4.50.

Funding for Business Link also ended in 2011. WSX Enterprise had been the franchise holders for Business Link in Dorset (and Hampshire) for over 10 years, and some of the services were able to continue, albeit without the on-going funding from SWRDA. Indeed WSX Enterprise later went on to deliver the Dorset Growth Hub service from 2014. In 2010/2011 over 80,000 businesses had received some level of support from Business Link in the wider South West region (SWRDA 2012). According to SWRDA's closing report (2012), there were 14,500 new business contacts during that year with 3,000 businesses having attended events and there were over 1,000 requests for start-up support.

However, reports such as the 2012 Small Business Survey (BIS 2012) raised concerns about business support provision. Indeed a mismatch had occurred between the actual needs of small enterprises and the availability of support. Access to support had become dependent on a limited range of funded programmes, or the ability and/or willingness for small enterprises to pay - this was largely down to the ending of field support through Business Link, the loss of RDA funding, and changes in Higher Education Innovation Funding (Rae et al. 2012).

Despite official government policy indicating that business should be self-sustaining and interventions were only appropriate at times of market failure (BIS Analysis Paper 2013) there was a notable U-Turn in policy and, in 2013, the Growth Hub network was announced, which included the Dorset Growth Hub, to be supported by Dorset LEP. The Dorset Growth Hub was launched in 2014 and addressed, to some extent, reductions in business support for Dorset enterprises. This developed into a network of 38 Growth Hubs across local areas in England – these can be considered as partnerships between the public and private sectors, offering business support locally and nationally, and are led by the Local Enterprise Partnerships (LEPs). A further scheme was the Growth Accelerator fund – this began in May 2012 and included £200 million of funds and involved a network of up to 800 specialist growth coaches with the aim of reaching 26,000 enterprises over three years (Rae et al. 2012). The scheme involved support for securing finance; commercialising innovation; developing leadership; and improving management capability. However, despite relative success, the Growth Accelerator initiative was closed to new contracts in November 2015.

The changing business support landscape has been summarised in Figure 3.2 which shows the transition from a wide portfolio of government funded programmes, to a more fragmented approach with reduced funding for business support and less intensive funded programmes.

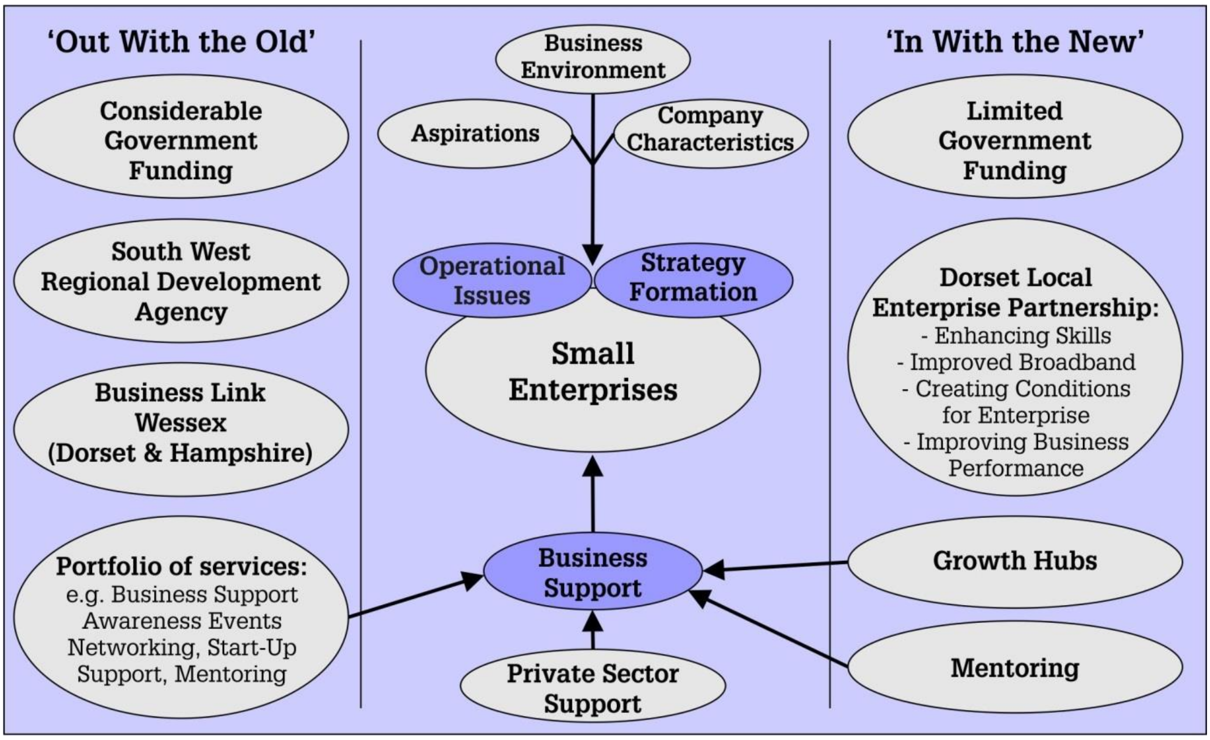


Figure 3.2: 'Out With the Old and In With the New' – The changing face of the business support environment in Dorset (2010-2017) (Author's Own)

3.4 Local Enterprise Partnerships

The new Local Enterprise Partnerships (LEPs) were announced in a letter from HM Government in June 2010 (Cable & Pickles 2010). The original purpose of the LEPs was to create partnerships between the private sector and civic leaders at the level of the 'real economy' so councils and businesses could replace the Regional Development Agencies (Bolton 2011). The UK Government's '*Local Growth'* White Paper (BIS 2010), listed the roles that were to be taken on by the LEPs, and included:

- Work with Government on key investment priorities, such as transport infrastructure and project delivery;
- Dealing with bids to the Regional Growth Fund;
- Supporting growth businesses (later to include Growth Hubs)
- Involvement in the national planning policy / strategic planning applications and ensuring the inclusion of the business community
- Dealing with local business regulation
- Strategic housing delivery

At the time of writing (2017), there were 39 LEPs across England, whilst Wales, Scotland and Northern Ireland had their own bodies and were not represented in the LEP network.

According to the LEP Network (2012), Local Enterprise Partnerships (LEPs) were *"locally-owned partnerships between local authorities and businesses. They play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs."*

The LEPs managed bidding for the Regional Growth Funds, which had an initial £1 billion budget and was intended to protect communities affected by public spending cuts, covering the period from 2011-2013. This was later extended to a total value of £2.7 billion, over the five years to 2016 (Ward, 2016).

The emergence of LEPs has been relatively recent and literature remains fairly limited and, in particular, any that focuses on the Dorset LEP. However some initial findings about the emergence of the LEPs raised some significant concerns for regional development, including business support provision. The Regional Development Agencies (RDAs), that the LEPs replaced, arose following a 1997 white paper, championed by John Prescott MP, 'Building Partnerships for Prosperity: Sustainability, Growth, Competitiveness, and Employment in the English Regions, and the RDAs had become well established by 2012. Shutt et al. (2012) considered that the launch of the new LEPs meant thirteen years of effort in establishing an *"arguably successful"* regional development framework for England had therefore been abandoned.

Other authors, such as Pugalis and Townsend (2010) from the Centre for Cities, also raised initial concerns, especially about the potential loss of direct business support for developing strategic plans:

> *"For the first time since 1947, England is without a recognised strategic planning framework, following the revocation of Regional Spatial Strategies. There is a strong case for the suggestion that Local Enterprise Partnerships may fulfil a planning function - we draw attention to several potential pitfalls along the way."* ***- Pugalis and Townsend 2010***

There was some criticism of both Business Link (Gray 1997) and of the RDAs that funded them, i.e. that they were driven centrally and 'top down' and limited in their resources and momentum (Shutt et al. 2012). However, Shutt et al. went on to suggest the LEPs, which were poised to replace them, provided a less rigid framework, and would operate with very limited resources, along with limited powers, potentially resulting in an inability to intervene substantially in regional and sub-regional economies.

The LEP network had initially been very slow to form, and Harrison (2011) raised concerns about regions without LEPs or those that formed LEPs relatively late. "*LEPs are the only show in town, as far as Government are concerned, leading to a real fear of missing out or missing the train as it leaves that station*".

Harrison's finding was backed up by Bolton and Coupar (2011) who suggested that some LEPs had been slow to develop and might not have been effective bodies at that time. Bolton and Coupar went on to suggest that 39 LEPs with localised policies may not have been in a position to deliver against national policies in areas such as growth. In terms of business support, which is a key focus of the research, a slowly developing LEP with limited funding and/or power could have a detrimental effect on small enterprises that, as has previously been stated, develop strategies that take account of the business environment in which they operate.

In earlier work from Coaffee and Headlam (2007), there was a suggestion that the proposed LEPS were arrangements that would potentially encourage ‘localised solutions for localised problems’, and an attempt to devolve power and resources from the central state to sub-national partnerships. Geddes (2006) contributed by suggesting that local strategic partnerships, (e.g. LEPs) were not particularly democratic and nor did they have sufficient power to have serious influence.

Johnson and Schmuecker (2010) identified four tests for success of individual LEPs, namely:

1. They must be empowered at local level
2. They must ensure social justice – i.e. not just economic benefits, but benefits to local population too
3. They must support a ‘functional economic area’
4. They must be accountable – members must be responsible for actions

While criticisms have tended to focus on slow development and a potential lack of funding and influence, the LEPs received a boost against these factors in a letter from HM Government (February 2013) within which it proposed a mechanism for delivery of the ‘EU Common Strategic Network Funds’ to be distributed via the LEPs in England. This funding would cover the areas of regional development, agriculture funds and maritime/fisheries funds. This would effectively put each LEP in control of a share (across all LEPs) of up to £9 billion between 2014 and 2020 and this subsequently placed the LEPs in a much stronger position. The letter, signed by MPs: Fallon; Hoban; Hanham; Heath; and Benyon, also suggested that additional resources would become available to allow the LEPs to manage the funds and the associated procedures with regards to applications and on-going administration.

Considering the 2013 announcement that LEPs would be supporting business via the Growth Hub network, there is also some debate about the appropriateness of government interventions in business support. For example, in the UK Government's Analysis Paper (BIS 2013), the benefits of 'business support and advice' were clearly acknowledged, yet the report went on to say that it is the business itself that is responsible for building its capability, and the government's role was limited to only intervene in the event of market failures. Indeed, the occurrence of such market failures was a key reason behind the emergence of the Business Link network in the first place - the 1993/94 'Growth, Competitiveness and Employment' White Paper (UK Government 1993, as cited by Eltis & Higham 1995) examined privatisation, inward investment, the growth of small firms and labour market policies concluding in the proposal of Government initiatives, such as Business Links, to improve performance. However, despite this viewpoint, the UK government concluded that they did indeed want to support business, but the intention was to target this support towards companies that showed the potential for high economic growth where interventions could have the greatest impact.

In a review of LEP policies, Healey and Newby (2014) *identified "more shortcomings than strengths"*. Despite the LEPs becoming better established and stronger, especially with bids for EU funding, they were considered inadequately resourced, with large variations in size, effectiveness and nature, along with excessive bureaucracy. The analysis showed the largest LEPs had three times the population coverage of the smallest. Larger LEPS tended to have higher unemployment, and city based LEPs had lower GVA per head. The smaller LEPs were usually in prosperous areas and received proportionally higher funding than larger areas. The best performing LEPs were in the South of England.

The key policy lessons were:

- Vagueness in the purpose and accountability of LEPs - more clarity was needed on their role.

- The geography of LEPs was generally inconsistent and sometimes 'messy'
- The LEPs had a general lack of funding; capacity; independence; and certainty.
- If reorganised and correctly resourced, then LEPs still had the potential to become powerful drivers of local prosperity and growth.

Healey and Newby found that LEPs still lacked the 'single pot funding' required to make independent decisions. Furthermore, they had low staff capacity and limits on both resources and economic evidence. There was also a constant need to bid competitively for central funding which affected strategies and long term planning. Amongst Healey and Newby's recommendations for improvement of the LEPs were: clarification of the LEPs' purpose and function; clear governance and accountability for LEPs to balance national/local interests; review and rationalisation of geographical coverage; and provision of single pot funding resources for longer term planning.

The Local Enterprise Partnerships formed a significant part of the environment in which small enterprises operate regionally across England, and the significance of the LEPs, in terms of the business environment has rapidly grown as they gained increased power, influence and financial resources.

3.5 The Dorset LEP Area

According to the original Dorset LEP prospectus (2011), the four principal areas of activity for the Dorset LEP were:

- Improving the performance of existing businesses within the LEP area, and encouraging the creation and growth of new ones;
- Enhancing the skills of the current and future workforce;
- Improving broadband provision - expanding "Digital Dorset"; and
- Creating the conditions for enterprise.

As well as these four main roles, links with universities, colleges and business support were listed, but direct business support and any links to strategy formation were not included in the objectives, and this represented a potential area of concern in relation to Dorset's small enterprises.

At the time of writing, the Dorset LEP had been in existence for about 5 years, yet there was limited independent information on performance. Dorset was one of the later LEPs to form, but was establishing itself on a regional level, setting out a 'Regional Economic Plan' in 2014 (revised 2016), that presented a vision for Dorset in 2033. This plan included almost £600 million in investment for Dorset, but the report suggested this funding would leverage a further £1.3 billion in private investment and, significantly for this study, one thousand new start-ups. This represented quite an increase over previous funding; for example, by 2012, the Dorset LEP had received around £60 million in funding, including £10 million from central government for its 'Growing Places' fund for jobs and housing, £38 million for delivering high speed broadband coverage across the county and £12 million to improve transport access between the conurbations of Poole, Bournemouth and Christchurch (LEP Network 2012, online).

The Dorset LEP reported their achievements in their own 2015/16 review (Carver 2016); however it is important to note that this was not an independent report, so it did not necessarily provide a balanced view. Dorset LEP reported £24.35m of Growth Deal funding for 2015/16 which funded delivery of local business support, through the Dorset Growth Hub, and four major projects that were not directly related to business support. For 2015/16, Dorset LEP had secured £250,000 of funding for the Dorset Growth Hub which supported new, start-up and existing businesses, but which represented a very small proportion of the overall £24.35 million funding allocated. Despite such limited funding, from inception in April 2014 to May 2016, over 21,500 businesses had engaged with Dorset Growth Hub of which 1,224 small enterprises had received 'light touch' support interventions, of up to 3 hours and 304 had more intensive support interventions of up to 11-12 hours.

In their 2015/16 review, Dorset LEP forecasted that it would bring in £650m of investment to Dorset, by 2021, which could create 26,000 new jobs, and 3,000 new homes. By March 2016, a total of £17.8m had funded nine local projects, through which the LEP claimed: creation of 852 new jobs; 52 new homes; and £225m of further investment for Dorset. It was still unclear, from the review, how much (if any) of this funding would be allocated to business support.

3.6 The Wider Context

Bosworth (2012) highlighted the importance of rural businesses to local economies and, that the highest levels of growth were in rural businesses employing fewer than 10 people and that it was, therefore, important not to overlook rural enterprises and to recognise their relevance to the wider economy.

As with all regions, Dorset's largely rural economy has its own characteristics – for example, enterprises tend to be smaller, with 7.4 employees per business unit, compared to 10 across England. (Dorset County Council 2017); and, whilst levels of engineering and manufacturing are higher than the national average, there is low representation in high productivity sectors, and in research and development spending. (ONS 2014/15) although patent levels are well above the national average (EU Europa 2018). In terms of growth, employment and productivity there are significant differences across various parts of the South West region. (State of the South West 2012). The South West ranks fourth, for GVA, across England's nine regions and, excluding London, the SW region was 3.2% above the average (State of South West 2012).

A diverse range of businesses can be seen to make up a rural economy, and these will be influenced by a range of both social and economic factors (Bosworth 2012). Furthermore, there will also be regional variations in terms of salaries, growth, employment etc. Porter (2003) highlighted the 'striking importance' that regional economies play in overall performance at national levels – and that national performance is a composite of regional performance that, in itself, can vary considerably. Porter (2003, p 571) went on to suggest that *"regional analysis must become far more central to research and policy formulation in competitiveness and economic development"* and that policies should be de-centralised to a more regional level and that this should include improving productivity across business clusters, and a need to build innovative capacity.

In a study of rural entrepreneurship across Europe (which specifically included parts of the South West of England) North and Smallbone (2006) found that policies towards entrepreneurship in rural areas tended to be involve improvement of the small enterprises themselves, in terms of improved viability and competitiveness, rather the developing capacity for entrepreneurship in the peripheral rural areas. North and Smallbone suggested that a strategic and co-ordinated approach was required, resulting in policies to build a infrastructure capable of supporting and developing entrepreneurship in rural areas. This was largely the case in the present study – earlier initiatives, such as the South West RDA did go some way towards building a business support infrastructure, but the Dorset LEP had a limited input into entrepreneurship, largely based on under-funded programmes, such as the Dorset Growth Hub.

Cooke et al. (1997) found that, due to the complex nature of researching innovation networks nationally, there are justifications in gaining understanding at a regional level, in the first instance. The authors pointed out that this is not a case of the 'national picture' being developed from a series of regional profiles, but that regional economies will each be at a different point of evolution with different characteristics, and similarities, that can give insights into national systems. One way to improve the impact of local programmes on a wider, national, scale may be to include local involvement in national programmes. North and Smallbone (2006) suggested the EU and UK national policies tended to work best when there was local involvement in terms of developing and implementing projects. Rae (2017) also suggested policies should take account of rural issues in peripheral rural areas and that there should be recognition of their creative potential and developmental requirements. North and Smallbone (2006) gave the example of the EU 'Leader' and 'Leader II' programmes in which the overall objectives were developed nationally, but allowed for locally based plans, project and appraisals in rural areas. In particular, the Leader II programme resulted in very successful entrepreneurial projects and innovative practice.

Whilst being located rurally is not always directly related to peripherality (Anderson 2000), some rural enterprises, including some of those involved in the present study, may still be considered as being in the periphery. Anderson (2000, p93) describes peripherality, in terms of entrepreneurship and that it goes beyond the spatial notions of *'distance from the core'* and being away from the controlling centre of the economy. Rae (2017) considered that participation, in terms of social, cultural, political economic and intellectual terms, were further concepts within peripherality. Anderson (2000) also suggested that there is a social context and that periphery is about the *'relationship to the core'*. Anderson found that the periphery was dynamic and that many entrepreneurs were adapting positively to their situations – what could initially be seen as a potential weakness, appeared to be a strength. Rae (2017) also found that operating in peripheral context could bring in new insights which can potentially, through the right connections, bring in new shared value. It can, however, be difficult to translate opportunities, developed within a periphery, into sustainable businesses (Rae 2017) and going beyond a marginal role, by developing strong networks and connections to the core, are essential for value creation and success.

3.7 Conclusions

The research was undertaken during a period of significant change in business support across Dorset. At the outset of the study, local provision was dominated by Business Link and SWRDA – programmes (and their brands) had become well established and were reaching a significant number of small enterprises. Changes in policies, funding levels, the emergence of the LEP network and the new support programmes impacted on the research process, which needed to adapt to the changing business support environment.

The funded programmes, on offer since 2012, appear to have been operating with lower resources than predecessors, although there had been no indication that the actual quality of service has reduced. At the time of writing, business support brands and working practices were still developing as new providers continued to establish themselves.

There have also been numerous programmes that have come and gone, during this time – including the Growth Accelerator Fund, Super-Fast for Business and South West Innovation vouchers. Sustainability of programmes may therefore be an issue.

Support provision that was operated outside of central government funding had continued, and appeared to be showing signs of growth e.g. mentoring, coaching and consulting. Indeed the government was keen to see the development of coaching for high-growth firms and free mentoring programmes, provided by volunteers (Rae et al. 2012).

Dorset's largely rural economy has its own characteristics, but the overall profile, for small enterprises, remains close to national averages. However, there is still significant difference in issues such as growth, employment and productivity, across parts of Dorset and the wider South West region. Whilst previous programmes have gone some way towards addressing these issues, the limited funding and scope of current (2018) programmes suggest there is more work to be done. A strategic and co-ordinated approach (North and Smallbone 2006) was therefore still required.

It was clear that there were still a good range of business support programmes available, but the amount of small enterprises able to benefit may have reduced. Despite agreement between amongst researchers, politicians and business development agencies that sustainable economic recovery was largely dependent on small business and entrepreneurship (Rae 2010; Deacon and Harris 2011), funding was still limited and there appeared to be potential issues with general confusion, limited sustainability and fragmentation across business support programmes.

The impact of changes to regional business support and the emergence of Local Enterprise Partnerships on strategy formation in Dorset enterprises is addressed in Research Question 3: "*Considering the advisor-owner/manager relationship, how does this affect strategy formation, taking into account policy changes and availability of business support?*

Chapter 4 - Methodology

4.1 Introduction

The most important aspect of the research methodology was to develop a robust design that could support the researcher in addressing the research questions:

> *1. What value is added to the strategy formation process through co-production in the relationship between the business advisor and the small enterprise owner/manager?*
>
> *2. What are the key elements of business support that lead to effective handling of strategy formation in small enterprises?*
>
> *3. Considering the advisor-owner/manager relationship, how does this affect strategy formation, taking into account policy changes and availability of business support?*

The research study was therefore designed around these research questions and predominantly involved qualitative data arising from twelve in-depth interviews – six with small enterprise owner/managers and a further six interviews with business intermediaries who engaged with, and support small enterprises. In order to provide context to the data, a series of twelve in-depth profiles were developed, based on the interviews (see Appendices 1 and 2).

However, qualitative data alone can be subjective - Brocki and Wearden (2006) stated that qualitative data *"is kept somewhat mysterious - guidelines are offered to the researcher who is then informed that they cannot do good qualitative research simply by following guidelines. Thus, the judgement about what is a good qualitative analysis remains rather subjective and ineffable".* Subsequently, the current study used a range of additional sources, the analysis of which could be described as mixed methods, albeit having a significant emphasis on the qualitative data. Greene (2012) described such an approach as 'Mixed Methods Lite' which typically involved a dominant method, reinforced with a secondary method.

Therefore, the dominant method using qualitiative data was complemented with supplementry information from a range of sources including Companies House data, organisational websites, published reports and documentation provided by the interviewees. For the provision of baseline data, and for triangulation of findings, limited empirical quantitative data on business support and strategy formation was used in the analysis to support findings in relation to Research Questions 2 and 3.

The initial conceptual framework adopted for the current study, that considered the theories of co-production based on the co-production modalities framework proposed by Rice (2002), has been presented in Chapter 2. In this framework, strategy formation was considered through the relationship between the small enterprise owner/manager, the business advisor, their networks and the wider business environment, and shows value being created at the point of use (Vargo and Lusch 2004).

4.2 Research Paradigms Considered

Saunders et al. (2009), considered the various stages of the research process, and the progression from which an overall research methodology could be developed - effectively creating a set of stages through which different data collection methods could be understood, and subsequently provided a framework to describe a methodological study.

4.2.1 Philosophical Stances

According to Bryman and Bell (2011) the research philosophy relates to a set of beliefs in relation to the “nature of the reality” that is under consideration in the research and defines the nature of the knowledge. This results in a justification of how the research is undertaken in practice.

Research philosophies tend to fit with the type of knowledge under investigation, along with the particular goals of the researcher and how these goals might be achieved. (Goddard & Melville 2004; May 2011). It was therefore important to understand the basic principles of a range of research philosophies to justify assumptions in the overall research process, and to be able to select the approach most suited to the study.

- **Constructivism:** In constructivism there is a belief that social phenomena are constructed by the social actors. For example, a new law or rule would be seen as an outcome arising from the behaviour of the people it has an impact on.

- **Interpretivism:** This approach considers social and cultural life, and the meaningful nature of how people participate. People's actions are analysed, including thoughts, ideas and meanings with a view that cultural existence and changes can be understood.

- **Objectivism:** This is the opposite of constructivism. Objectivism considers that that social phenomena and meanings are independent of social actors. For example, a group of people planning an outside event (social actors) would have no control over the weather (social phenomenon). In research, this could involve how a law (the social phenomenon) might have an impact on a group of people being studied in the research (social actors).

- **Phenomenology:** Phenomenology is a study of phenomena and is a method for investigation or enquiry that provides meaning to direct experiences. The approach involves direct descriptions of experiences that occurred at particular time. When linked to a 'phenomenological epistemology' (Smith and Osborn 2003), it involves gaining a detailed understanding of people's experience of reality. In phenomenology, the primary data arises from interviews/conversations and findings are subsequently reflected from the phenomenological literature and experiential accounts (van

Manen 1990). However, there is limited variability in the application of the method within its framework, and the method can therefore be considered to be somewhat subjective.

- **Positivism:** Creates research questions (hypotheses) that can be tested, allowing explanations that can be measured against generally accepted knowledge. It attempts to eliminate bias, wherever possible, by keeping the researcher and social reality independent from each other. This approach potentially allows research to be replicated elsewhere to compare results. Positivism is well suited to statistical analysis through quantifiable results.

- **Pragmatism:** Pragmatism is based on a practical approach, using a collection of assumptions on knowledge and enquiry, which differentiates it from standard qualitative approaches, that use the philosophies of interpretivism or constructivism, and quantitative approaches that use philosophy of positivism (Johnson & Onwuegbuzie 2004). Pragmatism involves a fusion of approaches and therefore has the potential to provide a strong basis for the 'third option' of mixed methods.

- **Realism:** This has similar processes to positivism and also aims to eliminate bias, wherever possible, by keeping the researcher and social reality independent from each other. Realism differs by considering scientific methods as not being perfect, and that theory can be developed and revised. Realism can therefore prove more reliable by using various types of research and triangulating the findings.

4.2.2 Data Collection and Analysis

According to Bryman and Bell (2011) the approach to data collection and analysis was dependent on the overall methodology adopted. Whatever approach was chosen, the data collected could be considered in two categories: primary and secondary data. Data from extant literature, reports, published case studies etc. could be combined with secondary data gathered by the researcher through interviews, surveys, development of case studies etc. to provide a basis of analysis around a range or sources to effectively triangulate findings, provide robust conclusions.

4.3 Research Approach

The three research questions on: value arising from co-production; effectiveness of business support; and the effect on stategy formation are diverse and each could require differing approaches. Johnson and Onwuegbuzie (2004, p.17) suggested the researcher should *"choose the combination, or mixture of methods and procedures, that works best for answering your research questions"*.

4.3.1 Mixed Methods

There have been strong arguments that good social research, providing suitable results, requires a balance of both quantitative and qualitative research and that it may be desirable to take a mixed methods approach to achieve this (Greene et al. 2005). The adopted approach for the current study therefore involved mixed methods to provide such a balance, and as a 'best fit' for addressing the research questions. Of equal importance was a need for the chosen approach to meet the interests/preferences of the researcher.

Mixed methods, which involves combining aspects of both qualitative and quantitative methods, has traditionally been somewhat frowned upon but has more recently gained favour, having been described by Johnson et al. (2007, p.112) as *"the third major research approach/research paradigm"*. This increase in acceptance has occurred in the last fifteen years or so and is demonstrated though publications that pitched mixed methods as a viable alternative to traditional methods e.g. Johnson & Onwuegbuzie

(2004); and through the emergence of *'The Journal of Mixed Methods Research'*, which has been available since 2007.

> *"Mixed method inquiry is an approach to investigating the social world that ideally involves more than one methodological tradition and thus more than one way of knowing, along with more than one kind of technique for gathering, analysing, and representing human phenomena, all for the purpose of better understanding."* (Greene 2007, as cited in Johnson et al. 2007).

Mixed-methods research involves the collection and analysis of both qualitative and quantitative data which are used together, within a single study, to determine an overall, holistic understanding of a given area of research (Cresswell 2003; Tashakkori & Teddlie 2003). Johnson et al. (2007, p.123) considered various definitions that related to mixed methods from nineteen authors and subsequently offered the following general definition:

> *"Mixed methods research is the type of research in which a researcher, or team of researchers, combines elements of qualitative and quantitative research approaches (e.g., use of qualitative and quantitative viewpoints, data collection, analysis, inference techniques) for the broad purposes of breadth and depth of understanding and corroboration. A mixed methods study would involve mixing within a single study; a mixed method program would involve mixing within a program of research and the mixing might occur across a closely related set of studies."*

In the case of this present study, the concept of 'mixed methods lite' (Greene 2012) involved qualitative research as the dominant method and qualitative research as the secondary method. In other words, the qualitiative analysis, in the main study, has been informed by the contextual findings arising from the quantitative data. In studies that adopt a mixed methods lite approach there is the *"potential to yield better understanding of key phenomena (the common goal of mixed methods* *inquiry), but are less likely to cross accepted conceptual boundaries or venture into new and uncharted territory."* (Greene 2012).

In this particular research study, mixed methods was considered more suited to addressing certain quantifiable aspects that occur within Research Questions 2 & 3, around business support and strategy formation. However, mixed methods were less suited to the co-production aspects of Research Question 1, in which responses were largely subjective, and usually based on the perceptions of the interviewee, so were considered around the qualitative data, albeit backed up by secondary sources and the extant literature. Furthermore, where mixed methods have been adopted for this study, the emphasis was still firmly on the qualitiative data, using quantitative data only for the purpose of providing contextual local data, and to triangulate certain findings, thus effectively providing different perspectives and added rigour in the analysis of the data.

4.3.2 Pragmatic Approach

Many authors have linked mixed methods to pragmatism e.g. Biesta (2010); Greene (2008); Johnson & Onwuegbuzie (2004); Maxcy (2003); Morgan (2007); and Tashakkori &Teddlie (1998). Greene (2008) described pragmatism as a *"leading contender for the philosophical champion of the mixed methods arena".* Subsequently, a pragmatic approach appears well suited to approaching the research questions and has a strong fit with the notion of 'mixed methods lite' (Greene 2012), which has been adopted for this study.

Pragmatism involves a range of different approaches and ideas with consideration to *'what works'*, taking in both subjective and objective knowledge (Cresswell and Plano Clark 2007, p.43). Pragmatic justification for mixed methods *"relies on an argument for the utility of research means for research ends"* (Biesta 2010). Biesta went on to suggest that pragmatism was not necessarily a philosophical position in itself, but serves more as a collection of philosophical tools that are suitable for tackling research issues.

Tashakkori and Teddlie (2003) identified a number of factors in which pragmatism was suited to mixed methods research, including:

- qualitative and quantitative research can be mixed within a study;
- there are no forced choices in approaches;
- the research questions are the main focus, and are more important than the method or underlying philosophy; and
- methodological choices are guided by a practical and applied research philosophy.

For dealing with mixed methods research, pragmatism is particularly helpful in that it allows researchers to ask better and more precise questions relating to the philosophical implications and justifications of research designs (Biesta 2010). Biesta went on to introduce the term *'everyday pragmatism'* which was used to make a distinction between a less formal pragmatic approach, suited to mixed methods and meeting the aims and objectives and/or addressing the research questions, against considering pragmatism more formally as a philosophical tradition. It uses a combination of action and reflection and suggests a difference between a less formal 'pragmatic approach' to that of traditional pragmatism.

Worldview Element	Consequence of the Pragmatic Approach
Ontology (What is the nature of reality?)	Singular and multiple realities (e.g. providing multiple perspectives)
Epistemology (What is the relationship between the researcher and that being researched?)	Practicality (e.g. researchers collect data by "what works" to address research question)
Axiology (What is the role of values?)	Multiple stances (e.g. researchers include both biased and unbiased perspectives)
Methodology (What is the process of the research?)	Combining (e.g. researchers collect both quantitative and qualitative data and mix them)
Rhetoric (What is the language of the research?)	Formal or informal (e.g. researchers may employ both formal and informal styles of writing)

Table 4.1 – Elements of Worldviews and Implication for Practice in Terms of Pragmatism. Adapted from: Cresswell and Plano Clark (2011, p.42)

Table 4.1 considers the various 'Worldview' elements, in the context of a pragmatic approach, and demonstrates a practical stance that allows flexibility in approaches, and with a clear focus on the research questions.

Morgan (2007) explored the pragmatic approach and suggested it could bring *'abduction'* to the connection of theory and data i.e. alternating between induction and deduction. The approach also provides *'intersubjectivity'* to relationships in the research process, thus reducing limitations and allowing flexibility for the researcher in terms of frames of analysis. *'Transferability'*, in terms of inferring meaning from data, (Lincoln and Guba 1985) suggested the findings from one context could be applied in another i.e. knowledge is not necessarily bound by context, but can be transferred to other settings.

4.3.3 Research Strategy

The strategy used for research considers a researcher's strategic approach to their study (Saunders et al. 2009). This strategy could involve a range of diverse approaches that could include action research; experimental research; semi-structured interviews; online surveys, an in depth literature review, or a mixture of these approaches.

In this particular case, the research approach, which was informed by the initial conceptual framework outlined in Chapter 2, includes a mix of:

- An **in-depth systematic literature review** – covering academic literature related to each of the three research questions on co-production, business support and strategy.
- A contextual **baseline survey** – a quantitative survey of small enterprises in Dorset addressing usage of business support and strategy formation.
- A series of **semi-structured interviews** (along with supporting documentation) – with groups of small enterprises and intermediaries examining experiences and perceptions around co-production, business support and strategy.

- **Secondary data**, such as the UK Small Business Survey, industries reports, government documents to back-up and triangulate findings.
- Development of **in-depth profiles** for small enterprises and intermediaries – to provide context to the data and to inform the later analysis. Each profile with a focus on the interviewees' experiences of co-production, business support and strategy.

With the current research study being conducted during a period of significant change in UK business support provision, timing was an important factor in the research strategy, particularly during data collection. According to Saunders et al. (2009), the overall time-horizon is the period during which the overall project is planned to be completed, and is not dependent on the chosen methodology or research approach. The cross-sectional time-horizon relates to the period of time during which the data is collected. Flick (2009) referred to this period as the 'snapshot time collection'. This was of particular importance in this research project where qualitative data needed to be collected prior to the major changes in provision, which were announced several months in advance. The longitudinal time-horizon considers data collection over a longer period, where research may examine changes over time (Goddard & Melville 2004). This particular horizon is more suited to the qualitative data collection, in this study, which took place over several months, but considered both current and historical experiences.

4.3.4 Researcher Background

This section describes the author's professional experience and perspective on business support. Prior to joining The Business School, at Bournemouth University, as a researcher in late 1999, the author had around 10 years' experience working in five different small enterprises across the South West of England, each with fewer than 50 employees and all demonstrated examples of innovative practice. These included stress engineering; software development; electronics manufacture; and printing. This experience provided an insight to the challenges experienced by small enterprises, but also their importance in providing employment in more rural and peripheral areas.

A particularly important role, in the development of the author, involved working as an associate in the UK government supported Knowledge Transfer Partnership (KTP) programme, during the late 1990s. This involved a two-year placement in an electronic silicon wafer processing company, based in Dartmouth Devon, and employing around 30 people. Working with the University of Plymouth, the project involved the bespoke development of a database and management information system that covered all aspects of company operation from initial quotations through to sales and invoicing; managing stock levels; tracking work in progress; quality control; and electronic document archiving. Working closely with senior management, this project provided a valuable insight into the operational aspects of a small enterprise, and also the importance of forward thinking and strategy development. A further benefit of the KTP scheme was the opportunity to study for, and gain, a MSc in Management of Technology, which was undertaken at the University of Plymouth Business School.

Since joining Bournemouth University in 1999, the author has managed a number of research and consultancy projects which have involved engagement with small enterprises and business support programmes. A sample of these projects is shown below:

- EU TISCAM programmes (Training for Innovation Supply Chain Management) This involved developing case material, for online delivery, around a range of Dorset small enterprises and business support intermediaries and involved working closely with Business Link Personal Business Advisors and their clients.

- INTER (Stimulating New Enterprise in the Dorset Sub-Region) This was a scoping project investigating business support provision across Dorset in the period around 2001/2002. Challenges identified included limited time to undertake strategic planning; a general lack of awareness; no well-known 'single point of contact'; limited funding. However, a positive finding was the availability of very strong business support for those companies that did engage.

- TUC – Project Evaluation. Developing case materials from over 30 SMEs across the South West region involved in providing training facilities for their employees. The work involved numerous company visits and in-depth interviews with management, employees and union representatives.

- INTERREG Atlantic Net – Working with partners in 5 EU countries to develop and share ICT solutions for small enterprises. The work at BU resulted in an innovative website called 'Surviving Startup' which offered a range on interactive tools to help support small enterprises during the difficult 'survival phase' in the early part of the business development cycle.

- 'SnapShot' market appraisals. Working closely with consultants and potential entrepreneurs, a series of short product/market appraisals were carried out for proposed new ventures. This work included secondary market research, market evaluation, product evaluation and consideration of financial factors. Some of the products/services evaluated included a clip-on handbag light, a workplace hearing assessment service and premium care for the elderly.

- Other projects have included survey work on behalf on the Dorset Chamber of Commerce; development of an online supplier matching app; and the development of innovative teaching materials for online delivery in Entrepreneurship, Small Business Management and Developing Management Competencies.

This range of experience, in industry across a range of small enterprises; through engagement with business support providers; and through academic research and knowledge exchange has provided a strong insight into the business support needs, across industry, in Dorset. As well as the various research methods applied to the present study, the personal experience of the author has also been a considerable asset in carrying out the empirical research and analysis.

4.4 Qualitative Study Element

Qualitative research involves understanding, describing and explaining social processes, usually from the perspective of participants involved in the study. In this study, this included their experiences of co-production; perceptions of business support; and approaches to strategy formation. The qualitative approach does not require the testing of an initial hypothesis but, instead, has a focus of inquiry and analysis of data, and edges towards an inductive approach. The outcomes, arising from the research, are in the form of contextual findings and are about ‘transferability’ (from one context to another) rather than being about generalisability (Guba 1981).

In this research study, a series of twelve face-to-face interviews was undertaken with six small enterprise owner/managers and six business intermediaries. A ‘core group’ of willing small enterprises, along with intermediaries that worked with small enterprises were reached through recommendations, existing networks and a direct ‘e-shot’.

The interviews were semi-structured, addressing each of the Research Questions, and key aspects of the conceptual framework. Interviews were expected to last for around one hour and were recorded and transcribed, in full, for later coding and subsequent analysis. Examples of the semi-structured questions used in each set of interviews have been provided in Appendix 5.

The interviewees were chosen on the basis of *purposeful sampling* which is an established approach, used in qualitative studies, for identifying and selecting non-random, ‘information-rich’ respondents, thus making effective use of limited resources (Patton 2002). Therefore, a 'qualification process' took place, in which potential participants were informally assessed to ascertain their suitability and willingness to engage with the research at a suitable level. For example, there would be little point in working long-term with small enterprises that had not actively engaged in business support interventions. Subsequently, this core group was made up of a manageable group of six small enterprises who had already received significant business support and/or who wished to do so in the future. In order to provide a balance of viewpoints, a further six business support intermediaries were interviewed, and profiles were developed. Care was taken to select participants across sectors, geographic locations and a range of business support agencies. Furthermore the mixed methods approach allowed the premise of triangulation of a range of different methods, which was included to limit any inherent biases arising from purposeful sampling (Greene et al. 1989).

Participants were generally chosen by recommendation from existing professional contacts and through 'snowballing' i.e. further recommendation from the initial interviewees, particularly in the intermediary group, in which further recommendations were provided to known contacts thought to be well suited to the study.

The final set of small enterprises was selected, based on a mix of the following factors:

- Had received regular business support, whether private or publicly funded
- Good geographical spread across Dorset
- Small enterprises with fewer than 30 employees
- Had made use of different modes of business support
- Evidence of innovative practices
- Coverage of a varied range of industry sectors
- Operating at different points of the business life cycle
- Sufficient involvement in business support to provide 'information rich' responses (Patton 2002)

The intermediary group was selected on the basis of the following factors:

- Representing involvement across the main providers of direct business support during the cross-sectional time horizon (Flick 2009) - Business Link; growth programmes; mentoring; education; business coaching; private consultancy; banking; and networking
- Including various levels from those involved in direct delivery of support, to those involved in the running of host programmes.
- Good geographical coverage
- Strong local knowledge
- Wide range of experience and an expectation of 'information rich' responses.

An initial total of 12 interviews were chosen, using both small enterprises and a variety of intermediary types to gain balanced viewpoints. This total was based on respondents providing 'information rich' responses. Had the responses been limited in content, then a contingency plan allowed time for further data collection. In practice, the saturation point was reached with the original group of 12 respondents. Indeed, the content of responses was very detailed and provided sufficient data for in-depth analysis without the need to carry out further field work.

The format of the interviews was based on a semi-structured outline (see Appendix 5) that covered a range of issues including: *underlying company information*; *approaches to strategic planning*; *experience of business support*; *issues around co-production*; and their views on the *availability of business support*. The companies chosen were all keen to share their stories having generally had interesting experiences of business support.

The small enterprise interviews had been expected to last between 45-60 minutes although, in practice, this varied from 45 minutes to 93 minutes, and was dependent on the level of engagement with business support and the aspirations of the owner/managers. The intermediary interviews each lasted around 60-75 minutes.

The qualitative fieldwork was undertaken in July and August 2016, and was subsequently analysed and written-up in the following 12 months. This provided an up-to-date data-set, and took into account the relevant changes in policy and provision that had occurred since the coalition government announced changes in 2010, thus providing currency and validity to the research findings. Additionally, attempts were made to use as much up-to-date secondary data as possible – for example, the 2015 BIS Small Business Survey. This was in contrast to the quantitative data, which was collected in 2011, much earlier in the research process, but was necessary to gain a contextual 'snapshot' of provision at a time when business support activity was arguably 'at its peak', and prior to the impending closures of services at that time.

4.4.1 Qualitative Data Analysis Methods

There were a number of approaches considered for analysing the qualitative data gathered in this study. A review of the various qualitative data analysis methods was undertaken, in order to select the most appropriate method for the study. Table 4.2 (over) shows a review of eight methods of qualitative data analysis. This shows a brief description of each method, the origins in the literature and then considerers the key attributes of each.

Method	Overview / Key Attributes
Case Study	The use of case studies in research has origins dating back to 1879 (Healy 1947). Whilst case studies can also include quantitative data, in the qualitative approach, this considers the in-depth analysis of a single or small quantity of units within the overall research study. The case study could include a single person, a group of people, a company or a larger organisation. This method has a focus on complex situations, but takes the context into account (Keen and Packwood 1995), and therefore captures the holistic aspects of events (Yin 1994). Critics suggest that, small sample sizes can affect the findings and their suitability for in depth analysis (Pringle et al. 2011).
Content Analysis	The approach of Content Analysis was first presented by Lasswell and Casey (1946) and considers a range of sources including writing, recordings, images and cultural artefacts. There is often a focus on the micro level. The method allows quantitative analysis of qualitative data (Ryan and Bernard 2000). Themes are quantified, so analysis is usually in words and phrases. In some research, the participants themselves can form the unit of analysis and themes are not necessarily quantified. The method describes the observed patterns, but not necessarily the underlying reasons behind them (i.e. '*what*' not '*why*'). Trends seen in the data may not accurately reflect reality.
Discourse Analysis	Discourse Analysis covers a range of approaches to analysis of written, vocal, or any communicative event. The method originally arose from a publication by Harris (1952). The 'objects' of Discourse Analysis (the communications themselves) are defined in terms of coherent sequences of sentences, propositions, speech, etc. Discourse Analysis has a range of forms including semiotics, psycholinguistics and sociolinguistics. The use of these forms is directed by the research aims. This can be problematic as decisions need to be made early in the research

	process (Brown and Yule 1983). Choices can be difficult to make due to the different versions of the method within the broader theoretical framework. Also, the researcher needs a detailed knowledge of the approach. (Burman and Parker 1993; Willig 2003).
Framework Analysis	Framework Analysis is particularly suited to research where set questions are defined along with pre-defined samples, and a set timescale. Data is organised according to key issues and themes using five steps (Ritchie & Spencer 1994): 1. Familiarisation; 2. Identifying a thematic framework; 3. Indexing; 4. Charting; 5. Mapping and interpretation. The researcher works with transcripts of the data, such as interviews, focus groups, documents, notes, and immerses themselves in the data to gain and understanding of the material (Ritchie & Spencer 1994). The researcher will then gain an awareness of ideas and common themes which are subsequently coded and analysed using a systematic approach. As is the case with Thematic Analysis, there may be issues of unreliability within Framework Analysis, because themes can interpreted in different ways.
Grounded Theory	Grounded Theory takes a systematic approach (Glaser and Strauss 1967). It involves discovering theory by analysing data using a 'bottom up' approach (Martin and Turner 1986). According to Thornberg (2012), the approach was later broadened to three include three paradigms of Grounded Theory: • Classic • Straussian (Strauss and Corbin 1998) • Constructivist The method is often misunderstood and there is sometimes disagreement, from critics, about what constitutes Grounded Theory. Thomas and James (2006) stated *"it is impossible to free oneself of preconceptions in the collection and analysis of data*

	in the way Glaser and Strauss say it is necessary". The Classic approach requires a second round of field research after the initial analysis. This involves further interviews, addressing questions arising from the initial analysis. This can be time consuming and can create a considerable amount of data.
Interpretative Phenomenological Analysis	IPA is a fairly recent qualitative approach developed within the field of psychology. This includes an 'idiographic' focus which considers how a person, in a set context, can make sense of a particular phenomenon. The method may be more suited to the study of 'people phenomenon' (McLeod 2001). There is some debate that the method may be somewhat subjective (Brocki and Weardon 2006).
Narrative Analysis	Riessman (1993) suggested Narrative Analysis developed from broader qualitative research towards the beginning of the 20th century. The approach involves a range of sources such as field texts, autobiographies, journals, notes, correspondence, conversations, interviews, family stories, photographs, artefacts and life experience. According to Clandinin and Connelly (2000), the method can help the researcher to understand meanings in people's lives as narratives. Critics, such as Boje (2001), argued that the Narrative Analysis approach, which challenges some quantitative aspects of other methods, may lack its own theoretical basis. There are several manifestations of the approach, within the broad theoretical framework, and the actual choice of approach may be difficult (Murray 2003).
Thematic Analysis	Thematic Analysis is acknowledged as the most common method of qualitative analysis (Guest et al. 2011) and it provides a flexible method of data analysis which suited to researchers using a range of methodological backgrounds. Braun and Clarke (2006) explained that the method is used to identify, analyse and report themes that arise from the data. The analysis is driven by both the research questions and underlying theoretical assumptions.

	There are questions around the reliability of this method due to a wide range of interpretations that can arise from the same themes. Bazeley (2009) suggested that findings may have an over reliance on themes (represented through participant quotes) as the primary form of analysis, rather than findings that are based on more rigorous data analysis. It is also possible to miss key issues arising and reliability may improve if coding is undertaken by multiple researchers. (Guest et al. 2011).

Table 4.2 – Review of Qualitative Data Analysis Methods (author's own)

4.4.2 Framework Analysis

Framework analysis (Ritchie & Spencer 1994) appeared to meet many of the requirements of the present study, and was therefore investigated further, in order to determine whether it was the most suitable approach for the present study.

The method of framework analysis allows flexibility throughout the stages of analysis by allowing flexibility for the researcher. This means that either full data collection could be undertaking prior to analysis; or the analysis can begin while the data collection process is still on-going. During the analysis stage, the data is organised within key issues and recurring themes, using a five step process (Ritchie & Spencer 1994).

1. Familiarisation;
2. Identifying a suitable thematic framework;
3. Indexing;
4. Charting; and
5. Mapping and interpretation

4.4.2 Overview of the Framework Analysis Process

Although Framework Analysis is not a mathematical process, it still uses a systematic approach to the process of data collection and the subsequent analysis which is based around a 'focus of enquiry'.

A semi-structured format, with open-ended questions, allows participants to spontaneously share perceptions, opinions and experiences. When analysing such data, the responses are grouped into categories of meaning, rather than into pre-defined categories. Inductive reasoning is used to identify relationships between the categories that arise through the data. These perspectives can be analysed in a model that helps explain the processes and coding through an abstract theoretical framework, demonstrating an understanding of the data and leading to suitable conclusions (Bazeley 2009).

Familiarisation is the process in which the researcher develops their understanding of data collected through transcripts/audio of interviews/focus groups/observations/field notes etc. (Ritchie & Spencer 1994). With some transcripts, from a single interview, running to perhaps 10-20 pages, the volume of data arising through qualitative research can be significant and could mean that it is not possible to review all of the material. In these cases, selected parts of the data could be used, perhaps involving different aspects of the data collection, but still including a range of interviews, documents and observations.

The coding itself may involve several coding cycles and additional coding – this can be done using systematic manual methods, or using Computer Assisted Qualitative Data Software (CAQDAS) such as NVivo. The process of coding requires the data to be broken down into discrete 'units', or 'incidents' which are organised into categories (Glaser and Strauss 1967; Lincoln and Guba 1985).

These categories can take two forms:

1. Derived from the responses from participants i.e. *"to reconstruct the categories used by subjects to conceptualise their own experiences and world view"* (Lincoln and Guba 1985, pp.334-341).

2. Categories that the researcher considers relevant to the focus of enquiry of the research i.e. *"to assist the researcher in developing theoretical insights into the social processes operative in the site under study …. the process stimulates thought that leads to both descriptive and explanatory categories"* (Lincoln and Guba, 1985 pp.334-341).

As incidents are identified, considered and arranged into categories, the categories themselves, and relationships between them, develop and are refined throughout the analysis process. Categories may therefore be subject to content and definition changes. The researcher codes and analyses data simultaneously thus developing concepts, which will be refined as incidents, and their properties and relationships, are compared and explored - integrating them into a *"coherent explanatory model"* (Taylor and Bogdan 1984, p.126).

To summarise, Framework Analysis has the following attributes:

- It is based on the participants' observations and own accounts.
- The process is dynamic and permits amendments throughout.
- The approach is systematic and allows methodical processing of data.
- It is a comprehensive method, by nature.
- Transparency exists through access to the original data.
- Analysis can occur either 'within-case' or 'between-cases'.
- It is easily accessible to others – the process of analysis and interpretation of data is generally available.

- Framework analysis does not align itself with any particular theoretical approach or viewpoint so can be used in either inductive/deductive analysis, or using both.
- The aim is to efficiently generate outcomes and recommendations.

Having considered the attributes of Framework Analysis, there was a suitable fit with both the requirements of the study, and the preferences of the researcher towards using a highly structured and systematic approach. The only concern was the subjective nature of the coding itself, however this issue could also occur with most other qualitative methods. However, the iterative process and requirements for careful organisation of themes and repeated validation (see Figure 4.2) provided some reassurance that this was indeed a robust approach. As such, Framework Analysis was selected as the chosen method for qualitative analysis.

4.4.3 The Use of Computer Assisted Qualitative Data Analysis Software (CAQDAS)

Having selected the method of qualitative analysis, a systematic, transparent and comprehensive approach, which fitted with the use of Framework Analysis, was required. The research therefore made use of a Computer Assisted Qualitative Data Analysis Software (CAQDAS) package to aid the analysis process.

In using such software, it is important to point out that the computer package does not perform any particular analysis, nor does it develop any conclusions, but it is instead used as a tool for efficiency and effective organisation of data only, with decisions on coding and categories being left entirely to the researcher. According to Fielding and Lee (1998, p.167), researchers in qualitative methods *"want tools which support analysis, but leave the analyst firmly in charge"*.

CAQDAS software also provides transparency through an effective audit trail that demonstrates the steps undertaken. For example, data movement, coding patterns, categories, sources and documentation are traceable and transparent, providing a more detailed audit trail than can perhaps be achieved through manual coding. In this particular case, the software chosen was NVivo v.11, from a company called QSR, which was well suited to the type of analysis chosen. A sample screen shot from NVivo, during the early coding stages, is shown in Figure 4.1, below.

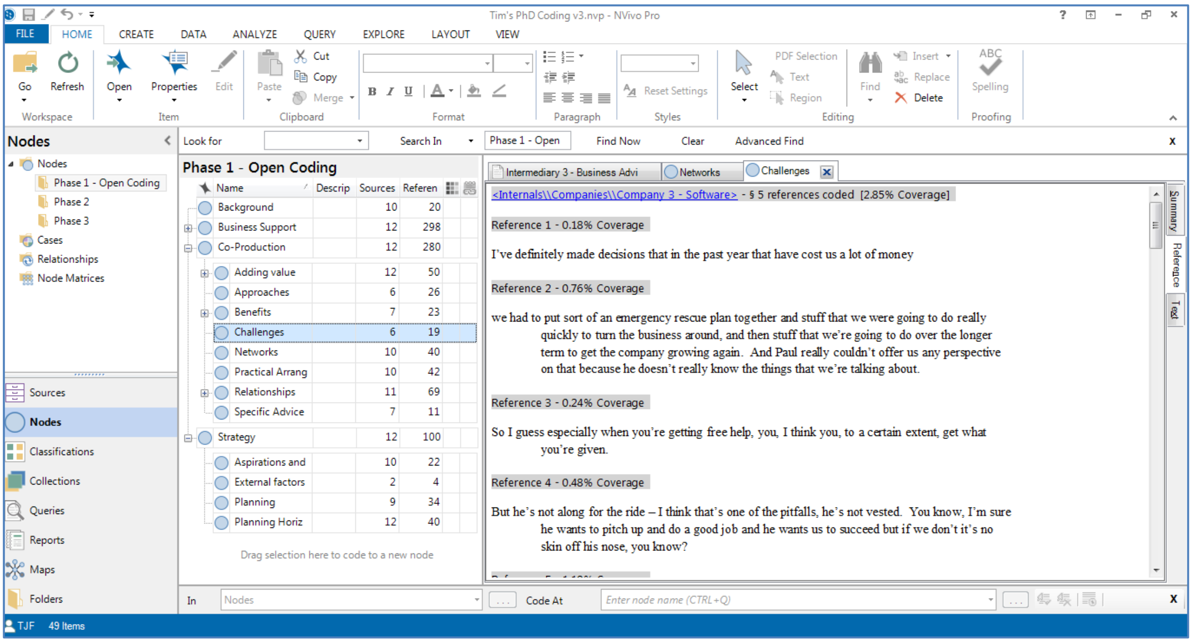


Figure 4.1 – Sample Screenshot from NVivo CAQDAS Software

4.4.4 Practical Application of Framework Analysis Within This Specific Study – Step-By-Step Approach

Using the NVivo CAQDAS software, the analysis can be broken down into eight key phases, as recommended by QSR, who developed the NVivo package. These were then mapped to the five stages within the main analytical process of Framework Analysis (Ritchie & Spencer 1994), as shown in Figure 4.3.

Taking into account the process of analysis to be used within this particular study, the eight phases were set out in detail to provide a coherent breakdown of the anticipated approach.

Phase 1 – Open Coding

This involves broad content driven coding of units of meaning (logical segments of text) from the interview transcripts, supported with definitions to deconstruct the data into a series of general themes relating to the research questions. The themes will be clearly labelled and defined, thus acting as rules for inclusion (Maykut & Morehouse 1994).

Phase 2 – Categorisation of Codes

This involves re-organising, re-labelling and merging the categories of the themes coded in the first phase, into specific categories of themes. This is achieved by grouping related themes into categories within a framework that provides a logical basis for further data analysis, and is aligned to the research questions.

Phase 3 – 'Coding On'

Coding on is the further breakdown of the reorganised themes into a series of sub-themes, which provides greater depth of understanding of the highly qualitative content. This will involve providing clearer insights into the embedded meanings of the content, which may include aspirations, awareness, differing viewpoints, positive/negative experiences, differing agendas and particular behaviours.

Phase 4 – In Case / Cross Case Analysis

a. **In Case Analysis** - Involves writing summary statements for 'lower order' codes to provide meaning to the coded content. This phase includes writing up case-by-case findings.
b. **Cross Case Analysis** - Comparisons are made between the twelve cases – for example, those that have growth aspirations, against those that do not.

Phase 5 – Data Reduction

Codes are consolidated into an abstract framework of codes for inclusion in the main report (see Figure 4.2). Individual models will be developed for each category of themes occurring within the main themes of co-production, business support and strategy. The concepts, arising from the quotes and related themes, will be organised according to SMEs and intermediaries, that each have different perspectives on certain themes.

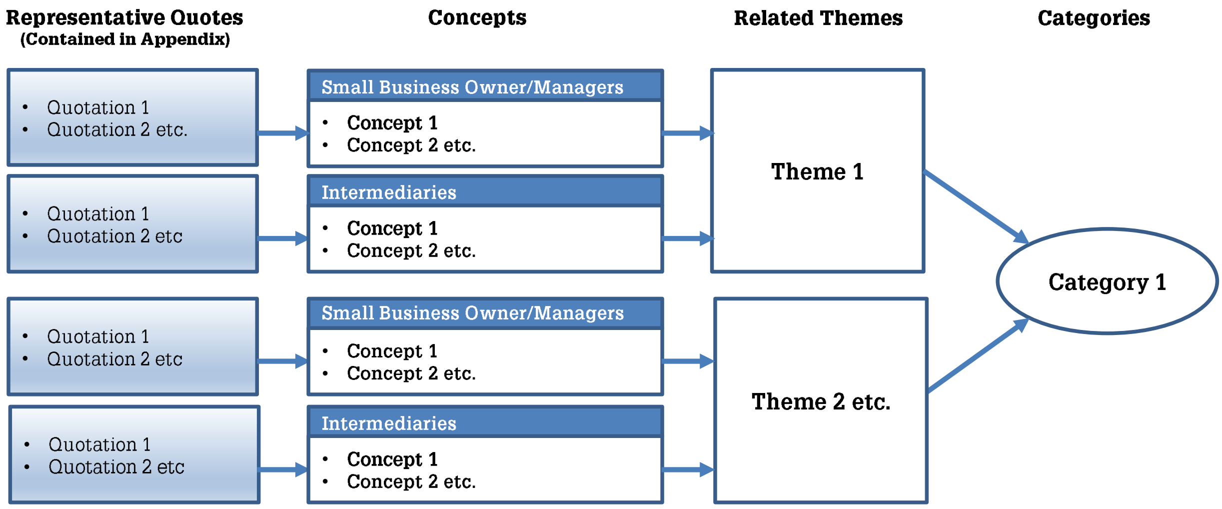


Figure 4.2 – Example Data Structure

Phase 6 –Analytical Memos

Content is summarised by writing up higher level codes, resulting in summaries of the content within categories and proposing the initial findings against each category. The analytical memos cover five areas:

1. Content arising within codes clusters.
2. Background information, relating to participants.
3. Any significant trends/patterns emerging.
4. Relating codes to each other and how they address the research question(s) - developing a structure for cohesive analysis chapters.
5. Considering results against the extant literature.

Note: The analytical memos are normally developed within NVivo itself, and inform the analysis chapters of the main report. In this particular case, a decision was made to develop the memos in MS Word using a set of thematic structures (see Figure 4.2) to organise the material – these memos were subsequently developed and refined to form the three analysis chapters.

Phase 7 – Validation

Findings are developed by testing/validation/revision of the analytical memos. This is achieved through locating evidence to support findings and meanings embedded deeper in the data, than from just the quotations alone. Interrogation of data involves: consideration outside the category; cross category relationships; cross tabulation with literature, observation, demographics, secondary data and the quantitative survey data.

Phase 8 – Synthesising Analytical Memos

This final stage involves developing the series of analytical memos into a cohesive findings report. In this particular case, the memos formed the basis for the three analysis chapters in the main thesis. This initially resulted in a draft of the analysis chapters, which was structured around the 14 categories (split across the three research areas) and was subsequently ordered around the identified themes for each category. This part of the analysis involved an iterative process, of validation and synthesisation.

Analytical Process (Ritchie & Spencer 1994)	**Application in Practice Using NVivo**	**Iterative Approach**
1. Familiarisation	**Phase 1 – Open Coding** Coding 'units of meaning' (text) into general themes	Identification of recurring themes and concepts ↕
2. Identifying a Suitable Thematic Framework	**Phase 2 – Categorisation of Codes** Refining themes Re-organising coded themes	Assignment of data to identified concepts ↕
3. Indexing	**Phase 3 - Coding On** Organising themes and sub-themes	Refinement and development of concepts ↕
4. Charting	**Phase 4 – Case Analysis** Case Analysis Cross Case Analysis **Phase 5 – Data Reduction** Consolidation of data into a framework of codes	Assigning meaning ↕
5. Mapping and Interpretation	**Phase 6 – Analytical Memos** Summary Statements Analytical Memos Mapping between codes Links to literature **Phase 7 –Validation** Locating evidence Finding embedded deeper meanings **Phase 8 – Synthesisation** Developing findings into a cohesive report	Descriptive Accounts ↕ Explanatory Accounts

Figure 4.3 – The Various Stages/Processes for Practical Application of Framework Analysis using NVivo (CAQDAS software)

4.4.5 Development of In-Depth Profiles

As part of the 'mixed methods lite' approach (Greene 2012), a series of profiles (vignettes) was developed to add context and understanding to the data, and to feed into the analysis. Meredith (1998) considered the use the study of such case/field material, in research, as having two 'outstanding strengths':

1. Study of the phenomenon can be undertaking in the natural setting, gaining an understanding of relevant and meaningful theory arising from actual practice.
2. '*How*' and '*Why*' questions are addressed, taking into account the actual nature and/or complexity of the phenomenon.

Six profiles were developed around Small Enterprises, and a further six profiles were developed around the Intermediaries involved in providing business support.

Each of the twelve profiles developed in this research was based around findings from the interview, financial data (e.g. Companies House), organisational websites, documentation provided by the interviewee, and supplementary secondary data (for example, key trends/statistics). With each interview being semi-structured, and designed to address the three Research Questions, the profiles were developed to each cover all three aspects of the research, namely co-production, business support and strategy formation.

The key findings from each of the profiles were summarised in Chapter 5, with the full Small Enterprise profiles being presented in Appendix 1 and the Intermediary profiles presented in Appendix 2.

4.5 Quantitative Study Element

Whilst secondary data was available for the general small business population in England, there has been limited collection of local data for Dorset. The quantitative research was undertaken in May 2011, which was relatively early in the overall research plan. Business Link Wessex had been a major provider of business support to small enterprises in Dorset for over ten years. Following the 2010 General Election, it became clear that the business environment was rapidly changing. With news that the Business Link network was due to close in November 2011, it was important to collect 'snapshot' data at that particular time (Flick 2009), in the period leading up to the closure. The survey was therefore brought forward in the overall research plan.

The initial quantitative data gathering involved a large survey, the results of which provides a contextual 'baseline' in terms of assessing factors around business support in Dorset at the commencement of the research. The data collection, which primarily related to strategy formation and (to a lesser extent) business support, was undertaken during peak levels of activity for free, or low-cost, business support in Dorset.

The survey was largely contextual and was mainly used for the triangulation of certain issues arising from the qualitative analysis. Nonetheless, the data has proven valuable for identifying certain key trends and in allowing the analysis to 'zoom-in' on certain themes and concepts arising in the data.

4.5.1 Survey Design

The survey had its main focus on strategy formation and business support. The framework for the survey was initially based on the Stonehouse & Pemberton (2002) paper – '*Strategic Planning in SMEs'* that set a series of benchmark standards for determining levels of strategic planning. Further questions were added relating to business support and company data, to fit with Research Questions 2 and 3.

Key aspects of the Baseline Survey included:

a) Determining usage levels and patterns of strategic planning and/or strategy formation.

b) Understanding of what tools were used to support the strategic planning process.

c) Identifying if there was any link between company size (no. employees / turnover) and levels of planning.

d) Details about the use of business support.

e) Developed questions in a document format with support from supervisors (several iterations).

f) Bristol Online Survey was chosen as it was supported by BU and met all the criteria which included: providing a suitable platform to host the agreed questions; ease of set-up; high quality interface for respondents; data returned in a format suitable for analysis with SPSS/Excel; and zero cost. The data did require some minor editing in preparation for analysis – for example, some fields were left blank, and sometimes included invalid responses.

A full copy of the survey questionnaire is available in Appendix 3.

4.5.2 Small Business Database

To support the baseline survey and to help identify companies for the interview stages, a bespoke contacts database was compiled in Microsoft Access specifically for the current study. The original purpose of the database was to provide a list of email addresses for distribution of the Survey via 'e-shot'. The database was also used as a source of potential follow-up contacts for arranging interviews.

In developing the database, the following resources were used to provide initial lists of local business contacts:

- Sharing the Flame project (BU 2008); Bournemouth, Poole, Christchurch and East Dorset business directory (2010); Dorset Chamber of Commerce and Industry; Local Chambers of Commerce (6+); Dorset Marine Directory; Team South West Directory; Existing Business School contacts list; and BU Centre for Entrepreneurship contacts list.

At the time of writing, the database had a successful reach of around 2,600 small businesses ('cleaned up' from over 3,900 initial contacts). The database, although developed specifically for the present study, had subsequently been utilised by the Bournemouth University Centre for Entrepreneurship as their main list of contacts – as such, the enterprises listed were regularly updated and cleansed.

The database was made up entirely of companies whose contact details had been specifically provided to BU and/or were available in the public domain. Data Protection and ethical issues were therefore duly considered. Those contacted have always been given the option to unsubscribe from the database and no details have ever been provided to any third parties.

4.5.3 Demographic Data

The Survey was sent out in March 2011 and closed in early May 2011, using an online survey package (Bristol Online Survey), to around 2,600 companies.

Total responses	128	(around 5% response)
Min company size:	0 employees	(owner/manager only)
Maximum company size:	1,000 employees	(in overall group, but SME size locally)
Mean company size:	43 employees	
Median company size:	6 employees	
Mode company size:	2 employees	

4.5.4 Statistical Analysis

Limited statistical analysis was undertaken, on a small selection of questions from the quantitative survey, to provide an idea of statistical significance. Given the timing of the original survey (2011) and the aforementioned changes in business support provision, it was deemed unnecessary to undertake detailed statistical analysis, as a) the data collection had been undertaken six years previously, so may not have been entirely representative of the situation at the time of publication; and b) the study was predominantly qualitative, and only relied on the quantitative data as a contextual baseline, and to triangulate findings.

A sample of the analysis, using T-Tests in the SPSS statistics package, has been provided in Appendix 4. Some statistical significance was demonstrated in certain questions – for example, the use of Business Link advisors and the frequency of consulting strategic plans. However, other questions showed no statistical significance in the results – for example, approaches to long term strategic planning, where the results were spread relatively evenly across the three categories.

Full details of the tests, including the standard deviations and T-Tests have been provided in Appendix 4.

4.6 Methodology – Summary

Having considered various approaches, and by evaluating a range of qualitative analysis methods, and considering the use of mixed methods where appropriate, a robust methodological approach was identified.

- The concept of 'mixed methods lite' (Greene 2012) was adopted and the work was predominantly based around a pragmatic approach, using qualitative data from a set of twelve interviews with Small Enterprises and Intermediaries involved in business support, and supported by additional qualitative data and further secondary data to provide adequate answers (Greene et al. 2005).

- The quantitative baseline data has largely addressed the areas of business support and strategy formation – as such, this data was mainly used in the analysis relating to Research Questions 2 & 3.

- Framework Analysis was used to gain an understanding of key concepts and themed arising from the qualitative data. The method is structured, but has the flexibility to include the respondents' profiles and/or secondary sources, for example.

- The analysis resulted in a set of conceptual thematic data structures to illustrate the key themes/concepts arising within each category and for each research question.

- A series of twelve in-depth profiles were developed and summarised, with each being based around a semi-structured interview along with supplementary data. The qualitative data collected, in this process, covered each of the three research questions and provided a balance of viewpoints from actors on both sides of the co-production process.

- The analysis has drawn on all of the above factors, but was also reliant on a range of supplementary data sources i.e. literature, secondary data, industry reports, and evaluation data.

Chapter 5 – Summary of Small Enterprise and Intermediary Profiles

5.1 Introduction

In order to provide context to the data used for qualitative analysis, each set of interviews, for both the companies and intermediaries, was developed into a total of twelve short profiles, or 'vignettes'. For reasons of space, the profiles have been presented in Appendices 1 and 2. Each of the profiles was primarily developed around data gathered from semi-structured interviews, and backed up by a range of secondary data sources including previous studies, financial reports, organisational websites, evaluation reports and promotional materials.

Short overviews of each participant, along with the key attributes from each of the profiles was summarised into a set of tables detailed within this chapter. The participants in both groups were selected on the basis of providing 'rich' data through purposeful sampling (Patton 2002), and were made up of:

- Six small enterprises that had engaged in support
- Six intermediaries involved in the provision of business support.

The interviewees participated on the basis of their responses remaining anonymous.

5.2 Small Enterprise Profiles

The small enterprise profiles, which have been summarised in Tables 5.2 – 5.7, were each based around a Dorset Small Enterprise that had received business support within the last ten years. The profiles were chosen according to the following criteria:

- Small Enterprises – fewer than 50 employees
- A variety of locations across urban and rural parts of Dorset
- A range of sectors
- Innovative practices

- Had previously engaged in business support at various levels, and with a range of providers i.e. an expectation that rich data would be provided (purposeful sampling).

Each of the profiles was structured to include the company background, followed by separate sections on co-production, business support, and strategy, which contributed towards the later analysis around the three research questions within the overall study. The transcripts from the company interviews were systematically coded and analysed in greater detail using Framework Analysis (Ritchie and Spencer 1994), which has been detailed in Chapter 4.

Company	Location	Sector	Employees	Mentoring	Funded Business Advisor	Private Business Advisor	Start-Up Support	Professional Services
A	Christchurch	Healthcare	7			✓		✓
B	East Dorset	Manufacturing	28		✓	✓		✓
C	Bournemouth	Software Development	16	✓				
D	West Dorset	Digital Marketing & Design	3	✓	✓			
E	Bournemouth	Home Décor	12	✓			✓	✓
F	North Dorset	Cabinet makers	7	✓				✓

Table 5.1 – Summary of Small Enterprises

Profile	Sector / Details	Overview	Main Issues
Company A	Hearing Solutions (Healthcare) • Based in Christchurch, Dorset • 7 Employees • Turnover: Not disclosed (total exemption)	Company A was a well-established small enterprise in the audiology sector, operating across two Dorset towns. The company offered a range of hearing solutions, including the latest digital hearing aids, through three distinct channels: their own retail outlets; a small number of concession style partnerships; and through their website. The company was considering moderate expansion, financed through cash-flow, which included a potential venture into work-based hearing assessments across the region. However, the owners were investigating plans for new ownership in the coming years, including the use of specialist agents.	Strategic Issues • Moderate growth financed through cash flow. • Planning for sell-off / succession • Exploring new business areas outside of core operation • Limited personal time to work on strategic issues Business Support • Worked regularly with a local consultant • Previously received start-up support • Attended network events, but with limited benefits Co-Production • Support on an ad-hoc basis, for specific projects • Dealing with strategic issues • Developing potential new services • Developing exit plan • Creation of market appraisal reports • Links to external networks

Table 5.2 – Company A: Hearing Solutions Retail Chain

Profile	Sector / Details	Overview	Main Issues
Company B	Springs and Pressings (Engineering) • East Dorset border • 28 Employees • Turnover: Not disclosed	Company B was a private limited manufacturing company based on the edge of Dorset, which provided a range of small mechanical components, tooling, and design services. Customers came from a wide range of industries including military, aviation, construction, medical and electronics. The main products were springs and pressings, but this had been expanded to include a design service, bespoke components and development of specialist tooling. **Note:** The MD had left the company at the time of the interview, so the views presented covered the period from 1989-2015 only.	<u>Strategic Issues</u> • Development of strategies for survival and growth ○ One, three and five year plans created as formal documents ○ Business developed into new product and service areas <u>Business Support</u> • Participated in the DTI 'Market Initiative Scheme' during the early 1990s • On-going support from a private consultant • Worked regularly with Business Link until their closure in 2012 <u>Co-Production</u> • Intensive one-to-one support in early years • Strong working relationships developed with considerable rapport/trust • Involved significant personal development of the relatively inexperienced Managing Director • More recent interventions included Business Link reviews • Limited success with 'signposting' services • Strong relationships with accountants

Table 5.3 – Company B: Springs and Pressings Engineering Company

Profile		Overview	Main Issues
Company C	Software Development (I.T.) • Central Bournemouth • 16 Employees • Turnover: Approaching £5 million	Company C was a software house, located in central Bournemouth. The types of software products they developed covered a broad range of areas including financial services; price comparison sites; digital marketing; and fashion retail. The company was started in 2011, and taken over by the current directors in 2013. The directors had been involved in numerous start-ups so brought in a lot of experience and knowledge, but these skills needed to be adapted to manage the day-to-day running of a business, and strategic planning, rather than being limited to handling issues specific to new ventures.	<u>Strategic Issues</u> • Had been initially only looking 3-12 months ahead • Developed to 3-5 year plans since engaging in business support • Focus was on formal planning <u>Business Support</u> • Previously received start-up support • Currently working with a volunteer mentor – meeting monthly • Also required tailored support from 'domain specialists' <u>Co-Production</u> • Mentoring: formal, boardroom style relationship with set agenda, action plans etc. • Meetings for 2-3 hours, 10 times per year • Working with mentor on overall strategy rather than focussing on operational issues • Support involved developing ideas together rather than receiving direct advice • Benefit gained from the outside perspective – "The Eyes of the Tourist"

Table 5.4 – Company C: Software Development House

Profile	Sector / Details	Overview	Main Issues

Company D	Digital Marketing and Design
	(Digital Media)
	• Poundbury, Dorchester
	• 3 Employees
	• Turnover: approx. £100K
		Established in 2001, Company D was a branding, marketing and web-design company located on the outskirts of Dorchester. The work covered a broad range of activities to promote businesses – this included branding; website design; print design; videos; direct mailing; email marketing; social media; exhibition stands; and point of sale promotions (Source: Company Website).
		
		The company operated from low-cost managed office space provided by The Enterprise Connection which was linked to Weymouth College.
		
		With a base in central Dorset, the main focus was on the more western parts of the county, which were seen as having greater 'untapped' potential, rather than the conurbations of Bournemouth & Poole, where there was already thought to be a saturated market.
			<u>Strategic Issues</u>
			• Looking for modest expansion within existing capacity
			• Developing strategic plan
			  ○ One, three and five year plans
			  ○ Ten year 'vision'
			  ○ Mix of formal and informal plans (dependent on time horizon)
			<u>Business Support</u>
			• Keen to engage in funded programmes
			• Previously used Growth Accelerator to fund business coaching, but with limited success
			• Currently engaged in volunteer mentoring
			  ○ Developing business plan/strategy
			• 'Superfast for Business' broadband funding
			• Regular advice also gained from accountant
			<u>Co-Production</u>
			• Mentoring: monthly meetings – resulting in a set of actions/targets
			• Mentor is a 'sounding board' for ideas but <u>does</u> occasionally provide direct advice
			• Formal working relationship
			• Reviewing and developing business and marketing plans
			• Meetings sometimes brought in professional services e.g. accountants, marketing
			• Mentoring often provided network links (signposting)

Table 5.5 – Company D: Digital Marketing and Design Company

Profile	Sector / Details	Overview	Main Issues

Company E	Shutter Blinds
	(Home Décor)
	
	• Southbourne, Bournemouth
	
	• 12 Employees
	
	• Turnover: £1.5 million locally (£3.5 million total including franchises)
		Company E provided a sales and installation service for internal household shutters, which were offered across the South of England. These bespoke products were available in a range of designs, aimed towards the higher end of the market for internal blinds and shutters.
		
		Having been trading for around 10 years, the brand was well established, both locally, and further afield through 10 franchises and advertising/ marketing. Following an initial home visit, the chosen product was custom made at a factory in China, and shipped to the UK for installation within 6-8 weeks.
		
		The company considered their core operation to be sales and marketing and this was where there strategic development was focussed.
			<u>Strategic Issues</u>
			• Informal strategic plans in place
			• Aiming for continued growth
			  ○ 3 year practical plan
			  ○ 6 year aspirational plan
			• 10 year plan possibly considering exit/succession
			
			<u>Business Support</u>
			• Previously received start-up support from Business Link
			• Private mentoring, through own connections
			• Professional Services (Accountant/Legal)
			• Links with Bournemouth University (e.g. marketing support/advice)
			
			<u>Co-Production</u>
			• Private Mentoring
			  ○ Informal but professionally conducted meetings
			  ○ Review of current figures
			  ○ Review progress against strategic plan
			  ○ Creative approach using brainstorming and mind-maps
			  ○ Importance of ‘chemistry’ in relationships
			• Professional Services
			  ○ Strategic support often related to existing contracts, with associated targets arising

Table 5.6 – Company E: Bespoke Internal Shutters Company

Profile	Sector / Details	Overview	Main Issues

Company F	Bespoke Cabinet Makers (Manufacturing)
	
	• Shaftesbury, Dorset
	
	• 7 Employees
	
	• Turnover: £500K +
		Company F was a small enterprise based in a North Dorset town. The company marketed and manufactured premium, bespoke, kitchen cabinets for installation in exclusive developments, mainly in London. The products were designed and manufactured by skilled craftsmen, and to a high standard.
		
		The partners took over the company in 2009, having had no previous experience of running a business, nor with any experience of cabinet making. Most of the work was for the UK market, but there were occasional exports.
		
		Company F was an example of 'co-preneurship', in which a husband and wife partnership shares business ownership, commitment and responsibility (Deacon et al. 2014).
			<u>Strategic Issues</u>
			• No longer have plans for expansion or growth
			• Previously limited by a local skills shortage and retention issues with former trainees
			• Planning for retirement / succession
			
			<u>Business Support</u>
			• Working with local volunteer mentor (5 yrs +)
			• Participates in local (informal) industry networks
			• Gained little value from network events
			• Limited awareness of local business support provision
			• Regular support from accountant
			
			<u>Co-Production</u>
			• Mentoring
			  ○ Informal approach with no agenda
			  ○ Six weekly meetings with mentor
			  ○ Duration 1-2 hours
			  ○ Focus on operational issues only – the 3 month 'pipeline'
			  ○ Unbiased mentoring, rather than direct support
			• Accountant
			  ○ Annual meetings
			  ○ Formal approach often resulting in direct business advice

Table 5.7 – Company F: Bespoke Kitchen Cabinet Maker

5.3 Small Enterprise Profiles: Discussion

Each of the six Dorset companies had taken advantage of business support offerings from a range of private and publicly funded sources with, in almost all cases, positive outcomes in terms of developing the companies. There were some negatives including lack of trust; limited benefits of network events; and mixed results from signposting, but each of those owner/managers was also able to demonstrate significant positive outcomes.

Aspirations of the owner/manager were a big factor in business support adoption. Several of the companies were looking for growth, so strategy formation was important, whilst others were looking at improved capacity management or were already growing at a modest rate, so business support could tend more towards operational issues. Some of the small enterprises were also considering exit/succession plans which required more specialised support, as this was not in the normal remit of their existing business support intermediaries.

The methods of delivery varied – some were in receipt of direct advice and others, particularly with mentoring, used the support intermediary as a 'sounding board' for ideas. Five out of the six small enterprises interviewed, engaged in regular business support visits, whilst one company used business support on a more ad-hoc basis, which was usually for help with specific projects. The nature of interventions ranged from being conducted in a very formal, boardroom style, manner to less formal, albeit professionally conducted arrangements.

The types of business support used had included government funded projects, such as Business Link and its predecessors, private consultants (sometimes using funding), mentors – both volunteers and private, privately funded business support, professional services (banks, accountants, lawyers etc.). Companies had also made use of grant funding – for example the Growth Accelerator fund.

There were differences noted around location – no particular issues arose in the urban locations, but the more rural enterprises raised issues with broadband coverage, local recruitment and retention, and a need to be more tactical in the local areas targeted for clients.

5.4 Intermediary Profiles

This section comprises a summary of the six business intermediaries involved in the qualitative aspects of the present study (either an individual that provides business support or a representative of a business support organisation) offering support to SMEs across Dorset. As is the case with the company profiles, full versions are contained within Appendix 2.

The intermediaries were selected using a mix of the following, which has been summarised in Table 5.8:

- Significant experience of business support in a range of organisations
- Good geographical coverage across Dorset
- Inclusion of different types of business support
- Representation from certain 'key players' in local business support
- Experience of working with a wide range of companies
- Knowledge of the business support 'landscape' across Dorset
- An expectation that rich data would be provided (Purposeful sampling)

Due to available resources, and the scope of the study, only a limited number of organisations were invited to participate. However, the participants still included representation from funded organisations, such as Business Link, growth organisations, volunteer mentoring; and from the private sector including consultants, coaches and business networks.

The contacts were made either through existing networks or through a large mail shot. The intermediaries chosen were all keen to share their stories having generally had positive experiences of providing business support.

The format of the interviews was based on a set of semi-structured questions that covered a range of issues including: background data; approaches to business support; how co-production worked in practice; and the changing business support landscape.

The interviews were expected to last around 60 minutes, although this did vary across the intermediaries. In addition to the interviews, which were fully transcribed, the case studies also considered information from organisation websites, promotional materials, regional publications and evaluation reports.

The transcripts from the intermediary interviews were also coded and analysed in greater detail using framework analysis, which has been covered in Chapters 6, 7 and 8. The interviewees participated on the basis of their responses remaining anonymous. Unless otherwise stated, the quotations came from the main interviewee.

Intermediary	Business Support Role	Mentoring	Funded Business Advisor	Private Business Advisor	Networks	Coaching	Private Consultancy	Specialist Advice
A	Business Networking			✓	✓			✓
B	Business Coach / Mentor	✓				✓		
C	Business Advisor / Business Development Manager		✓				✓	
D	Consultant / Business Advisor		✓				✓	✓
E	Volunteer Mentoring Agency	✓						
F	Growth Programme		✓					

Table 5.8 – Summary of Intermediaries

Profile	Business Support Role	Overview	Main Issues
Intermediary A	Director of Business Support Network Company (Retired Bank Manager)	Intermediary A represented a private limited company offering a range of business support services. The organisation aimed to work with any company in the Wessex region, covering the South West, including Dorset. There were approximately 850 members with representation from micro-businesses, SMEs, PLCs, public sector and charities. The membership was based around a confidential database of members, similar to a social network. The organisation charged a subscription for network services, and took a further commission, based on the value of any deals set up through the network (Organisation website 2016). In addition, the organisation offered direct business support, hosted a series of events and ran an online forum for members. They often made use of specialist external expertise.	Approach to Business Support/Strategy • Support from four specialists (banking, commercial finance, armed forces, engineering/telecoms, sports) • Monthly support, with telephone backup • Monthly fee for regular support (about 30% of clients gained some external funding) • Support with planning, investments etc. Co-Production • Meetings on clients' premises • Importance of gaining a 'feel' of the company • Direct advice given on developing a clear strategy (not a sounding board approach) • Clients develop own plans, based on discussions • Importance of relationships and trust The Changing Landscape of Business Support • General lack of understanding of SMEs • Need for better relationships with banking • Notable reduction in personal support • Reduction in funded programmes – e.g. SMART Awards & Growth Accelerator • Issues with government policy on support • Risks in peer-peer lending & crowd-funding • Reduction in business support a "disaster"

Table 5.9 – Intermediary A: Business Support Network

Profile	Business Support Role	Overview	Main Issues

Intermediary B	Private Business Coach & Volunteer Mentor	Intermediary B was a small coaching and mentoring business, established in 2002, with a focus on coaching business people. This was a home based company, operating from Christchurch. The interviewee, who worked as the principal business coach, had significant business experience in banking, recruitment and consultancy.
		
		Business Coaching differs from other business support disciplines, as the focus in very much on developing the individual through observation and feedback (International Coach Federation 2016).
		
		In addition to the business coaching, which was usually paid for privately, the interviewee also worked as a volunteer mentor with a well-known local business mentoring service where support was provided for a nominal admin charge.
			<u>Approach to Business Support/Strategy</u>
			• Owner/managers were often too busy to plan, and not planning more than 6-12 months ahead
			• Stresses the need for forward planning/strategy
			• Develops a tailored, cost effective, approach
			• Perception that 85-90% of interventions had a positive ROI
			
			<u>Co-Production</u>
			• Interventions based on initial assessment
			• Requires knowledge of firm and individuals
			• Value added through objective viewpoint
			• Coaching
			  ○ Interactions at various levels
			  ○ Strong bonds and mutual understandings
			• Mentoring
			  ○ Flexible approach to delivery – allowing specialists to be involved
			  ○ For firms less able to afford support
			
			<u>The Changing Landscape of Business Support</u>
			• Support was fragmented and less coherent
			• Companies not always able to locate support
			• Coaching a growth area
			• Fewer free or low cost events in Dorset
			• Local university was a "powerful entity"

Table 5.10 – Intermediary B: Business Coach / Volunteer Mentor

Profile	Business Support Role	Overview	Main Issues

Intermediary C	Former Business Link Advisor / Consultant	Intermediary C was an experienced provider of business support and advice in the Dorset area. The latest role was as a Business Development Manager, developing relationships between industry and a higher education establishment. He had previously worked in customer relationships with Business Link Wessex, based in Poole, for several years. This role was similar to that of a business advisor but involved a formalised 'information, diagnosis and brokerage' model.
		
		This was backed up with experience working as a private consultant, bank manager, and financial advisor, along with the joint running of a family business.
		
		Intermediary C had around eleven years' experience of working in business support across Dorset.
			<u>Approach to Business Support/Strategy</u>
			• Used the Information, Diagnostic and Brokerage (IDB) model while at BL
			• Business Link role involved established firms
			• Current role with start-ups and smaller firms
			• Tendency to draw on own experiences
			• GVA used to measure support effectiveness
			<u>Co-Production</u>
			• Short term initial interventions
			• Support involved developing action plans
			• Move from formal to less formal plans
			• Follow up involved annual visits/reviews
			• Individual advisors had varied support styles
			• Links provided to specialist support
			<u>The Changing Landscape of Business Support</u>
			• Limited funding streams
			    ○ Innovate UK one of few available
			    ○ Smaller specialist funds available – e.g. cyber security
			• Many businesses forced to pay for support
			• Specialisms developing in Dorset e.g. Digital Media, Finance, Marine, Food
			• Loss of established single point of contact
			• Loss of knowledge of the Business Link team

Table 5.11 – Intermediary C: Former Business Link Advisor / Consultant

Profile	Business Support Role	Overview	Main Issues
Intermediary D	Business Support Consultant and Former Business Link Advisor	Intermediary D was a private Management Consultant, based in Dorset. Previous experience of business support included working as a corporate manager in a major bank, in business support/advice at Business Link and with two other regional agencies. In total there was around 16-17 years of experience in business support. Most of the work was in Dorset and Hampshire. The business support work involved a wide range of companies from start-ups through to established SMEs, either micro, small sized or medium, including those looking for exit / succession. The support tended to be on a generic strategic business level, but there were some specialisms including biomedical and environmental technologies.	<u>Approach to Business Support/Strategy</u> • Mainly working one-to-one with clients • Support usually on a general strategic level • Some more specialist support provided • Mix of long term interventions and support for short term projects • Focus on project management towards specific goals <u>Co-Production</u> • Important to develop both general 'rapport' and a framework/structure for the intervention • Approaches tailored to the needs of the client • Balance of formal and informal collaboration • Co-development of strategic plans • Encouraging new ways of thinking <u>The Changing Landscape of Business Support</u> • 'Fragmented' support since BL closure • End of Business Link website a further loss • Confusion, in companies, around business support availability / provision • Various funding had since come and gone • Still possible to combine small funding sources as a 'package' for support delivery

Table 5.12 – Intermediary D: Business Support Consultant / Former Business Link Advisor

Profile	Business Support Role	Overview	Main Issues
Intermediary E	Programme Manager – Mentoring Agency Provision of mentoring support for small enterprises in Dorset.	Intermediary E had been the Programme Manager of a local agency, providing access to volunteer business mentors across Dorset, for over ten years. There were usually about 170 clients, supported by a team of 95 volunteer mentors. Since its inception in 2005, over 1,200 SMEs had been supported (Agency Website, 2016). The mentors were all experienced business professionals and had followed a mentor training programme, approved by the Small Firms Enterprise Development Initiative (SFEDI). Previously, Intermediary E had been the Local Area Manager for the Prince's Trust, providing start-up support, mentoring and career development for under-30s. The Prince's Trust programme was a key influence in the foundation and development of the mentoring service.	<u>Approach to Business Support/Strategy</u> • Interventions often the result of referrals • Support funded by EU Leader programme, local authorities and nominal £100 fee from clients. • One-to-one mentoring on a regular basis • Annual survey to monitor effectiveness <u>Co-Production</u> • Initial assessment to provide most suitable mentor • Initial 12 month contract, but extendable • Some interventions had been running over 5 years • Not direct advice – more of a sounding board • Some mentors had specialist expertise <u>The Changing Landscape of Business Support</u> • Major impact from the closure of SWRDA and Business Link • Growth Hub programme was much smaller • More difficult for firms to access support • Had seen growth in mentoring as a result • Funding levels had generally fallen in Dorset • Funding for the programme itself was 'adequate' but was still looking for additional funds for associated projects • A general need for improved sustainability

Table 5.13 – Intermediary E: Mentoring Agency – Programme Manager

Profile	Business Support Role	Overview	Main Issues

Intermediary F	Growth Programme
	
	Business Support Manager / Partnership Manager
	
	(Programme launched May, 2014)
		Intermediary F was the manager of a Dorset business growth programme. The programme, which was one of 38 across the UK, covered the same geographic area as the Dorset Local Enterprise Partnership (LEP). The programme had been established to support businesses with aspirations for growth; to improve employment; increase competitiveness; and to encourage inward investment to Dorset (Organisation website 2016). Businesses were supported through provision of information to help with starting and growing businesses. This included finance, skills, links to a range of business support schemes and support services. Up-to-date information was also made available for local networks, training, and seminar events. Growth support was offered through: investment; innovation; inception; and acting as a 'one-stop-shop' for support enquiries.	<u>Approach to Business Support/Strategy</u>
			• Remit to work with growth orientated SMEs of 5-250 employees
			• Eligible enterprises receive short term support interventions at zero cost
			• Related projects in the host organisation included: high speed broadband; women in digital business; digital capability; EU issues; & start-up support in deprived areas.
			<u>Co-Production</u>
			• Scoping via online portal and telephone
			• 3 hours of business support on-site and/or 8 hours from an investment specialist.
			• Enterprises develop own business plans
			• Online tools and templates available
			<u>The Changing Landscape of Business Support</u>
			• Organisational Funding
			  ○ Core programme operating with limited funds – reduced from £1.5 million to around £250K annually
			  ○ Funding level limits support period
			  ○ Recently secured £2.6 million ERDF funding for new programmes
			• Business support provision was "confusing"

Table 5.14 – Intermediary F: Growth Programme (Business Support Agency) – Manager

5.5 Intermediary Profiles: Discussion

The intermediaries represented a range of organisations that provided direct and indirect business support, from both the public and private sectors. Several of the participants had been involved in different modes of delivery and each had been involved with a range of business support providers. There was representation from direct business advisors, brokerage, coaching, volunteer mentoring, growth programmes, banking and private consultants. This resulted in rich data arising from hundreds (if not thousands) of business support interventions throughout Dorset, and across sectors and business types.

There was a general consensus, and several examples, that demonstrated owner/managers did not usually have the time, or resources, for forward planning, and that this has been reflected in the limited forward plans and/or planning horizons across their client bases.

There were numerous examples provided of value being added though the business support process – the reasons for this were generally due to co-production and included the benefit of sharing experience and knowledge; the ability to see issues in a different light; supporting owner/managers to develop plans and/or strategy formation; the ability to match provision of support with affordability; the development of rapport and trust; providing a practical means to focus on planning and strategy formation; support with operational issues where required; and providing links to specialist support. However, there was limited evidence of any measurement of success, in terms of the improved performance of clients and/or evidence of value being added through use (Vargo and Lusch 2004).

The intermediaries were generally concerned about the downturn in funding for business support and the closure of certain providers. Whilst there was noted to be some growth in coaching and mentoring, it was agreed that it was becoming more difficult for small enterprises to access free, or low cost, support other than through fairly specialised funds. Several of the intermediaries felt support had become very fragmented and was confusing for owner/managers, who often had limited awareness of programmes.

A common issue was the loss of a strong brand, in Business Link, which had been well known as a first point of contact for support. New services had since arisen, providing a similar first port of call, but the new brand behind it was still developing and was not thought to be well known in local small enterprises.

5.6 Profiles: Conclusions

The twelve profiles, developed in throughout the data collection stages of the research, build on the empirical data from interviews using a range of sources to develop a deeper understanding of the individuals and their organisations. The profiles have informed the analysis process throughout (see Chapters 6, 7 & 8), and provided context and balance to many of the quotations, and also acted as a point of reference for the reader. Full versions of the profiles have been provided in Appendices 1 & 2.

The six small enterprises chosen for the interviews had been selected using purposeful sampling (Patton 2002) on the basis that they had made use of business support (from a variety of sources) and were spread across sectors and had good geographical coverage in Dorset. The profiles were developed to gain a deeper understanding of each enterprise, its owner/manager and the aspirations and business characteristics that determined both the approach to business support, and the intended outcomes, whether this was for strategy formation or for dealing with issues of current concern. Subsequently, the company profiles have provided a valuable insight into each small enterprise and, backing up the qualitative data with additional company information from a range of secondary sources, has provided a deeper insight into the empirical data which would not have been possible through analysis of data alone.

The six intermediaries were selected on the basis of their significant experience in supporting businesses, across Dorset and through a variety of agencies. Again, purposeful sampling was used to select intermediaries that were likely to provide rich data (Patton 2002). Each of the intermediary profiles was developed to provide an insight into the background behind the individuals and/or agencies providing support and, wherever possible, examples were given that backed up the opinions presented. All of the intermediaries had significant experience and had dealt with many small enterprises, either as individuals or through the organisations they represented. This support experience was backed up by significant background knowledge gained through both previous support work, and knowledge gained through working in industry and the public sector. Furthermore, extensive network knowledge meant that clients were usually connected to an appropriate source of external, often specialist, support. As a result of the extensive experience and knowledge, the intermediary group was able to provide an expert insight into the issues around business support, from a wider perspective, and with deeper coverage than could be gained from speaking to small enterprises along. The intermediaries were also able to reflect on a significantly greater number of individual support interventions meaning that the overall qualitative analysis, within this present study, was based around experience of interventions with hundreds of small enterprises.

Both interview groups discussed the benefits of business support on the small enterprises, but these tended to be based around perceptions of such benefits – perhaps relating to the development of longer term plans, development of owner/managers, new opportunities etc. However, there was very little mention of any measurable impact on longer term performance that may have been achieved by the 'consumption' of such plans in practical use. There were indications that certain evaluation was undertaken for the growth and mentoring programmes.

Chapter 6 - Analysis Part 1: Co-Production

6.1 Introduction

This chapter addresses **Research Question 1** which has a focus on value added through co-production:

> ***"What value is added to the strategy formation process through co-production in the relationship between the business advisor and the small enterprise owner/manager?"***

In co-production theory, value is added when the 'output', arising from interactions between the owner/manager and the intermediary/business advisor, result in benefits to the company - in terms of strategic direction and impact. According to Kiser & Percy (1980), the 'consumer' of co-production services [the owner/manager] works with the 'producer' [the intermediary/business advisor] and the co-production 'output' potentially results in added value.

Such outputs, in the context of adding value were further explored by Dewson et al. (2000), who provided guidance on measuring 'hard outcomes', 'soft outcomes' and 'distance travelled' in work carried out for The Institute for Employment Studies. The authors suggested that one of the key reasons for collecting such information is to *"assess the added value of the project at an aggregate level".*

- The **hard outcomes** are tangible, clearly definable and quantifiable results which show progress made.
- The **soft outcomes** represent the intermediate stages on the way to achieving the hard outcomes and relate to wider "behavioural" changes that could include improved skills in finance, business planning, management etc.
- The term **distance travelled** relates to progress made through interactions, such as business support, towards hard outcomes such as employability, and relates directly to added value.

According to Dewson et al. (2000), achieving certain soft outcomes could sometimes appear insignificant, but can actually result in significant leaps forward in terms of achieving the outcomes that can add value. The work in this research study, around co-production has tended to focus on these 'soft outcomes' and on the perceptions of the small enterprises and intermediaries, so, whilst added value is not measured in terms of 'hard outcomes', there is a strong case that, using a systematic approach to data analysis of the soft outcomes, that indicators of added value arising through co-production, can be identified.

Furthermore, according to the theories within Service Dominant Logic, (Vargo and Lusch 2004; Lusch et al. 2007) value is added at both the point of use (consumption) and through the co-production process itself – i.e. where value is perceived by the consumer, in this case the owner/manager, through 'value in use'.

Whilst access to external networks was a key element of co-production business support interventions (Rice 2002), to avoid duplication, networks have been covered in detail in Chapter 8, where the focus is on Research Question 2, and relates to business support.

6.2 Overall Data Structure

Having followed the analytical process of Framework Analysis (Ritchie & Spencer 1994), the final stage involves *'Mapping and Interpretation'*. Data reduction techniques were used to consolidate frameworks of codes, into themes and context, under each category arising within co-production. In total, six key categories were identified and each has been fully described examined throughout each section within Chapter 6. Figure 6.1, below, provides an overview of the six key categories, and the themes arising within them. The categories are independent and have not been considered, or displayed, in any particular order.

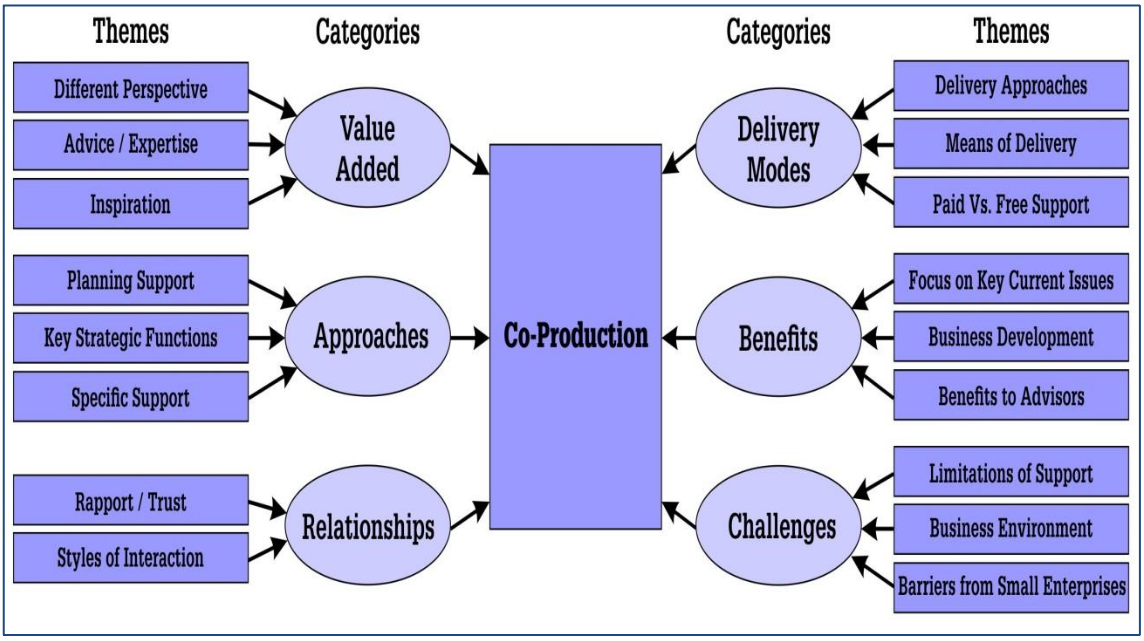


Figure 6.1 - Overview of Co-Production Categories and Themes

6.3 Categories Identified: Value Added

The interviewees were asked to provide specific examples of value being added through co-production. Three main themes emerged from the data analysis:

1. Issues were seen from a **different perspective.** Through the interactions, issues were often seen and considered in a different, and objective, way than the owner/manager did when working alone – providing the potential for new ways of thinking.
2. Provision of **advice and expertise**. The owner/manager had strong experience in their own area, but could still benefit from more specialised and focussed expertise from experienced intermediaries.
3. **Inspiration** – the involvement of the intermediary could help to stimulate business development, through focussing on business planning and strategy formation.

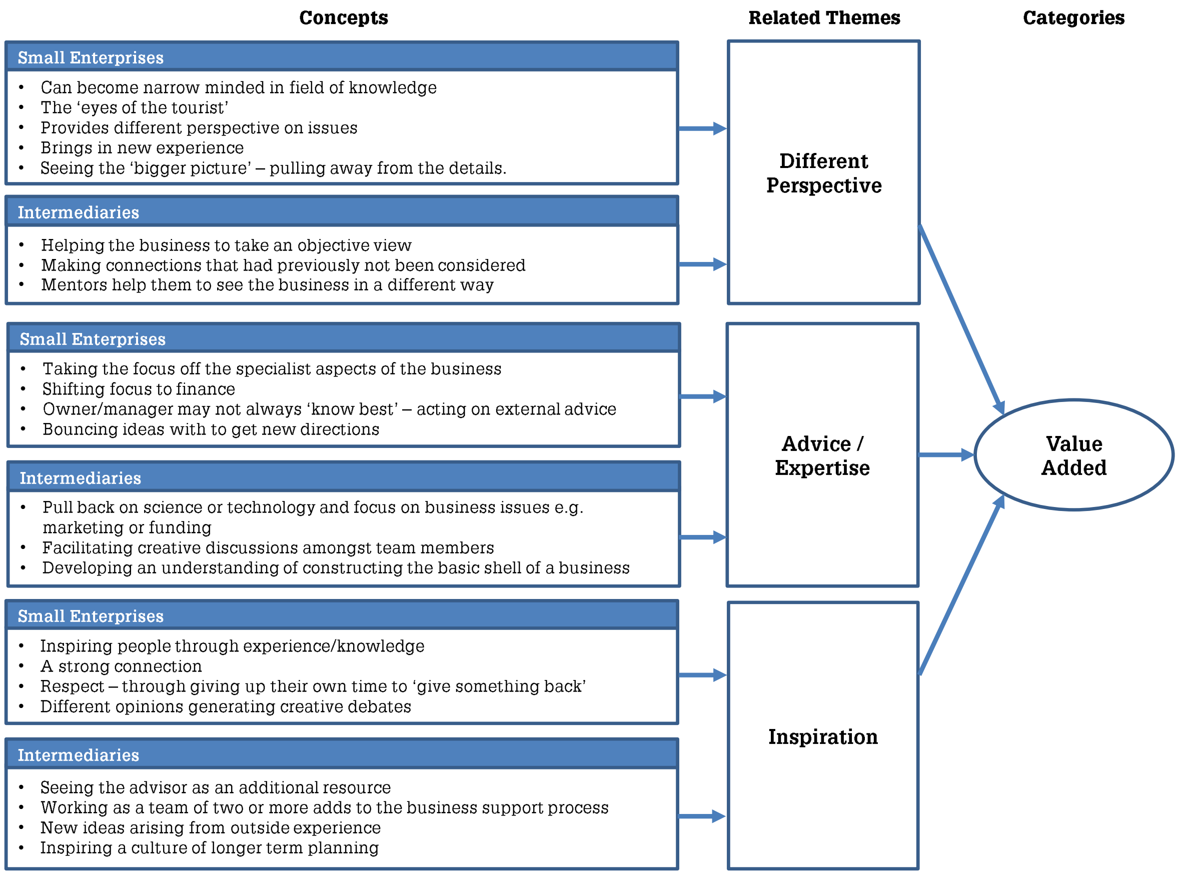


Figure 6.2 - Co-Production Data Structure – Value Added

6.3.1 Different Perspective – "The Eyes of the Tourist"

Throughout the data, there were numerous examples of the objective viewpoint adding value, both from the perspective of the owner/managers in the small enterprises and from the intermediaries.

Leach & Bogod (1999, p.146) discussed the benefits of external support provided by the involvement of successful business people (e.g. mentors and/or non-executive directors) that brought in a 'new dimension of experience and forthright objectivity' that may not usually be found in a small enterprise. The authors suggested that this objective and 'unseasoned' guidance provided an effective sounding board for addressing business issues. In a study of small business mentoring, Devins and Gold (2000) found that owner/managers suggested their mentors often asked "awkward questions", raising issues that, based on the previous experience of the company, may not otherwise have been raised, but subsequently provided a useful framework for planning arising through an objective view. This objective viewpoint was referred to by the owner/manager of a software company as the *'eyes of the tourist'* i.e. considering issues from a fresh point of view and without emotional attachment.

> *"I'm a big believer in what I call the 'eyes of the tourists' - it's probably a concept I've stolen from a book somewhere. But the idea is that, when I go on holiday for two or three weeks and come back to the business, I see it in a completely different light …. You can't view it objectively. So [the mentor] has definitely got the 'eyes of the tourist' when he sits with us." -* **Software Company**

> *"I think all of these things will always help you look at the business from an angle that you may not have considered otherwise. Someone normally brings something to the party which you hadn't necessarily considered or had been doing a different way that might not have been as efficient." –* **Hearing Company**

> *"He's got experience in all the areas that I haven't …. it brings in ways of dealing with things that I hadn't really thought about." –* **Web Company**

Further examples included clients who had plans to start or grow a business but needed support to develop their existing ideas. The interactions also helped to bring in new ideas, which may not have been otherwise considered, and involved discussions around wider, often external, issues.

> *"Well, often they will already have a plan and in which case I would spend time delving into that plan so drilling into it in more detail. I would challenge those plans because sometimes what somebody has is a fixed opinion that could be disastrous in some respects."* - **Business Coach**

Benefits also arose from the ability to draw on years of business experience that may have arisen from working in, or with, a diverse range of companies and industries. As well as the ability to transfer knowledge from previous experience, access to databases of the intermediaries' external business contacts, gathered over many years, meant the small enterprises could often be linked up with the right people. This ability to draw on experience and knowledge provided a means for the intermediary to address problems or opportunities raised by the owner/manager. (Devins and Gold 2000).

> *"Quite often you can have a conversation where the light bulb comes on and the guy who's running the business says "why didn't I think of that" and the answer is because we're here, we've seen another business, we've seen how that was done and it seems to fit with what you want to do. And then the conversation goes on from there. It's a mental database of experience."* – **Business Network**

Sometimes the owner/manager may have already developed their own ideas for the strategic direction of their company, but needed additional support to take these ideas forward in practice. Indeed, it was important for the owner/manager to be at the core of any strategy that was subsequently co-produced with mentors/coaches (Peel 2004). The owner/managers therefore tended to value the concepts discussed with their support intermediaries and appeared keen to take new ideas on board.

> *"I went into it with a bit of an "I know best" attitude and actually it turns out that I've acted on just about every bit of advice they gave me."* – **Web Company**

Other examples where value was added though the objective viewpoint included the exploration of new business directions; for example, commissioning feasibility studies when the owner/manager did not have time to undertake this type of work themselves.

> *"When [the university] looked at the noise protection at work thing for us. There was no way I would ever have had time to look into that and anything like the detail that they were able to do. So I felt that that worked particularly well."* – ***Hearing Company***

6.3.2 Advice and Expertise

Although there were clear overlaps with the theme around different perspectives, a second theme within the 'Value Added' category was identified where more direct advice was given, based largely on experience and expertise, rather than from simply providing a different point of view. Previous work from Rice (2002), which focussed on co-production in the field of business support / incubation, indicated that entrepreneurs perceived that the superior knowledge and experience of their mentors created the potential for value to be added through co-production. One example, arising in the empirical data, was the steel fixings company that had been run by a managing director, who (initially) had extensive engineering knowledge and experience, but limited managerial experience. The advisor helped 'educate' the MD by shifting the focus from pure engineering to finance and to managing people.

> *"I mean he laid it on the line to me - you know, blow everything else: money, money, money. You know, you've got to be making it otherwise there's no point in talking about anything else because the company won't exist."* - **Steel Fixings Company**

A further example involved a small enterprise that preferred to receive direct advice, rather than more generalised guidance. Even when direct advice was not immediately taken on-board, this still provided a basis for creative debate, and these debates could lead to unexpected outcomes and approaches. Devins and Gold (2000) found that interventions could produce changes in expectations and new meanings, potentially resulting in unexpected actions. In these cases, there was evidence that owner/managers were learning from their advisors/intermediaries and were adopting new approaches and techniques.

> *"I quite like being told and even if that's not the action I take, I like a positive strength and I think sometimes mentoring and things like that can be all a bit too woolly and a bit airy fairy. So I will tend to react with people who have an opinion and are prepared to debate that opinion with me."* – **Shutter Company**

The interactions were also important to develop a business focus, where ideas could be discussed at an appropriate level with someone that had extensive industry experience, which may not have been possible with other members of the internal team who possibly lacked that in-depth experience.

> *"I think what [the mentor] does is hit the refresh button from time to time …. no disrespect to [my business partner], but because she hasn't worked in that sort of industry in the past, she doesn't really have that experience or exposure whereas [the mentor] does. So, with the mentor, we can sit and we can bounce things around and get direction."* – **Cabinet Makers**

Several of the companies interviewed demonstrated they had very strong specialist experience and/or enthusiasm in their own disciplines, but possibly lacked the business knowledge to take their ideas forward effectively. The importance of building the foundations, or 'shell', of a business for developing new ventures for the business and/or start-up therefore became apparent. In work around value creation, Walters et al. (2002) suggested that, in any business, the building blocks of knowledge, effective management of business relationships and technology form the foundations for growth. Advice therefore appears to provide a niche role in helping to support growth in small enterprises (Robson and Bennett 2000).

> *"I had one client who was a young lady with bags of enthusiasm, she'd worked previously for an organisation, decided to leave, as she was having a child, so instead of going back to work after her baby was born she decided to do her own business instead. But she didn't have any experience whatsoever of the basics of starting, constructing the shell of a business and what you needed to do, and what you needed to have, and how to plan that balance of your time in working in your business and on it."* – **Business Coach**

6.3.3 Inspiration

Inspiration was identified as an important factor within the 'value added' category, although there may be some overlaps with the category of 'rapport and trust' (which was examined separately in this chapter).

> *"Education is about inspiration, inspiring people. And Charles did it from day one, he came in and said to me, right, you know all about your engineering, let's forget that, now let's talk about money."* – **Steel Fixings Company**

The data indicated that the co-production relationships, which sometimes lasted several years, may have influenced company culture, in terms of planning and strategy formation. Barham and Conway (1998) explored the relationship between coaching/mentoring and culture, and argued that issues addressed in the interactions were indeed linked to company culture.

St-Jean and Audet (2009) argued that support, in this case from mentoring, was helpful in facilitating the transfer of knowledge from the business world, and for developing a set of competences could be adopted by the owner/manager, which again relates to a change of culture. This included an improved vision for the business and the pursuit of new business opportunities. Furthermore, a key finding was around the development of the individual in terms of skills, learning and self-confidence. There were several cases where owner/managers appeared to be developing new behaviours that arose from the co-production interactions.

Owner/managers appeared to 'step-up' and work on planning/strategy matters, that they otherwise may have been putting off. This sometimes just included putting in extra effort, but also could involve more structured activities such as team meetings or the development of action plans.

> *"In my case, having an audience sort of makes you raise your performance level ….* we've raised our game because we have to sit with [the mentor] and it would be embarrassing not to have delivered on what we said we'd deliver.*" – Web* **Company**

> *"I did some work last year now with a firm of professional services, a firm of architects …. they didn't really have a way of bringing themselves together …. an opportunity had to be made for them to get together as a group of four or five and sit down and talk about the business. "–* **Business Consultant**

A level of respect, of the intermediaries the small enterprises worked with, appeared to be an important factor in inspiring owner/managers. All of the intermediaries in this study had high levels of knowledge and experience, and it appeared that the owner/managers recognised and appreciated this, which was reflected in their reported perceptions of success. This respect was demonstrated as three clear categories:

1. In terms of respect around levels of **knowledge and experience** gathered over many years.
2. An appreciation that, particularly in the case of the business mentors, time, knowledge and expertise was available free of charge i.e. **'giving something back'.**
3. Through having the confidence that the person providing the support has been **accredited/trained** to an appropriate level.

"If someone's offering that out of their own free time, then they've actually got something to offer. So I think it actually says a lot about the people that are offering that service." – ***Cabinet Makers***

"I'm a great believer in respecting people, doesn't matter what they do, and you have from a body such as the Business Link/DTI the feeling that this person's been accredited and that you understand that they are at that level and therefore you can have faith in what they say." – **Steel Fixings Company**

"There's a value in our conversations as he's got a lot of experience, so being able to get his reflections on decisions that we face or our performance in the business is really important to us." – ***Software Company***

6.4 Categories Identified: Approaches

Three main themes emerged from the data analysis:

1. The theme of **planning support** arose where small enterprises needed support and guidance with the development of their business plans.
2. The theme of **key strategic functions** arose around the need for owner/managers to be equipped with the type of business skills they may have lacked, in order to take their business forward.
3. The need for **specific support**, which focusses on the more specialised needs of the small enterprise including technical needs, exploring new offerings, industry advice etc. and often involved external ‘signposting’.

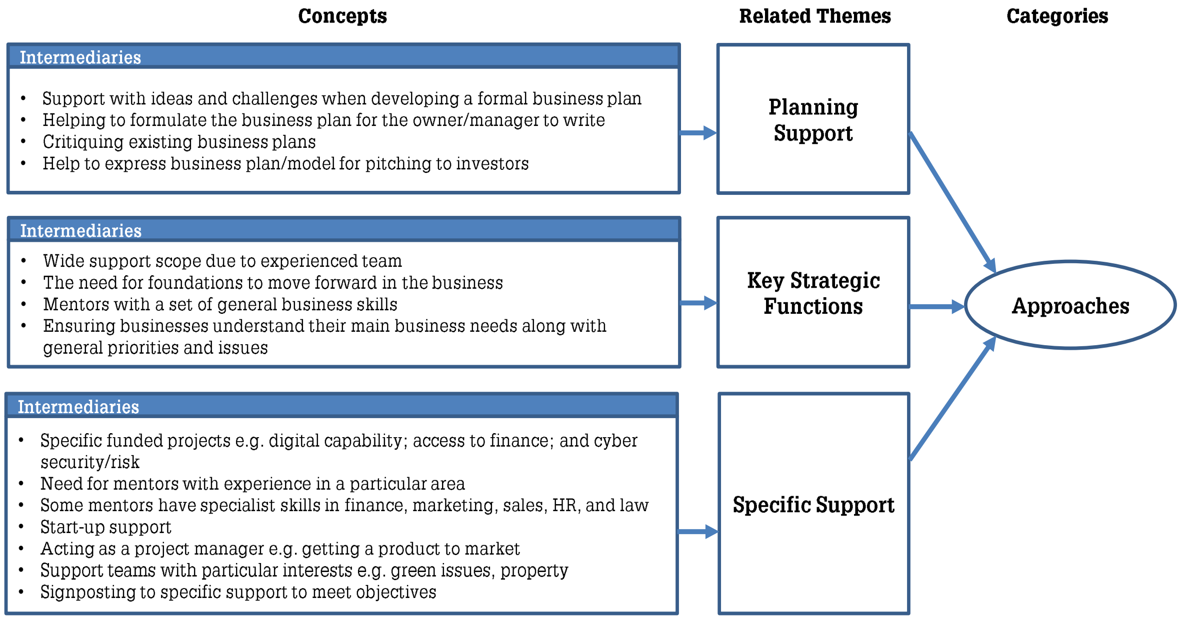


Figure 6.3 - Co-Production Data Structure – Approaches

6.4.1 Planning Support

The data indicated there were generally three approaches to the development of plans: 1. Providing **general guidance,** so the owner/manager could develop a formal plan for later review; 2. **Critique** for an existing business plan; and 3. Development of less formal **action point** style plans. Rice (2002) found business planning and strategy to be the most frequent type of co-production assistance in joint counselling interactions (arising in 21% of interactions), and the planning support theme also arose frequently within the current study, backing up Rice's findings.

General guidance was often considered, by the intermediaries, to be the most appropriate approach. In this way, the intermediaries would set goals and challenges but the owner/managers, themselves, would develop the content around given planning templates. This semi-structured approach was of particular importance as small enterprises, usually with independent ownership, tended to have a fairly unstructured approach to planning (O'Regan and Ghobadian 2002).

> *"We will help formulate one because in formulating that business plan for them to write, it's in their language, with their motivation, and then we give guidance on how that progresses over time."* **– Business Network**

> *"I would always want them to come up with any formal plan. So I will give them support and help and ideas and challenges but anything formal, I would want to come from them as individuals and as a business."* **– Business Coach**

> *"The navigators are very firm about giving businesses some structure, so one of the most popular things that businesses get is the business plan template. "* ***– Growth Organisation***

Providing critique on business plans was particularly useful when looking to develop plans for pitching to investors, or if looking for new partnerships. In one particular instance a plan had been developed with a previous advisor, which was thought to be too ambitious. In this case, the mentor had been providing critique on the original plan and, through co-production, the plan was being reviewed and developed in new directions.

> *"I will spend some time critiquing if they have an existing business plan."* ***Consultant / Business Advisor***

> *"My current plan was written by a business coach that I had, who I don't particularly rate and I'm currently with a mentor, but we're reviewing things."* ***–Web Company***

The third way in which planning was developed through co-production, was in the development of action plans which involved the owner/manager and intermediary working together to determine the requirement to move from the 'present situation' towards an agreed vision, and to develop an action plan, with milestones and allocated resources, in order to achieve this vision (Devins and Gold 2000). Action plans support the 'performance management process' via strategy development, through developing vision/mission/values and through the achievement of key business goals and objectives (Ates et al. 2013). For example, in the case of such plans, developed by the former Business Link advisors involved in the present study, reviews took place, with the intermediary gathering data from joint interactions, which were then taken away for further development. Subsequently, the action plans were re-visited with the owner/manager and intermediary working together to finalise details and developing achievable goals.

Within this study, the use of action plans formed a key component of Government backed business support schemes, such as Business Link and the more recent growth programmes. The action plan approach tended to involve shorter, more concise, plans developed largely for providing clarity around short-term goals, rather than for more targeted outcomes, such as pitching to investors. Data from the interviews with former Business Link advisors suggested that action plans, that had previously been quite detailed, had become shorter and more concise since moving to a model based around free delivery of support.

> *"So the actual diagnostic again was fairly informal but the output, in terms of a plan, was a one page action plan."* ***– Business Advisor***

6.4.2 Key Strategic Functions

Small enterprises in the UK often have specialist experience, but can lack expertise in key strategic functions - Storey (1994) argued that low small business survival rates resulted from an inadequate skill base of UK small enterprises and went on to demonstrate a subsequent shift in public policy towards addressing these needs through a series of subsidised services through the 1988 'Enterprise Initiative'. The purpose of the initiative was to improve competitiveness through subsidised consultancy in six key strategic functions – these included *marketing; product and service quality; manufacturing and service systems; design; business planning;* and *financial and management information systems* . Based on this need for more generalised business support, *The Enterprise Initiative* arguably paved the way for later initiatives such as Business Link, mentoring programmes and Growth Hubs.

> *"You have to have your foundations first in order to then be steady to move forward in your business."* ***– Business Coach***

Examples of general business support, arising in the empirical data, included dealing with inexperienced teams; lack of understanding around basic business foundations; shifting focus from specialist/technical issues; and prioritisation of business needs. The intermediaries all demonstrated a wide range of generic business skills and all had supported numerous businesses of different sizes, sectors and locations which, in most cases, did not directly relate to the industry sector of the enterprises receiving support. Findings from Bisk (2002), arising from a survey of over 100 firms, suggested that intermediaries did not necessarily need specific experience in a given industry sector for business support interventions to lead to benefits for the small enterprise.

> *"All our mentors have a set of general business skills …. we have a very wide range of business skills available to us."* ***– Mentoring Organisation***

6.4.3 Specific Support

Specific support tended to be driven, either by the needs of the enterprise, or 'pushed' by the intermediaries, often as a result of external funding that was intended for certain specialist activities and/or innovation e.g. SMART Awards, Innovation Vouchers. The specialist activities, being 'pushed' were often a result of funding availability which varied over time and location. For example - at the time of writing, funding was available in Dorset for cyber security; access to finance; digital capability; and through the Local Manufacturing Advisory Programme (LMAP), all of which meant specific support was offered that may not necessarily meet the immediate needs of local small enterprises. Priest (1998) suggested that business support initiatives were often narrowly defined and driven more from suppliers than customers. The second manner in which support offerings were 'pushed' was through local events facilitated by business support agencies, which had mixed reactions from the small enterprises interviewed, where the benefits of attendance were not always clear. The perceived benefits of such events appeared to be stronger in the intermediary group, than for the small enterprises themselves.

> *"We ran some local authority projects last year and we did digital capability, access to finance and cyber risk. Digital Capability was really popular because we were giving out £500 grants."* **– Growth Organisation**

> *"We've been to various breakfast network gatherings but really don't find them particularly helpful at all …. None of them have shown us actually any type of roads into potential [opportunities] or really any sort of business support."* **– Cabinet Makers**

> *"I've recently started to attend some events …. I think it's useful for the team to be able to go and mix with other people from other businesses …. I don't know how much support we get from it though. "*– ***Software Company***

Examples where the enterprise had their own specific needs included specialist 'domain expertise' in software development/online marketing strategy; engineering/technical expertise; rebranding; dealing with specific cash-flow issues; planning for succession / buy-out; and support in getting new products/services to market. In these cases, signposting / brokerage and links to wider networks tended to be the solution. Indeed, *signposting, facilitating and contracting* (to specific sources of external support) have been jointly defined as a key function within the roles of business support intermediaries, and particularly for organisations, such as Business Link and some Chambers of Commerce, who were tasked with a signposting based role (Major and Cordey-Hayes 2000).

> *"And certainly the support that we're now seeking of domain experts with CE level experience, who are going to help us grow our price comparison website business."* **– Software Company**

> *"I'm thinking of a start-up, where I'm working at the moment, with getting this product out there."* **– Consultant / Business Advisor**

6.5 Categories Identified: Relationships

The nature of the relationship between the intermediary and the owner/manager can form the basis of the entire co-production process from the outset (Adamson 2000). Two main themes emerged from the data analysis:

1. Relationships were clearly built on **rapport and trust** and perceptions of the importance of this theme was evident in the majority of interviews undertaken with both intermediaries and small enterprises.
2. The co-production relationships were influenced by a range of factors from both parties resulting in **styles of interaction** that were often unique to each case.

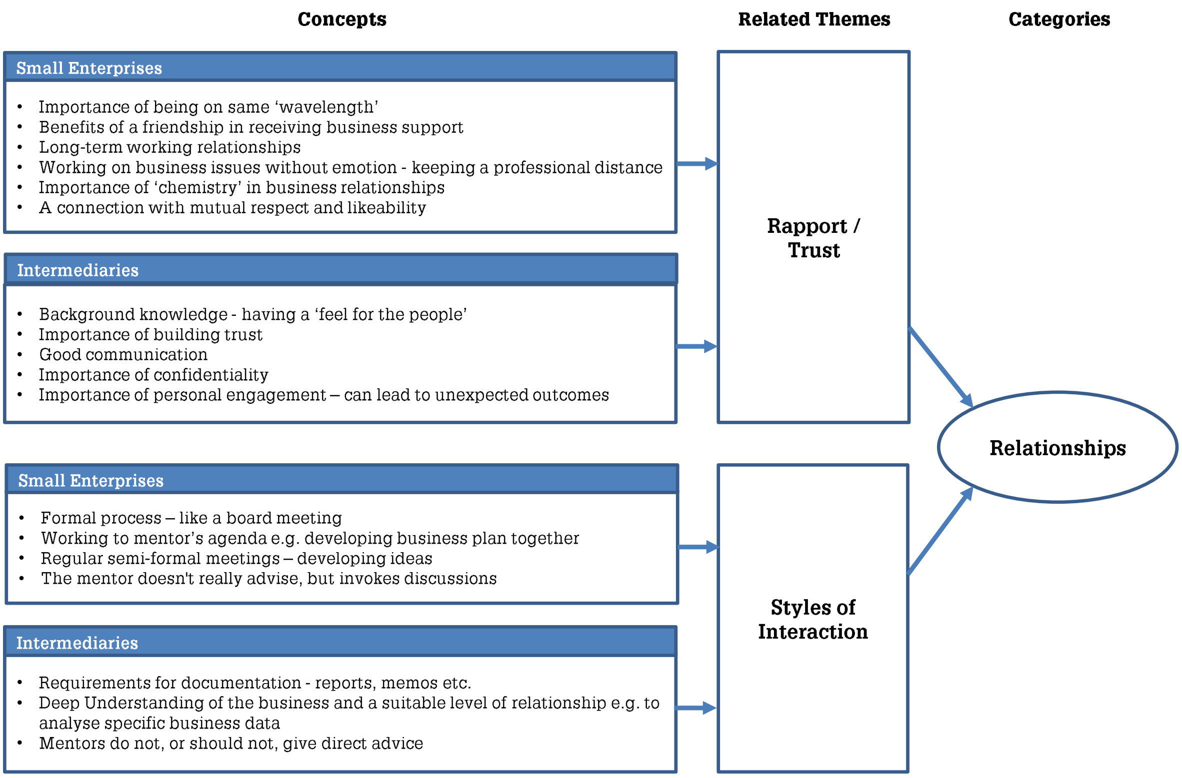


Figure 6.4 - Co-Production Data Structure – Relationships

6.5.1 Rapport / Trust

It has been recognised that consideration of the business support intermediary as a 'trusted partner', who acts as a 'confidante' to the owner/manager, is an important dimension in successful personal relationships (Blackburn et al. 2010). In most cases there was an implied level of *cognitive trust*, as owner/managers (in most cases) tended to have confidence in the abilities and expertise of their intermediaries, which was largely arising through established relationships and/or confidence in the business support provider they represented. This section therefore focuses more on *affect based trust* i.e. the emotional bond between the intermediary and the owner/manager (Lewis and Weigert 1985).

The small enterprises involved in the present study tended to have developed good working relationships with their intermediaries and, as such, rapport (or 'chemistry') was a commonly occurring concept throughout the interviews. Co-production relationships, which are often based on trust and rapport between the owner/manager and the intermediary, can overcome issues of "power-dependence" which may exist in manager-employee relations. (McKevitt and Marshall 2015)

> *"I think chemistry is vital in many aspects of life and I think that goes from relationships at home to relationships at work."* **– Shutters**

> *"You've got to get a rapport. It's got to be that you can get along - and you can really have that open, but challenging, relationship, on occasions, if you're really going to make a difference to the project."* **- Consultant / Business Advisor**

On the whole, the relationships tended to operate around semi-formal interactions, characterised by regular meetings on premises, action plans and reports/memos. Such relationships, whilst still involving trust, rapport and mutual respect, were usually maintained at a semi-formal level, where a 'professional distance' tended to exist between the parties.

> *"I have yet to make a social connection with him. But, you know, he's run a business, and he ran it for 25 years"* **– Software Company**

> *"He's a bit guarded and he's got a lot of experience and he seems to have done a lot of mentoring. He doesn't like to get too close to his mentees …. I think it's almost like foster parenting or something"* **- Web Company**

In some cases, the relationships could be a little closer and had perhaps developed into a type of 'professional friendship', having been established over many years. However, despite such cases of familiarity, co-production interactions were still usually conducted in a formal or semi-formal professional manner. Hansford et al. (2002) found that owner/managers often raised the importance of social factors, such as friendship, as providing benefits - however, this view was not always shared by the intermediaries, who rarely reported friendship as adding benefits or value. In one case, an ex-banker, involved in business networking, was concerned that such personal relationships were less commonplace in current times. However, in a study involving over 100 small enterprises, Bisk (2002) found that at least 46% of owner/managers had continued relationships with their intermediaries, following the conclusion of the formal intervention, either with or without payment.

> *"There's a big difference from support you get from people that you've known long and are friendly with, than from people that you've never met before …. I had an ongoing friendly relationship with our company firm of accountants, and that was throughout the whole of my 25 years as managing director. "* **– Steel Fixings Company**

> *"I think one of the things you do is you build up a relationship and I suppose it's about trust, again going back to the days when the bank manager sat in his or her branch, there was a consummate trust"* **– Business Network**

Furthermore, certain types of interaction could be very informal, and this was particularly the case for brainstorming style sessions, and mind mapping activities, where creative outputs were developed.

> *"He and I were sitting in my kitchen there over a sandwich and we just did a bit of brainstorming. We were just playing around on the Internet …. I like to think we get along - there is that rapport …. It was an informal*

> *evening but it turned out there were two things that fell out of that meeting that I am now taking on for him to try and progress."* - ***Consultant / Business Advisor***

However, there were also cases presented when the trust was missing, and the relationships had subsequently ended, or at least did not go well. Hansford et al. (2002) found that one of the most commonly raised problems in mentoring relationships, was lack of trust which, on the part of mentees, had resulted in poor co-operation. The data for the present study suggested there were sometimes trust issues arising from some owner/managers' perceptions of 'hidden agendas' on the part of the previous intermediaries. For example, there were some indications that there had been attempts at cross selling – i.e. introduced through funded programmes, but trying to sell additional consultancy. In another case, funding was only available for a limited period, and the intermediary (who was being paid on a daily rate) deliberately *"burnt through"* all the funding within that period, despite the owner/manager considering that limited resources meant the timescale had been too short for the small enterprise to fully benefit. Similar examples were located in the literature, where the element of trust was missing, and included mentors whose main interest was in cross-selling other consulting services, and sometimes mentors who had inappropriate experience (Lambrecht and Pirnay 2005; McKevitt and Marshall 2015).

> *"My [previous] coach was very much just in it for him and the money – and took advantage of the scheme, because all my funding went on him. He gave me an intense coaching scheme - which I couldn't, because I'm a small business, keep up with what he was trying to do. So we burnt through my funding in about six months."* **– Web Company**

> *"It seems to be not personal enough. I don't mean [the consultant] - obviously he understands us and our business, but I think the rest of the contact we have is too generic to be relevant."* **– Hearing Company**

> *"One of the advisors was a company local to here, and all the things she was advising were all services she sold, and I thought this is a bit of a swizz really."* **– Web Company**

In a further case, a company had been matched to potential suppliers of marketing services, using a company/supplier matching tool from Business Link. This had provided five companies, but none of them proved to be suitable, and some of the candidates were clearly untrusted.

> *"I got in five different marketing companies, that [the advisor] found, to assist the company in marketing. None were able to offer me what I felt I needed. I thought three of them were charlatans."* **– Steel Fixings Company**

However, perceptions of trust can be highly subjective when being used to assess the impact of interactions early in relationships. Devins and Gold (2000) suggested that owner/managers may be uncertain about their expectations in the early stages of the interventions, and had limited criteria on which to assess the performance of the intermediary. Devins and Gold also noted that largely subjective assessments were made, based on the characteristics of the relationship, which tended to include rapport, trust, and confidence. Subsequently, only anticipated views of positive outcomes in turnover, productivity, value etc. were provided, rather than giving any clear, or measurable, indications of success.

6.5.2 Styles of Interaction

Business support intermediaries often bring in their own individual experiences and preferred ways of working with managers (Devins and Gold 2000). Whilst the overall pattern of delivery, presented in the data, could best be described as semi-formal, there were considerable differences in general format of interactions, including board meeting style formats with formal documents; semi-structured meetings led by the intermediary; and very open and informal meetings, albeit held in company offices.

"We sort of treat it like a board meeting …. we submit papers maybe a week before, which includes a CEO report, a full set of management accounts up to the previous month and anything else we've agreed and has been agendaised." **– Software Company**

"We generally work to his plan, where he'll lead the discussion and it's, at the moment we're trying to work out a business plan and a marketing plan." **– Web Company**

"I'm not sure I would call it informal, you know, it would come down to a monthly meeting and they would have a direct input on ideas." **- Shutter Company**

"No, it's quite informal. We don't have an agenda." **– Cabinet Makers**

Support programmes such as the Business Link (through the IDB brokerage model), Growth Hubs, and the mentoring schemes were designed to work on the basis of the intermediary acting as a 'sounding board', rather than as providers of direct advice (Hjalmarsson and Johansson 2003). However, in practice, the data indicated that there was often a dependence on the methods and preferences of the intermediary, so the delivery style could vary quite considerably and did not always meet the design of the underlying delivery model and/or to the exact needs, or preferences, of the small enterprise.

"A mentor doesn't really advise; the mentor in the relationship that we have, the mentor listens and gets us speaking." **– Cabinet Makers**

"Mentoring is supposed to be different to consultancy, but my mentor does act quite consultatively if you like, which I think is the best way to do it. I think they say, they say it shouldn't be consultant like I think to indemnify themselves" **– Web Company**

"A lot of advisors had this issue about, you know, "We're advisors and I don't like the diagnostic brokerage, I want to give advice," and so were continually grappling against the IDB model, especially if they'd worked previously as a Personal Business Advisor and so were used to giving real hands-on consultancy." **– Business Advisor**

> *"We don't do the matching supply service because, again, it is difficult to be impartial."* - **Growth Organisation**

On the whole, the co-production relationships usually started off with an initial 'fact finding' session and, as the relationship developed, then a deeper understanding of the business, and its issues, would result. These initial sessions could range from a very structured evaluation, as used in the Business Link IDB model, to more informal evaluations of need, such as general discussions and getting to know the owner/manager and the team. The initial visits were important to establish requirements, but were also useful for both parties to assess each other. Adamson (2000) considered the importance of initial meetings between consultants and their clients and highlighted and the dangers of early misunderstandings between consultants and their small firm clients, going on to suggest the intermediary would bring in their technical expertise, along with 'human factors' such as personal aspirations, hopes, disappointments and needs, which then interacted with the 'human factors' of the client. Furthermore, at this analysis level, Adamson suggested initial theoretical ideas could be developed for later use in developing and implementing strategies.

> *"Our focus is different from many others in that we focus firstly on the people and then the business."* **– Business Network**

> "Clients apply for support, we then talk to them and to understand exactly what support they're looking for." **– Mentoring Organisation**

> *"In Business Link we had a framework. We did of a review of the finance. You'd start by looking at three years' worth of accounts and coming back with some observations … "*– **Business Advisor**

The specific style of delivery varied considerably, which included matters around documentation and the overall format of meetings. There were many factors demonstrated that influenced delivery styles these included: the level of the relationship; guidelines from the intermediaries' host organisation; personal styles/preferences/agendas; the overall aims of the process; and the narrower aims of specific interactions (for example: a meeting to raise finance vs. a brainstorming session).

> *"It does normally involve reports, yes, but not heavy reports, more memos, emails, notes from our meetings - things like that."* **– Business Coach**

> *"You can be too rigid, too inflexible and if you're not careful you spend too much time having a meeting and not enough time coming up with really great ideas."* **– Shutter Company**

> *"The mentor listens and gets us speaking. And then we then formulate ideas and options."* **– Cabinet Makers**

Some intermediaries may have had their own agendas that were not always compatible with the businesses they were trying to support. This particular issue has previously been identified as leading to a loss of trust, but also puts into question the quality of advice being provided. In one particular case, an intermediary suggested that certain approaches could lead to *"dictatorial behaviour"* on the part of some advisors.

> *"There may be some individuals out there wanting to provide business support that have very closed, very focused ideas and principles for themselves, that can lead to fractious relationships."* **– Business Coach**

6.6 Categories Identified: Delivery Modes

Support was delivered practically, using a number of different 'modes' which were largely dependent on the requirements of the small enterprise; the issues being addressed; the chosen approach of the intermediary; and the attributes of the intermediary's host organisation and/or the funding source.

Three main themes emerged from the data analysis:

1. The delivery modes may vary according to need. The **focus of support** theme therefore took into account whether support was for short-term issues, or for longer term strategy formation.
2. Issues relating specifically to the logistics of meetings were considered under the theme of **means of delivery**.
3. The practical issues arising from **paid vs. unpaid support** were considered in the final theme.

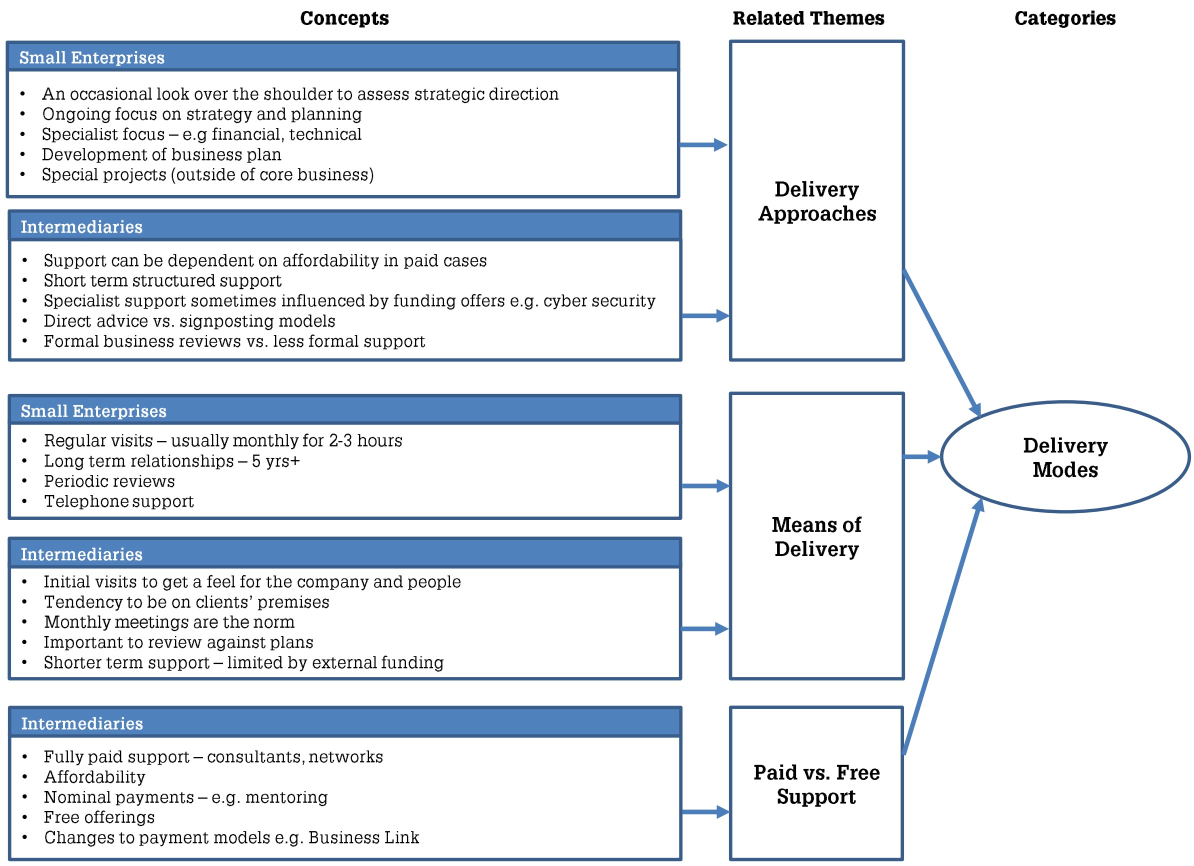


Figure 6.5 - Co-Production Data Structure – Delivery Modes

6.6.1 Delivery Approaches

Co-production relationships for business support tend to be either **"reactive and episodic"** or, for those where visits are regular and ongoing, then this can be described as **"continual and pro-active"** (Rice, 2002). Within these modes of delivery the practical approaches to delivery varied considerably.

Considering business support, Devins and Gold (2000) identified three differing approaches for practical delivery.

- **Delivery Approach 1:** Looking towards a vision for two or more years ahead, a semi-structured process, involving the mentor and management team in the development of a plan to achieve this.
- **Delivery Approach 2:** Tackling issues of current concern, through a problem solving process that identifies and tackles key issues identified with the management team
- **Delivery Approach 3:** Acting as a 'sounding board', which is a generally unstructured process dealing with issues of concern for the owner/manager.

Taking into account Devins and Gold's delivery approaches, along with the Rice's notions of *'reactive and episodic'* vs. *'continual and pro-active'* relationships, all of the patterns of support arising in the interviews were covered within these combined headings. However, any model built on these notions would also need to consider direct delivery of advice vs. brokerage models.

Examples supporting **Delivery Approach 1:**

Continual and Pro-active:

"You would have an ongoing relationship with the business. You would go and revisit, you would complete an action plan at the end of each visit." **– Business Advisor**

"I will give them some advice and guidance, go away and compile a report or compile a plan that I would suggest would be able to support them." **– Consultant/Business Advisor**

Reactive and Episodic:

"They will see a company for up to three hours and that is on a one-to-one basis and again, that is more scoping and signposting than it is advice." **– Growth Organisation**

Examples supporting **Delivery Approach 2:**

Reactive and Episodic:

"I wanted somebody to come in periodically to look over my shoulder and just to approve or not as the case may be." **– Steel Fixings**

"When we used [the consultant], it was to look an opportunity that I didn't have time to look at myself." **– Hearing Company**

Examples supporting **Delivery Approach 3:**

Continual and Pro-active:

"That's been a constant over the last five years. Once every sort of six weeks and it's just being able to brain dump what's been going on in our business." **– Cabinet Makers**

Reactive and Episodic:

"I still regularly meet and discuss business with …. our business manager, with the accountants, with the solicitors and one of our mentors." **– Shutter Company**

6.6.2 Means of Delivery

Virtually all of the meetings took place on company premises, although there were one or two examples where established working relationships resulted in very informal meetings, particularly when more creative outcomes were sought. Meeting lengths varied considerably, depending on the delivery modes and the stage of maturity in the relationship. According to Devins and Gold (2000) it could take between three to six months for the relationship to become established to a point where they were 'accepted' by the owner/manager and that they were both then in a position to fully pursue their joint activities to meet objectives.

The length of interactions tended to be anything from 1-3 hours. Early evaluation meetings would usually be longest (3 hours +), whilst later regular meetings would not normally last longer than 2 hours. Often, the action plans would result in the owner/manager spending further time on targets set in action plans and/or in developing their own business plans, based on agreed goals.

For the 'continual and pro-active' relationships, the delivery pattern was usually monthly. The 'reactive and episodic' interactions tended to be either ad-hoc (as and when required by the small enterprise); one-off - leading to a set of actions (through the growth organisation); or spanning periods of a year or more (in the case of reviews that were carried out by Business Link).

> *"The average one would be monthly. The weekly ones would be done probably by phone."* **– Business Network**

> *"It's usually an hour or two hours …. Once every six weeks."* **– Cabinet Makers**

> *"Yes, that's the norm, monthly meetings."* **– Business Coach**

> *"So it was on a fee paying basis, not a monthly arrangement. I wouldn't have done that."* **– Steel Fixings**

6.6.3 Paid vs. Free support

The intermediaries involved in the interviews had worked for a range of support organisations offering a mix of paid for and funded support. Paid services included early Business Link interactions, a private business support network; a consultant. The 'free' services included later Business Link offerings (up to 2012), the growth organisation and the local mentoring programme*.

There were some issues with affordability that were raised by intermediaries. Certain intermediaries suggested that some companies could not afford regular support, but noted that they had sometimes tailored their offerings to meet needs. In one case, an intermediary was offering paid support, but also worked as a volunteer mentor so as not to exclude less affluent small enterprises. However, some of the small enterprises receiving free support did suggest they would be happy to pay for support of the quality they received, due to the perceived value created. This backed up the findings of Smallbone et al. (2002) who found owner/managers agreed that businesses needed specialist advisory services, but were generally happy that this should be a paid-for service, perhaps with free consultations, and with subsidised support for early stage businesses. Furthermore, Smallbone et al. found that quality control was needed to ensure and maintain the usefulness of support.

> *"It's what's right for the company because many of them can't afford too much."* **– Business Network**

> *"I would normally work with an individual and businesses to plan a cost effective [support delivery] strategy for them."* **– Business Coach**

> *"I would pay for mentoring, I think - no question."* ***– Cabinet Makers***

There were no significant differences noted in the *quality* of delivery, but funding did affect the duration of the overall interventions. In the case of the growth organisation in particular, limitations of funding were clearly affecting the scope of delivery in that relationships were limited to one or two sessions, each lasting 3 or 8 hours, and resulting in an action plan and signposting to further support. In the case of the later Business Link offerings, the removal of a £400 fee for business reviews resulted in 'lighter touch' interventions that led to a one-page plan, when the previous plans had been much more detailed, and based around much more intense interventions.

> *"I was there five or six years, and that diagnostic process changed a lot during that time from a very formal review document where it was £400. When we were doing the very thorough business reviews, you know, that might take two or three visits, you might talk to a number of key people within the business, they would need to share three years' accounts etc.… then, at one stage [when delivery was free] it was really just a one page action plan."* **– Business Advisor**

> *"We have got £200K so we have had to make some cutbacks within the team but the core services that we deliver are the same."* **– Growth Organisation**

*although the mentoring scheme was charged at £100 annually, this was a nominal fee towards administrative costs. The mentoring provision, itself, was free of charge and delivered by volunteers.

6.7 Categories Identified: Benefits

The interviewees from both groups generally had positive experiences and, in many cases, felt interventions had been beneficial. Three main themes emerged from the data analysis:

1. Benefits for operational matters arose from a **focus on current issues** which fits with the approach of *'tackling issues of current concern'* – Devins and Gold (2000).
2. Benefits that related to **business development** were for more strategic issues and fit with the approach of '*looking towards a vision for two+ years ahead'* - Devins and Gold (2000).
3. Apart from the benefits for the small enterprise, there were also **benefits to the advisor**, in terms of satisfaction, personal development etc.

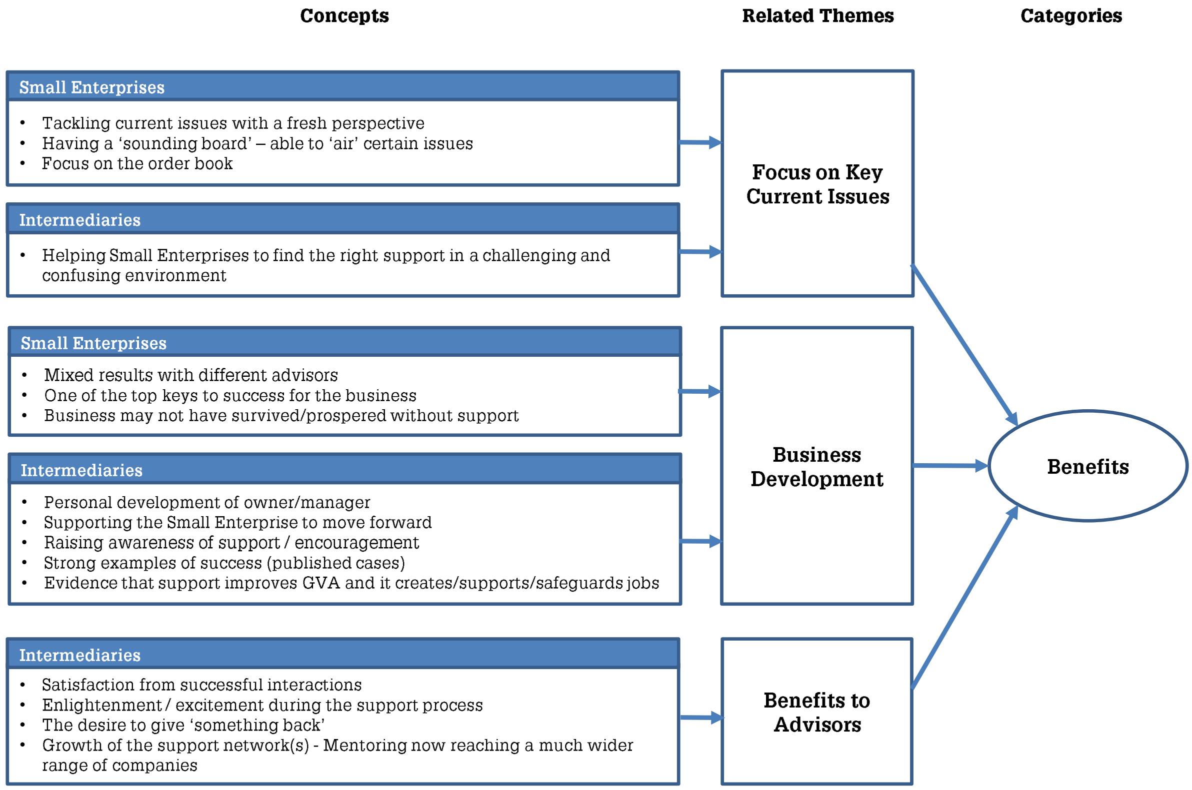


Figure 6.6 - Co-Production Data Structure – Benefits

6.7.1 Focus on Key Current Issues

With a focus on the delivery approach of *'tackling issues of current concern'* (Devins and Gold 2000), both the intermediaries and small enterprises appeared to report benefits in a fairly generic way.

> *"Certainly the evidence and feedback from our clients is that they do get huge benefit from working with mentors."* **– Mentoring Organisation**

The tendency was to report general perceptions, such as having a 'sounding board' or a 'problem solving process' provided benefits, but there was not always clarity about what the specific benefits actually were. However, there were still some specific benefits reported around current issues. These included shifting the focus back to a point for considering key matters of current concern; the usefulness of an outside perspective; and critique on management styles. Hansford et al. (2002) found the main benefits for mentees included personal satisfaction; motivation; coaching; developing new ideas; improving skills; and in setting challenges. Ramsden and Bennett (2005) also suggested that such 'soft' impacts were the most commonplace and that business advice had benefits predominantly around personal development of the owner/manager. However, Hansford's notions of developing new ideas, improving skills and setting challenges fitted well with the reported perceptions of benefits.

> *"I guess the main benefit is the outside, I'm thinking of mentorship I suppose rather than business support in general, but it's just having an outside perspective."* **– Web Company**

> *"Yeah, I think focusing on the pipeline and drawing us back to the pipeline is always good."* **– Cabinet Makers**

> *"One criticism was of me - which was that I was perhaps a little bit independent in my thought processes ….and I actually took that advice."* **– Steel Fixings Company**

One key benefit reported by the intermediaries was in being able to point small enterprises towards the local support and services they needed. This was not necessarily about the aforementioned notion of 'signposting', which took place within the co-production interventions, but more in dealing with initial enquiries, and helping them to navigate through the fairly complex 'web' of local business support network.

> *"It was that conduit that I think saved them time in terms of finding [support] and making sure that it was relevant .... say, a grant, for instance …. within five minutes I've put them in touch with the right people."* **– Business Advisor**

6.7.2 Business Development

Focusing on the delivery approach of *'looking towards a vision for two+ years ahead'* (Devins and Gold 2000), the benefits were more clearly defined when considered in the context of business development and strategy formation. However, the data suggested that the benefits of strategy formation, arising from co-production, appeared to include both longer term benefits for the small enterprise; and with the development of the owner/manager as they began to develop a planning culture through working with, and learning from the intermediary (St-Jean and Audet 2009). Penn et al. (1998) suggested small enterprises tended to have a culture that included an informal approach to planning, and a reliance on the owner/manager's ideas and character, but that learning was developed by working with others.

> *"Benefits: impartiality, knowledge of a confusing environment, providing the businesses with growth opportunities."* **– Growth Organisation**

> *"Some of the businesses change out of all recognition."*
> **– Mentoring Organisation**

The benefits of business development strategies, which had arisen from co-production interventions, were particularly apparent in the businesses which had gone through the entire business support process.

> *"I did make it, I mean I didn't set [the company] alight and turn it into a £50 million global business, but I kept it going and it was a hugely improved business when I left, from when I started."* **– Steel Fixings Company**

Further detail of how the small enterprises, and their intermediaries, formulate plans is considered fully within Chapter 8 (Strategy).

6.7.3 Benefits to Advisors

Whilst the literature has tended to focus on benefits for the companies, very few publications have mentioned the benefits to the intermediaries themselves (Ragins and Scandura 1999). Considering mentoring in general terms, Mullen (1994) suggested that mentors benefit from relationships by obtaining valuable information from their mentees. Hansford et al. (2002) found that reported benefits to business mentors were mainly in the areas of collaboration; networking; sharing of ideas; satisfaction; and knowledge/skills.

Several of the intermediaries were getting personal satisfaction from working with small enterprises, both in terms of 'giving something back' and in the general 'excitement' of seeing businesses develop. Learning from the owner/managers was a further factor raised, and contributed to the overall knowledge base of the intermediary.

> *"I wanted to give something back and that was important to me."* **– Volunteer Business Mentor**

> *"It is a very enlightening and exciting thing to learn about other businesses that you may not previously have had any involvement in. So you are growing your own knowledge all the time."* **– Business Coach**

> *"It's great fun. I find it challenging on occasion, but it's also very exhilarating and exciting on occasions."* **– Consultant / Business Advisor**

Despite positive responses from the intermediaries, there were some suggestions in the literature that there could also be negatives. Lean et al. (1999) suggested that there was significant pressure on some business advisors to sell other services offered by their host organisation which impacted on the nature of their relationships with clients. Furthermore, Lean et al. suggested that business advisors were sometimes paid less than they could earn elsewhere, so staff turnover levels were higher than average. However, there was no evidence of any general dissatisfaction from the intermediaries involved in the present study, other than disappointment in the downturn of funded support availability.

A final benefit, in terms of measurement of success was in the growth of programmes. Despite reductions in funding, the growth organisation was proud of the number of local small enterprises it had been able to reach. Furthermore, the mentoring scheme had grown significantly over the previous five years and had a significantly higher number of volunteer mentors signed up, and were reaching more small enterprises and/or providing more intense support.

> *"We have a web portal and, since we launched two years ago, we have had over 21,000 unique visitors."* **– Growth Organisation**

> *"About five years ago we only had 40-50 mentors so it really has doubled in size since then."* **– Mentoring Organisation**

6.8 Categories Identified: Challenges

Whilst the previous categories have demonstrated that the small enterprises and intermediaries generally reported positive experiences, there were still challenges along the way. Three main themes emerged from the data analysis:

1. As support was delivered from funded and private providers, there were **limitations of support** which arose from issues such as policies, funding levels and affordability.
2. The **business environment,** in which small enterprises operate, was constantly changing. Additionally, there were continual changes in the wider environment that affects the providers of support.
3. **Barriers from the small enterprises**, themselves, could affect both take up of support and/or levels of engagement and implementation of solutions.

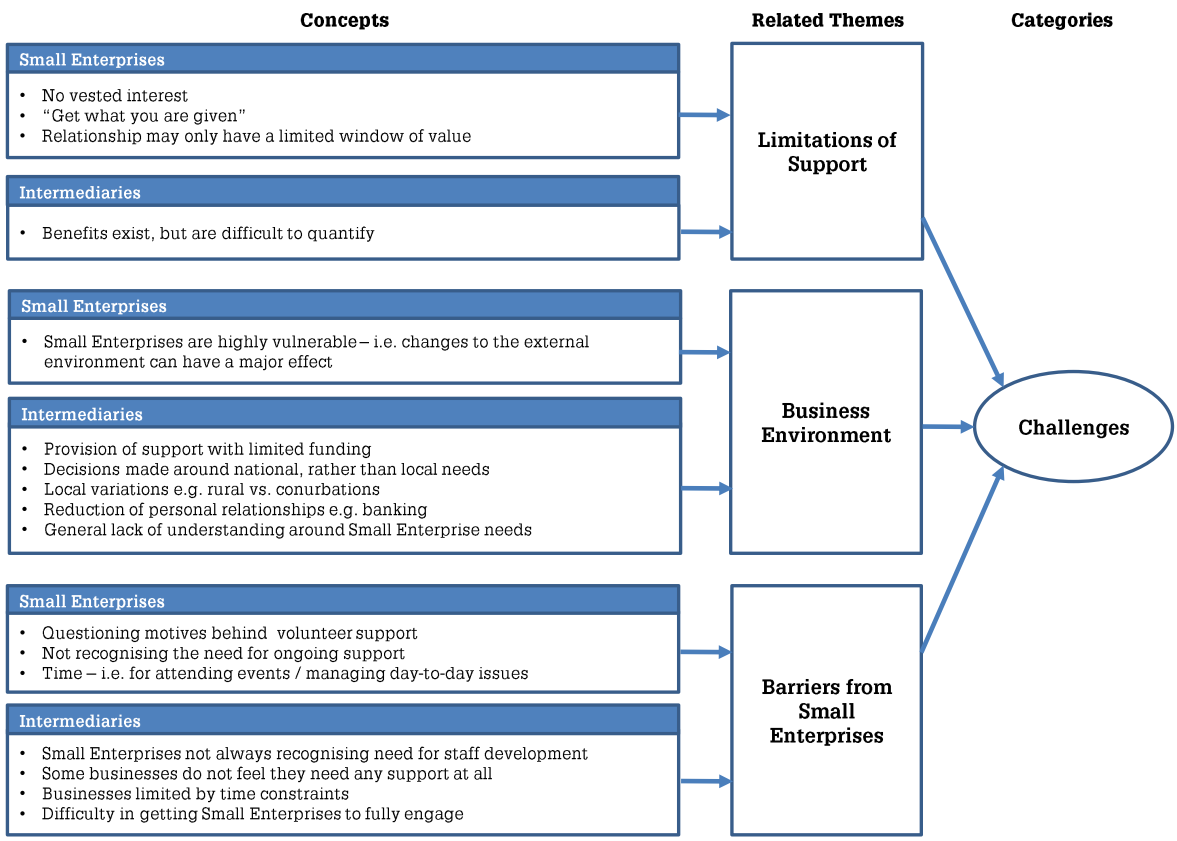


Figure 6.7 - Co-Production Data Structure – Challenges

6.8.1 Limitations of Support

The main concepts, where support was limited, were related to funding; either on the part of the providers, or from the small enterprises. The scope (rather than quality) of support from providers could be limited by levels of public funding. For those small enterprises paying for support, intermediaries suggested that support was limited by the amount the companies could afford.

A further concept arose around the delivery policies of the providers – for example, in mentoring programmes where direct advice was not provided. Restrictions from funders also included a focus on specific sectors or disciplines (e.g. cyber security, digital marketing). In the case of Business Link, for example, provision had been offered on the basis of regular (often monthly) visits from a Personal Business Advisor offering direct advice, but later changed to a system of annual reviews linked to action plans and brokerage. In the case of the growth organisation, small grants were offered for specific purposes.

> *"So I guess especially when you're getting free help, you, I think you, to a certain extent, get what you're given."* **– Software Company**

> *"We work with what we have got. And it is easy to say more funding but actually, the delivery is more important and the processes and the overall strategy of how you do it."* **– Growth Organisation**

Some intermediaries raised the point that funded support may not have been suited to the exact needs of small enterprises. This came down to a lack of understanding around the needs of small enterprises generally, but was also due to low levels of local understanding for delivery in Dorset, where BIS (Department of Business, Innovation and Skills) policies were always based on central delivery.

> *"You know, small businesses have got so much on their plate, the Government does not understand SMEs."* **– Business Network**

> *"When BIS are making decisions, policy decisions, they are not making them based on Dorset delivery, they are making them based on central delivery and every county is very different."* **– Growth Organisation**

A further issue raised by the intermediaries was the difficulty in quantifying the effectiveness of support. Previous studies have tended towards 'soft' outcomes that assess perceptions around the outcomes of interventions, and ignore 'hard' outcomes (Bennett and Robson 2004). Even when hard quantitative figures were provided, there was concern raised that such figures may not provide an adequate demonstration of success (Dewson et al. 2000). Despite a considerable amount of money being spent on support, evaluations of business support policies for small enterprises could be considerably underdeveloped and these were largely limited to monitoring initial take-up, and questionnaires for participants (Wren and Storey 2002). However, despite such difficulties, some programmes in the current study were still able to offer figures such as GVA and employability in their annual evaluation reports, although it was unclear whether such figures could be accurate and/or if a demonstrable causal link existed between such outcomes and the underlying support interventions.

> *"It's one of those holy grails, there is, as you'll see on our website, masses of anecdotal evidence that mentoring is the best thing since sliced bread, but actually coming up with some numbers?…." **– Mentoring Organisation***

> *"I mean there is evidence that it provides [improved] GVA, and the support creates jobs, safeguards jobs. We have an annual evaluation report."* **– Growth Organisation**

> *"At the end of the mentoring we ask, whether it be six, twelve months or whatever, we do a survey - we ask the client to complete a survey."*
> **– Mentoring Organisation**

6.8.2 Business Environment

According to Dorset LEP (2014), Dorset had a large small business economy which was locally focussed and located across the county. There were also larger businesses, often with an international focus, that were generally located in or around the conurbations. Whilst the LEP considered the local economy to be 'resilient', there were some weaknesses identified, including skills shortages in certain areas; GVA below national average; low wages; a shortage of young people; infrastructure issues; and an over-dependence on visitors to the area. Some of these issues were clearly evident in the interviews, including the skills shortage and infrastructure issues. Furthermore, rural enterprise development can be subject to significant challenges (Lyons 2000), and affects many small enterprises within the Dorset business environment.

> *"It's very difficult to get enthusiastic apprentices and it's difficult to retain those apprentices – if, and when, they start."* **– Cabinet Makers**

> *"I can't really work from home because the broadband is not fast enough. We're on fibre in this building which is great, although I don't know if it's because Poundbury is getting bigger, but my fibre broadband seems to have got slower."* **– Web Company**

> *"Rural and accommodation based business support is incredibly different, as well, so its managing how you get the messages out to those business communities."* **– Growth Organisation**

In terms of the environment in which business support intermediaries operated, Firpo and Beevers (2015) found there was an estimated £9.8 billion UK spend on provision for business support in 2013/14, although £5.7 billion of this was in tax relief - however the smallest sums went to 'in-kind' business, and largely related to the types of funded business support the current study.

The intermediaries interviewed were all concerned about reductions in funding and the effect it had on both the services they were able to offer, and the longer term sustainability of their programmes.

> *"I think there's a bit of a dearth at the moment of those type of nationally funded programmes."* **– Consultant / Business Advisor**

> *"We are not funded to continue their support any further really, with £200k for a year."* **– Growth Organisation**

> *"Those [innovation] vouchers are on hold at the moment, but in terms of funding for business support …. it was always very few and far between."* **– Business Advisor**

Whilst this chapter has considered the business environment in the context of co-production, the changing business support landscape has been examined in further detail, and in the context of direct business support provision, in Chapter 7.

6.8.3 Barriers

Barriers to support, from small enterprises, were identified within four main concepts: an independent approach where there was no desire for outside support; not recognising the need for regular support (but still having occasional interventions); not having the resources (i.e. funds, time availability) for support; and when small enterprises took on support, but did not fully engage. Lambrecht and Pirnay (2005) identified three barriers that could prevent SMEs from engaging fully with providers of external advice:

1. **Adverse selection** – where the intermediary serves their own interests, rather than those of the owner/manager.
2. **Suitability of the approach** – this can include inappropriate cross-selling; excessive documentation; limited support for implementation; relationship dependency; and issues of trust.
3. **Capability constraints** – where the skills and experience of the intermediary may not be suitable. This could also include misunderstanding the requirements of the small enterprise (Adamson 2000) and/or lack of empathy with the owner/manager

> *"Some businesses don't want support and we are wrong to presume that everybody wants Government business support."* **– Growth Organisation**

> *"It is time out of the business whenever I do these things and if I felt that the business was in trouble, then obviously I would feel a greater need …."* **– Hearing Company**

> *"But I think that business is also a mind-set and if you've got the mind-set to be successful, there isn't a barrier to getting advice …. you have to say, well, look, I'm actually going to hold my own hand on this."* **– Shutter Company**

> *"One of the things that I have encountered with small businesses is that they will often not acknowledge that some of their key employees need development."* **– Business Coach**

However, where support was adopted, there needed to be 'buy-in' from owner/managers whose role was to act as project 'champions' to adopt and implement new ideas/solutions to gain the most benefit for their business (Berry 1998) in terms of growth etc. For a 'pro-growth' small enterprise, the significance of the owner/manager's intentions was also stated by Morrison and Bergin-Seers (2002), but who went on to include the importance of the capabilities of the business and the opportunity environment.

6.9 Discussion/Conclusions of Chapter

Having identified a reliance on ‘soft’ outcomes for measuring business support (Dewson et al. 2000; Wren and Storey 2002; Bennett and Robson 2004; Ramsden and Bennett 2005), the evidence arising from all of the small enterprises, and from the intermediaries involved in direct support was generally reported as a multitude of ‘soft’ outcomes which are arguably difficult to quantify in isolation. There were one or two examples of ‘hard’ measures, but these tended to be for entire programmes, rather than focussing on individual cases. Dewson et al. had suggested that, whilst such soft outcomes do indeed appear insignificant in isolation, when combined as a whole, in terms of achieving outcomes, then significant added-value could be demonstrated. Although there were challenges noted along the way, all of the interviewees presented cases where there had been numerous examples of positive soft outcomes. There was a general perception, from the interviewees, that value was added throughout the intervention, and whilst such perceptions could perhaps be considered as subjective and based on factors such as relationship characteristics (Devins and Gold 2000), the evidence from the data was that there were numerous positive views presented throughout which were largely based on valid outcomes and effectively provided a means of triangulation for the full range of outcomes to demonstrate value. These perceptions could generally be split between those of the owner/manager and those of the intermediaries that provided support, and contribute to the ‘critical mix’ where value is added through co-production (Brudney and England 1983). Furthermore, there was a general perception of value being added through co-production itself, where ‘the whole was more than the sum of the parts’.

When the small enterprises and intermediaries were asked specifically about aspects where value was thought to be added, the notion of **‘the eyes of the tourist’** came through very strongly. The idea of value being added through viewing both current issues, and strategy formation, from a different perspective was presented in most cases. The **appropriate knowledge and experience of the intermediary** was a further important factor where value was thought to be added through expertise, access to networks, and the ability to shift focus to key matters of importance. As well as enhancing the depth and quality of advice offered to the small enterprise, this also led to the **inspiration and development of the owner/manager.** Intermediaries were seen to be inspiring the owner/managers through respect; generating debate; introduction of new ideas; and in moving towards a planning culture. The owner/managers appeared to be astute enough to know when the intermediaries were genuine and had good intentions suggesting a need for **motivated intermediaries without additional agendas.**

In terms of direct benefits, these appeared to be fairly generic but tended towards successfully dealing with key current issues, strategy formation, and from the personal development of the owner/manager. For the intermediaries, the benefits arising were mainly from personal satisfaction and in building on knowledge and skills. Indeed, the intermediary group raised concerns about the difficulties in gathering accurate 'hard' data in terms of measuring the outcomes of programmes.

Through the discussions with the intermediary group, a variety of approaches to the business support interventions was evident. This generally included support for strategy formation/planning; key strategic factors; and more specialised support. It became clear, through the discussions and analysis, that interventions appeared to work well when there was a mechanism to **match delivery modes with need**, and this suggests that 'one size fits all' programmes may be less effective. In these successful interventions, there was no clear single approach identified, but rather a balance of approaches that were dependent on factors including the needs of the small enterprise; policies of the intermediary's host organisation; the intermediary's personal preferences/style; relationship factors; and the level of engagement from owner/managers – indeed **buy-in and ongoing commitment from the owner/manager** emerged as a key factor within the critical mix and would appeared to be a crucial factor in the success of interventions.

There was also a need to focus on **meeting the needs/aspirations of the small enterprise.** Links to **strong networks** and the associated 'signposting' were a key element of the conceptual framework developed for the present study – these have been covered in detail in Chapter 7. However, whilst there were various examples of value being added through signposting/networking, in most cases, the perceptions of value were a little vague and were perhaps a distraction (Mole et al. 2009). The evidence from the present study suggests networking can be a great asset when it relates to specific activity – for example, bringing in 'experts' for financial or technical issues, but can be seen (often by the owner/managers) when it is forced upon them for no obvious reason. Networking events were often seen as a waste of valuable time, but several owner/managers did actually value inputs where this was considered relevant. There may a question about the term 'networking' itself, as it appears to have different meanings. It may be useful to consider networking as a useful 'add-on' that has its place in the overall framework, but that may not necessarily form a key component of the core co-production process in all types of business support intervention, particularly when considering more intense business support (Mole et al. 2009; Sawang et al. 2016). **Signposting**, which can perhaps be considered as a subset of networking certainly has its place, but there is a need to **maintain focus on the co-production process** itself, as this is where the evidence shows that the core value is added. This may, therefore, provide a case for modifying the conceptual framework, developed in Chapter 2, to demonstrate the reduced importance of networking in the core co-production aspects of an intervention. This framework had been based on the previous work of Rice (2002) in which 'external networks' appeared to be given an equal 'weighting' to the roles of the company and the intermediary in the co-production process, but the present author would argue that this may not be the case.

With the relationships, themselves, at the core of the co-production process (Adamson 2000), it became clear that **trust and rapport**, along with appropriate delivery styles were all key factors in the 'critical mix'. In particular, there were numerous examples of successful outcomes arising from strong perceptions of rapport and trust, although the significance of these perceptions may increase throughout the duration of the business support intervention(s). The data appears to back up suggestions from Devins and Gold (2000) that reports of success in the early stages of interventions were largely subjective and often based on perceptions of trust/rapport, rather than on the actual outcomes achieved, that were presented in longer term or completed interventions. Indeed, the owner/managers appeared very keen to discuss their perceptions of success, but appeared hard pushed to provide any firm evidence of improved performance (whether 'hard' or 'soft'). However, in at least one case, the evidence suggested that the business would not be where it is without the support, which had been largely around the development of the owner/manager.

The finding that success is determined 'from the journey' and not necessarily from the outcomes (Devins and Gold 2000), also fitted well with the notion of value being added through consumption, or use (Vargo and Lusch 2004) and highlighted the issue that value can be added both through the perception of owner/managers in the co-production process itself, and through strategies, action plans and operational plans being used in practice.

Considering the co-production relationships, that fit with business support, of 'reactive and episodic'; and 'continual and proactive' (Rice 2002), along with the three distinct delivery approaches around strategy; tackling current issues of concern; and the 'soundboard' approach (Devins and Gold 2000), business support interventions could generally be grouped into six categories. The frequency and pattern of these visits was dependent on positioning within these categories, and the needs of the small enterprise. Most interventions took place on company premises and were normally in the range of 1-3 hours in duration, resulting in a set of agreed **realistic goals** for the owner/manager to work on. Goals needed to be realistic and achievable, as examples were provided where this had not happened and entire interventions had been terminated, leading to unfinished, unachievable business plans, and a waste of time and funding.

Most of the support, considered in the data analysis, had been offered through funded programmes although there were limited examples of privately paid-for support. There was no evidence of any significant differences between interventions that had been paid for, or not. The only noticeable issue was when availability of funds (either from the intermediary's host, or the small enterprise) limited the scope of the support – but this did not appear to affect quality of delivery.

Despite numerous descriptions of perceived benefits that linked to added value, there were also challenges experienced by both small enterprises and the intermediaries. With reductions in funding, support was often limited and could sometimes be restricted to certain disciplines. The evidence presented, from both the interviews, and through consideration of regional reports (e.g. South West Observatory 2012; Dorset LEP 2014; Dorset 2017) was that **appropriate funding** – suited to the needs of the enterprises, rather than being 'pushed' by providers, was an important factor for success.

Whilst the Dorset business environment was not thought to be particularly vulnerable (Dorset LEP 2014), there were still challenges, with issues such as employment, skills gaps, low wages and variable broadband coverage. Additionally, small enterprises can be particularly susceptible to external influences, so they needed the agility to be able to adapt to the effects of changes in the business environment (Sparrow 2001). Moreover, during the period of the study, the research demonstrated that the resources allocated to business support had reduced significantly. Although new initiatives, such as Growth Accelerator and Growth Hubs, had been introduced, these were either cancelled or had been subject to huge reductions in funding and, at the time of writing, there were no significant developments on the horizon to increase levels of business support.

Having examined both the positive and negative experiences of co-production in business support, it was clear that the value was generally only added when the relationship was working well and where there was a strong match between the support being offered, and the needs of the small enterprise. Applying the notion of the 'critical mix' (Brudney and England 1983) to the adopted conceptual framework initially developed in Chapter 2, the key drivers identified for adding value, have been highlighted throughout the conclusions of this chapter, and are shown in Figure 6.8 below.

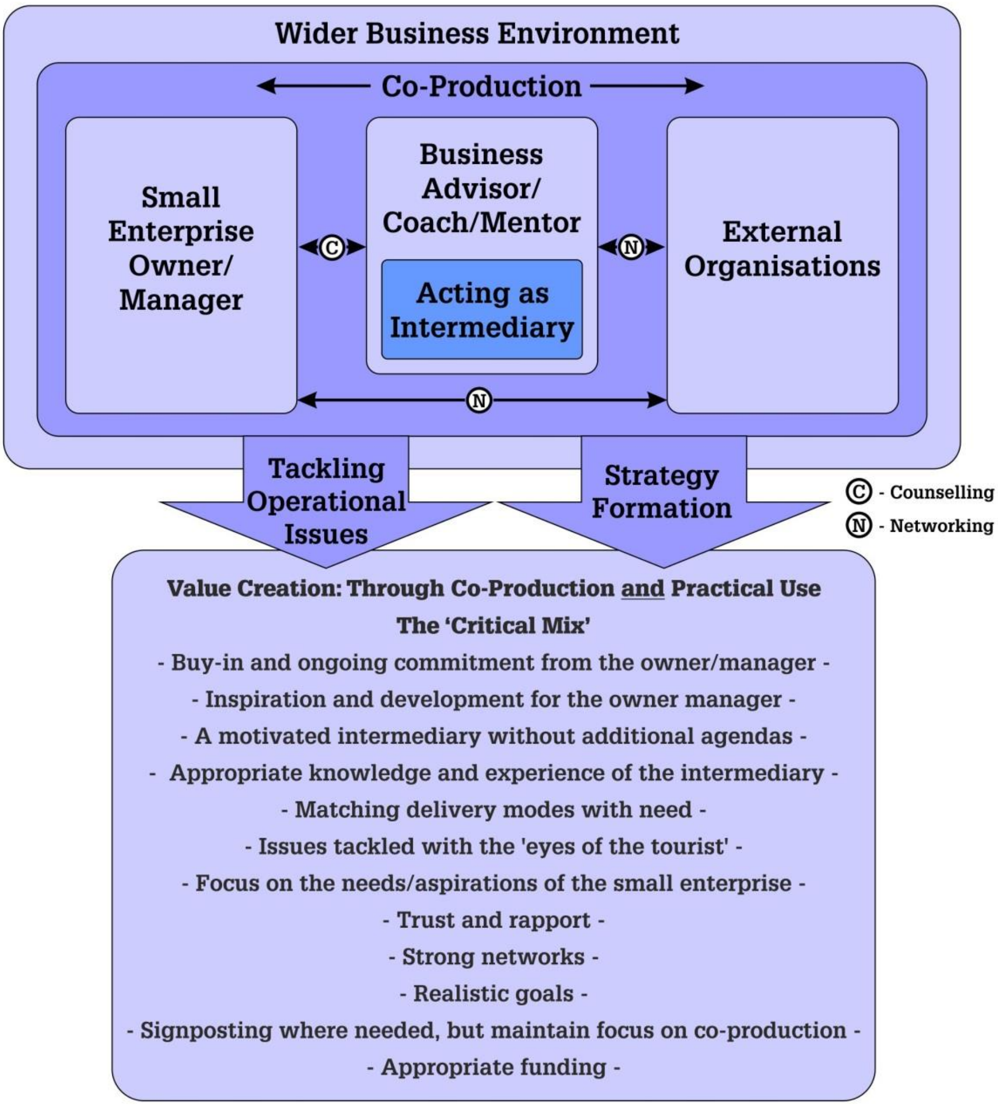


Figure 6.8 – 'Critical Mix' outputs from the Co-Production Framework Adapted from Rice (2002) / Brudney and England (1983)

Comparing the theory from Dewson et al. (2000) against empirical evidence of a multitude of positive 'soft' outcomes, this chapter has considered numerous stories of success arising from the experiences of the owner/managers themselves, and also the business support intermediaries, arising from hundreds of interventions. When considered alone, some of these perceptions could perhaps be seen as being trivial or inconclusive but, considering a range of these outcomes as a whole, there is an emerging case that significant value is, indeed, added through co-production in business support.

In order to capitalise on the range of factors that contribute to the adding of value through business support, then the identified factors that influence this ‘critical mix’ (Brudney and England 1983) must applied to the co-production process in business support interventions.

Chapter 7 - Analysis Part 2: Business Support

7.1 Introduction

This chapter addresses **Research Question 2** which has a focus on business support:

> ***"What are the key elements of business support that lead to effective handling of strategy formation in small enterprises?"***

Public funding for business support has reduced significantly since 2011 and, along with changes of UK government policy (BIS - White Paper 2010); this has had a major effect on local provision where significant change has been experienced. The UK Government's official policy is that it is the business itself that is responsible for building its capability, and the government's role is limited to only intervene in the event of market failures (BIS 2013), yet, at the time of writing (2017) the stance was to target support towards companies that showed the potential for high economic growth where interventions could have the greatest impact. In practice, Government programmes such as the Growth Hubs were able to support a wide range of companies, including start-ups (Carver 2016), albeit with limited scope, due to relatively low funding and resources, which had reduced significantly since its launch in 2014.

Despite general reductions in funding for support, the empirical data suggested there had been significant growth in local volunteer mentoring for provision of business support which may have developed to fill some of the gaps left by the closure of other services, such as Business Link, however this growth did not come anywhere near a point to match to the levels of support provided in the period to 2011, in terms of the numbers of small enterprises reached.

7.2 Overall Data Structure

As part of the *'Mapping and Interpretation'* process (Ritchie & Spencer 1994), data reduction techniques were used to consolidate frameworks of codes, into themes and context, under each category arising within the heading of Business Support. In total five key categories were identified and each was fully described and examined throughout the various sections within Chapter 7. Figure 7.1, below, provides an overview of the five key categories, and the themes arising within them. The categories were independent and were not considered, or displayed, in any particular order.

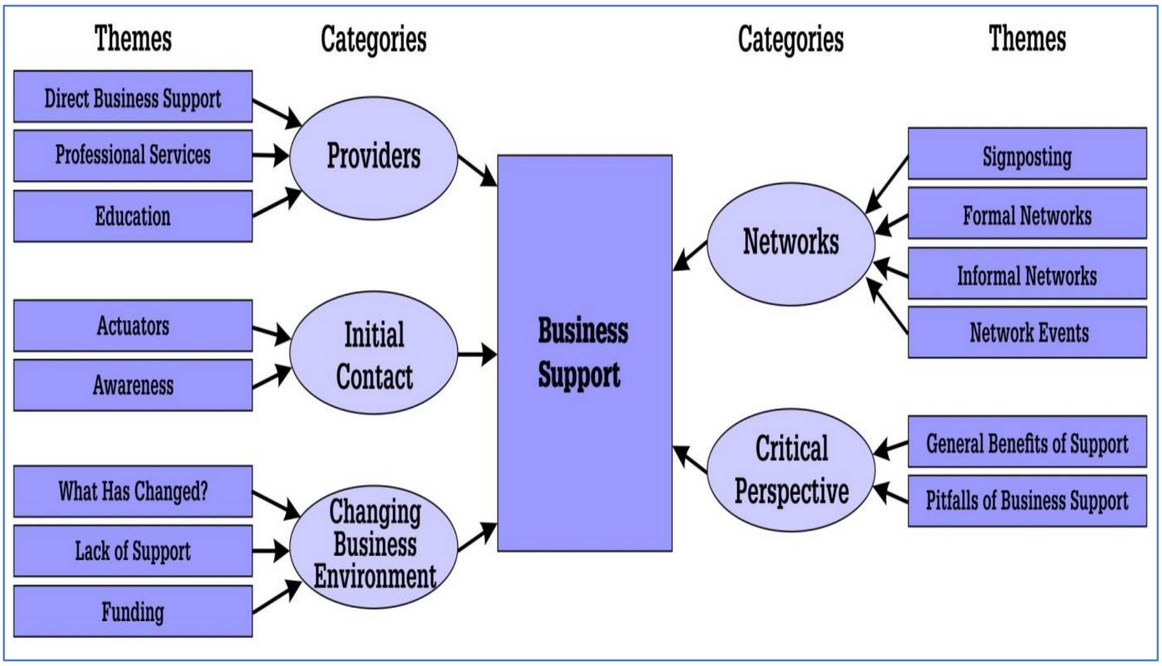


Figure 7.1 - Overview of Business Support Categories and Themes

7.3 Categories Identified: Providers of Support

Business support interventions, for small enterprises, are drawn from a rich array of sources (Gibb 1997). These sources could include bankers, accounting, suppliers, competitors, business advisors and business coaches (Devins and Gold 2000). There was evidence of activity, using most of these sources of business support, arising from the empirical data.

Three main themes emerged from the data analysis were:

1. Support form organisations that specialised in providing **direct business support**, whether funding was through private or public sources.
2. Support/advice from providers of **professional services**, which was usually in addition to their core role in providing services for the small enterprise.
3. There were also limited examples of support arising from engagement with **education** providers, such as Bournemouth University and local colleges.

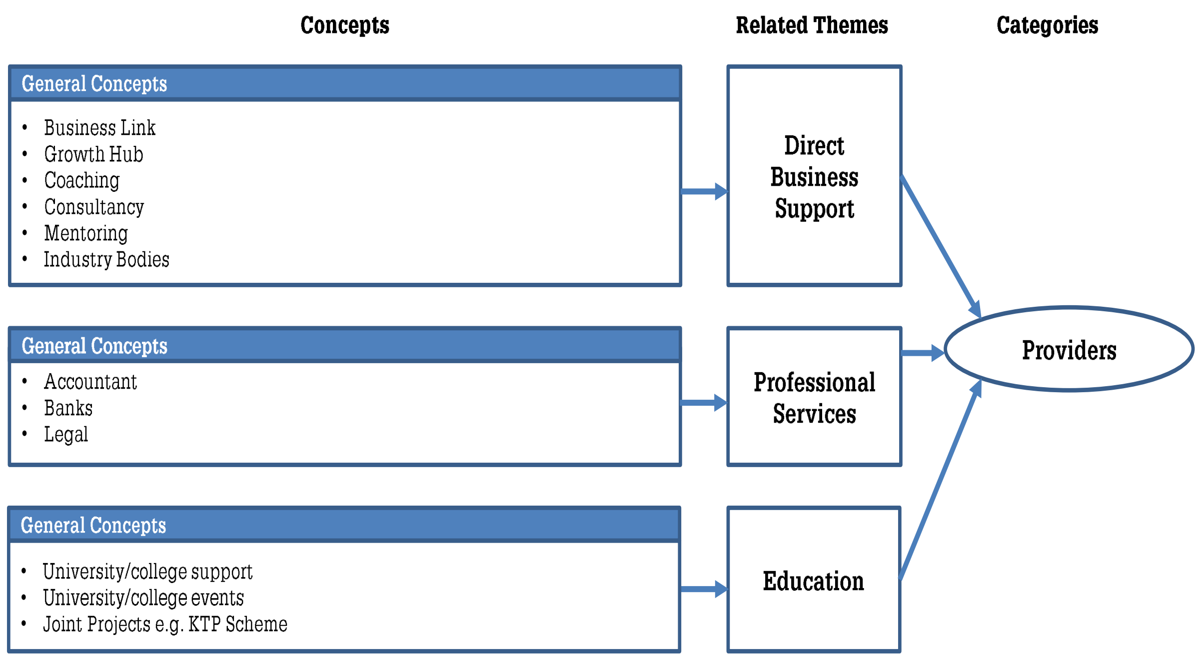


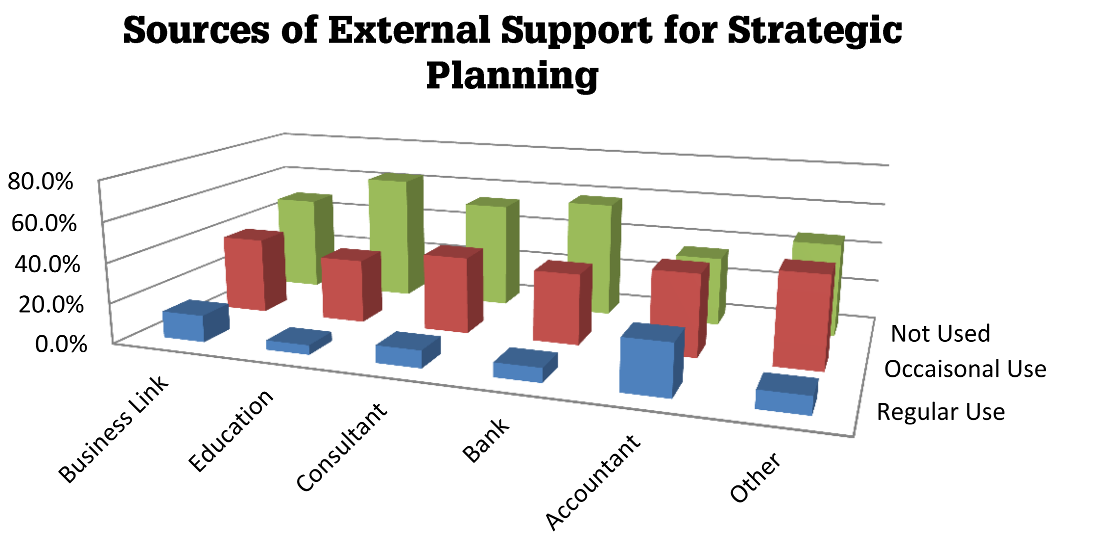
Figure 7.2 – Business Support Data Structure - Providers

7.3.1 Profile of Business Support in Dorset

Before analysing the qualitative responses, it was helpful to access quantitative data about the take up of support, locally in Dorset, to develop a profile of the types of offering, and the proportions of engagement from small enterprises. Curran (2000) suggested that local initiatives could be more suited to successful economic outcomes than those based on national small business policies.

Considering empirical data from the 2011 quantitative survey, companies were asked what sources of business support they had used to support strategic planning. The most common source of external business support came from accountants, with over 65% of companies making use of their services on a regular or occasional basis. Of the other means of support specified, Business Link was the highest source, with a total of almost 52% of companies surveyed having used them at some point, although only around 13% used BL on a regular basis. The lowest adoption of support came from educational establishments such as universities and colleges, which were used in just under 37% of businesses, but not usually on a regular basis. Indeed, 87% of interactions with educational establishments took place on an occasional basis, presumably for one-off, or short-term projects, or for help with access to grants such as Innovation Vouchers and Knowledge Transfer Partnerships (KTP). The survey did not specifically ask about mentoring provision, which was active, but still developing (locally) at the time of the survey.

The results also showed than an average of 50.5% of small enterprises made no use of external business support at all – this is in comparison to a national survey which suggested a total of 60% [of SMEs] (BIS 2015) were not accessing support. It was unclear, from the survey data, how the BIS data had been affected by the closure of the Business Link network 3-4 years earlier, but the results are indeed higher than the empirical survey carried out in May, 2011, at the peak of Business Link's activity.



	Business Link	Education	Consultant	Bank	Accountant	Other
Regular Use	13.3%	4.7%	8.6%	7.0%	25.0%	8.6%
Occaisonal Use	38.3%	32.0%	38.3%	35.2%	40.6%	45.3%
Not Used	48.4%	63.3%	53.1%	57.8%	34.4%	46.1%

Figure 7.3 – Sources of External Support for Strategic Planning for Dorset Small Enterprises (based on empirical data)

The results were largely consistent with those presented by the Open University (2009, p.14), in their quarterly survey of small businesses in Britain, in which accountants were also shown as a major source of support, at over 50%. Additionally, the OU data showed the significance of business and trade connections, which backed up previous research that business contacts, such as supply chains, represent interventions that have a demonstrable positive effect on small enterprise performance (Robson and Bennett 2000; Bennett and Smith 2003). The use of Government funded services, which would include Business Link, were reported at 25% which had a good fit with the empirical data from this study. However, in the 2015 Small Business Survey (BIS 2015), support from both accountants, and from consultant/general business advisors, were shown equally, at 29%, as the main sources of support for small enterprises. This significant difference, between the two small business surveys from OU and BIS, does raise questions about consistency across labelling of categories, and in methods of data collection.

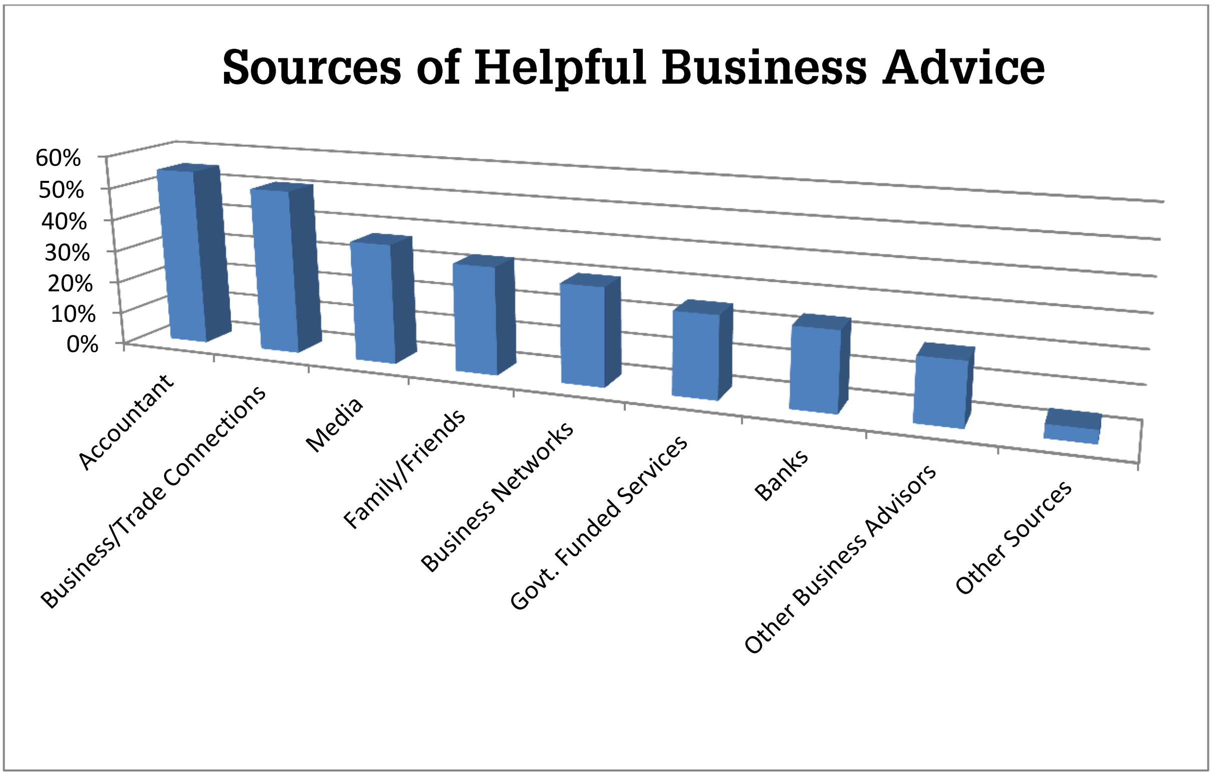


Figure 7.4 – Proportions of Helpful Business Advice/Information in Previous 12 Months – Source: Open University – Quarterly Small Business Survey (2009)

7.3.2 Direct Business Support

The small enterprises tended to have used a range of direct business support services. For those companies that were well established (over 10 years), then most had dealt with Business Link at some point. For the newer companies, the main source of support was from the local volunteer mentoring programmes. The use of mentoring to provide a range of benefits, including business planning had shown growth in recent years (BIS 2012), and this was reflected in the empirical data. The direct business support was for both planning (strategy formation) and for dealing with current issues of concern, but no clear pattern emerged given the relatively small number of interviews. Some companies had used paid consultancy, but this tended to be for more specialist work, including domain expertise and support with ‘spin-off’ projects, such as new products/services, and was usually dependent on the willingness and/or ability to pay.

"So what I did was every four years I had a Business Link person in …" **– Steel Fixings**

"I'm currently with a mentor - we're reviewing things." **– Web Company**

"We have done a couple of things with the consultant, really putting feelers out to look at areas of the market where there may be some potential." **– Hearing Company**

The levels of adoption of direct business support were often linked to company size, but there have been suggestions that this effect might not necessarily be linear (Boter and Lundstrom 2005). The quantitative survey data was therefore used to determine the number of companies using regular or occasional business support, from either a specialist business advisor, or a private consultant, and this was mapped against company size (Figure 7.5). Companies were grouped into size categories. The results showed a steady increase from 57% of companies having fewer than 5 employees, to a peak of 91% in the 51-100 employees category. There was a marked reduction in external support for companies over 100 employees, which may be down to them already being able to afford an experienced management team, so expertise was already available internally and is in line with the suggestions from Boter and Lundstrom (2005). This effect may also be down to the policies of organisations like Business Link and Dorset Mentoring who tended to tailor their services to smaller enterprises.

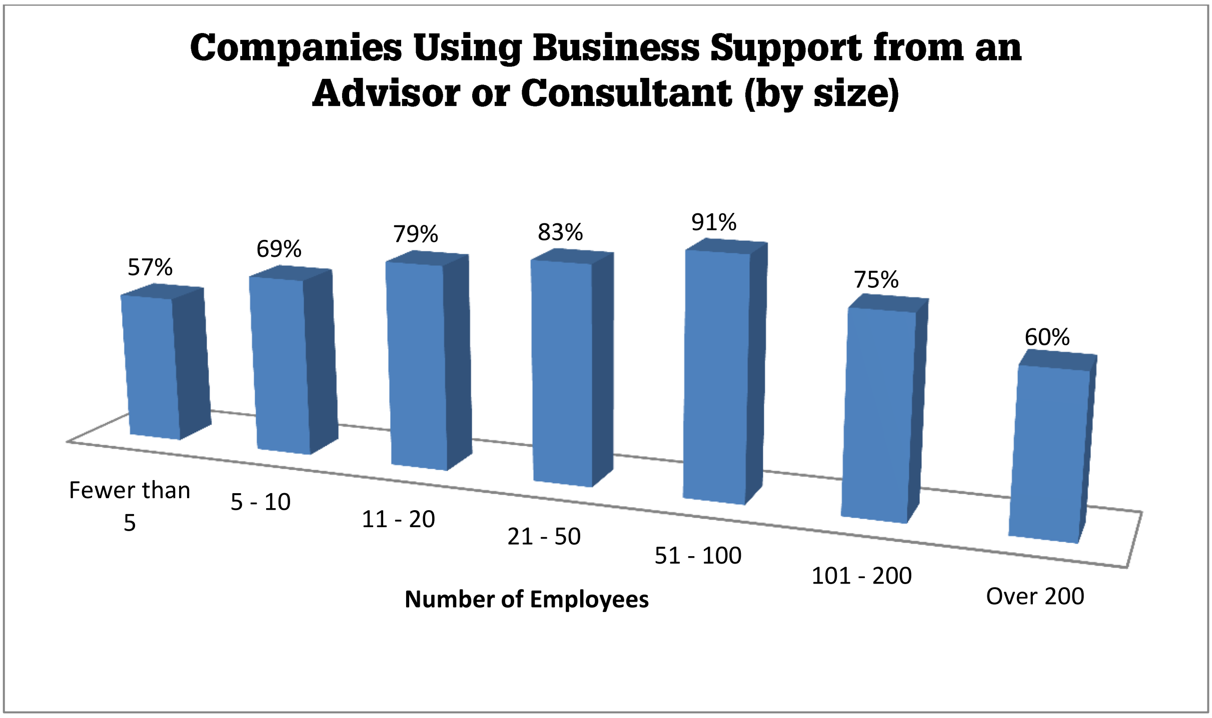


Figure 7.5 – Size Comparison of Companies Using Business Support (based on empirical data)

A further source of direct support, arising from the qualitative data, was through industry bodies. Such links were evident in a small number of cases, and proved useful, but this was usually for short-term enquiries/advice, rather than for any ongoing support interventions. These were particularly useful for gaining access to specific technical and regulatory information.

> *"They are a governing body and they have got people there that we can talk to if we want to talk through plans."* – **Hearing Company**

From the intermediary perspective, there was representation from former Business Link advisors, private consultancy/coaching, mentoring (from both a volunteer mentor and the local host organisation), and business growth. All of the intermediaries had a strong understanding of local provision and local networks and worked well together. There appeared to be a strong [informal] local network of business support intermediaries, who would often know each other through network events, shared professional networks, steering groups and through working on collaborative projects.

> *"In Dorset the business support organisations …. I think it is a strength of the area that we do all work really well together."* **– Business Advisor**

7.3.3 Professional Services

Accountants were usually considered to be the most common single source of external support and advice for small enterprises (Blackburn and Jarvis 2010) and this was backed up both locally, through the empirical survey data, and nationally, through data from the Open University (2009). Other professional services such as banks, finance and legal services also provided a common source of support (Devins and Gold 2000).

> *"Our accountant was a great friend and huge help and support. But he was kind of there all the time."* **– Steel Fixings**

> *"My accountant is invaluable. He probably should charge me more than he does for the advice."* **– Web Company**

From one intermediary's perspective, who had extensive banking experience, banking had played a key role in the provision of business support for many years, but such relationships appeared to have declined, leaving a significant gap. This view was backed up by some of the small enterprises who missed the support and guidance from their bank managers.

> *"Well, you know, if the banking system isn't there to support exports and isn't there to support business advice, then where are we going?"* **– Business Network (former banker)**

> *"I probably agree that the bank manager is probably pretty much dead, but that people that work for the bank are useful reference sources."* **– Shutter Company**

Whilst it was evident that accountants and other professional services provided an important/valuable form of support, arising through a continuous working relationship, the indications were that this was usually more an 'on tap' source of ad-hoc advice and for 'sound-boarding' around issues of concern, rather than as structured co-production interventions, leading to longer term strategy formation. However, that is not to say the professional services did not provide useful input into planning and/or strategy formation. For example, some owner/managers would only meet with an accountant once a year, so it could not always be directly compared with the type of support arising from an ongoing intervention with a business advisor or mentor.

> *"But that is a continuous relationship, so at any one time I could phone up [the accountant] and say, "I've been thinking about this, or thinking about that"…. "* **– Steel Fixings**

> *"We've got an accountant and a bookkeeper and we see them regularly. The accountant has a meeting with us once a year, really to go over some bits and pieces …. I think the accountant certainly gives us advice."* **– Cabinet Makers**

> *"Can I go into partnership with my accountant, you know, can I drag a bank manager out and get knowledge from him?"* **– Shutter Company**

The literature suggested that accountants did get involved in strategic issues, although this was a relatively new phenomenon. Larger accountancy firms had been known to provide support services for many years (Blackburn and Jarvis 2010), but the smaller accounting practices, of the type most likely to work with small enterprises, only began to develop strategy and business consulting practices during the 1990s (Parker 2001), and this practice has continued to develop. For example, Roslender et al. (1998) argued that accountants should perhaps shift focus from straightforward strategic management accounting towards supporting strategic management.

> *"The profile of the accountant as a bean counter is becoming increasingly distanced from the work in which accountants are becoming engaged."*
> **– Parker (2001)**

7.3.4 Education

There were various examples of links with education, particularly with Bournemouth University, and all of the interviewees, that had engaged, reported positive experiences. The types of engagement for small enterprises included events; specialist advice (e.g. marketing); graduate placement; market appraisals; and access to funded schemes brokered by the University. However, not all companies were aware of the opportunities available to them. Major and Cordey-Hayes (2000) acknowledged that universities were increasing engagement with industry and developing commercial focus, but such establishments may not have been in the focus of attention of small enterprises.

> *"Every time I meet somebody from the University, I discover these new schemes and, you know, grants and all that kind of stuff and new ways that Bournemouth University reaches out to, into the community."* **– Software Company**

> *"I've also had a number of links into the university in Bournemouth which have been useful to me …. it's very strongly focussed on marketing."* **– Shutter Company**

For the intermediaries, the types of engagement also included longer term relationships around schemes such as Innovation Vouchers, Knowledge Transfer Partnerships (KTP), collaborative bids and links to wider networks. For example, the KTP scheme, which was discussed by some intermediaries, largely involved partnerships between academia and SMEs and had been running for over 40 years with over 800 UK projects running at any one time – the small enterprise partner benefits from the knowledge of a graduate and the academic partner organisation to solve problems in innovative ways (MacBeath and Dignan 2016).

> *"If we can work with Bournemouth University then so much the better."* **– Business Network**

> *"I'm a great supporter of the University …. it's a very powerful entity locally and has had such a lot of success. On the business side there, they've put on some good events."* **– Business Coach**

"There was the support you can get through as it was TSB with Innovation vouchers, the links through the University etc. and the iNet." **– Business Advisor / Consultant**

"If the business went direct to Innovate UK to talk about KTPs I would argue that that is probably going to be a much longer drawn out process than if they just rang me - because within two or three minutes I could find out whether or not KTPs are right for them." ***– Business Advisor / University Business Development Manager***

7.4 Categories Identified: Initial Contact

Until late 2012, it had been relatively straightforward for small enterprises in Dorset, and across England, to make contact with a 'one-stop-shop' for business support, which was easily located through the visibility of the Business Link brand (Priest 1998). However, since 2012 owner/managers have needed to be more pro-active in making initial contact with an appropriate provider. In order to reach appropriate support, small enterprises have therefore required a good level of awareness around support provision (Lean et al. 1999). Small enterprises could be seeking support for a number of reasons, including expansion, developing new products, exporting, market challenges, planning, finance and management information (Wren and Storey 2002), and it was important to engage with the most appropriate provider.

The empirical data, arising from both intermediaries and small enterprises, suggested that general awareness and knowing how/where to make initial enquiries could be very confusing. There were also difficulties when trying to match the variable underlying issues, behind the need for an intervention, to the most appropriate type of support. For example, if help was needed with signposting to suitable grants, or developing an action plan, then the Dorset Growth Hub could have been the best port of call but, for regular ongoing support, then the Dorset Mentoring service might have resulted in a better match – however, it was questionable whether a small enterprise could easily make such a distinction. This problem had been addressed prior to 2012, as one of Business Link’s roles had been to provide initial signposting to appropriate services.

Two main themes emerged from the data analysis:

1. Firstly, the **actuators** for a support intervention were examined to identify some of the reasons why small enterprises may, or may not, engage with business support.

2. Secondly, the **awareness** of local provision was examined to determine how initial contact was made, and how the small enterprise could reach appropriate providers.

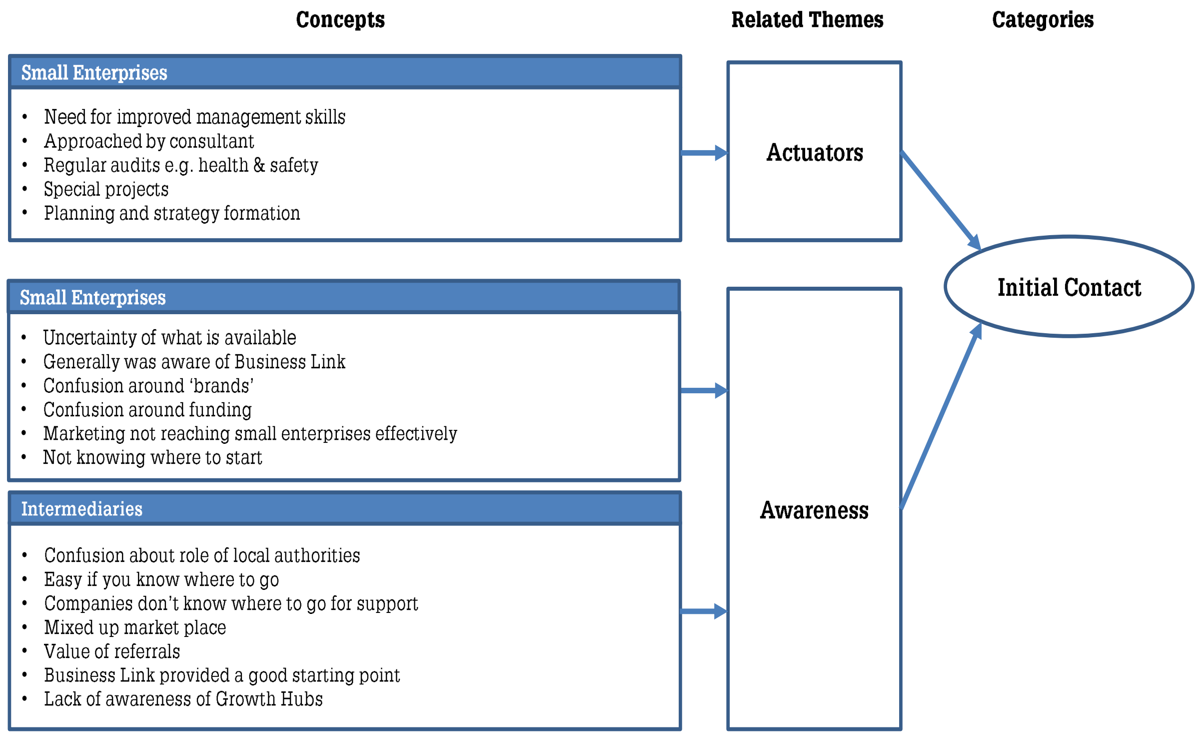


Figure 7.6 – Business Support Data Structure – Initial Contact

7.4.1 Actuators

External sources of advice were often sought to increase the strategic knowledge and forward planning that could lead to competitive benefits, thus increasing the potential for the success of small enterprises (Bennett and Robson, 2003). Additionally, issues such as market conditions, technological change and knowledge/skills gaps created a need for transformational changes for reaching new market opportunities, thus prompting a need for external support (Fincham 1999; Mole et al. 2016).

The empirical data suggested actuators, which prompted the initial enquiries about business support, tended to be proactively driven by the companies themselves, although there were some examples where intermediaries had made the initial approach to promote certain funded schemes.

> *"I was approached by a business coach …. he informed me that there is funding, there was a scheme called 'Growth Accelerator' and that he could be funded through it."* **– Web Company**

The reasons for owner/managers to make the initial approach included a need to tackle underlying issues in the company; developments of strategy/business plans for growth; a need for regular reviews; special projects; regulatory reasons (e.g. health & safety audits) and for support with start-up.

> *"I realised that things weren't going right. Just the general feel of the company …. then I saw on television something called the DTI market initiative scheme."* **– Steel Fixings**

> *"We actively went out looking for a mentor because, in previous lives, we'd both realised and appreciated that mentoring is good."* **– Cabinet Makers**

> *"We did use Business Link, we did find the service very useful and we did use their knowledge and advice particularly in the early start-up days." –* **Shutter Company**

However, sometimes reluctance emerged towards engagement with providers of direct support. Despite the benefits of external support, only 40 per cent of SMEs in England had engaged with external support for their business in 2014-15 (BIS 2015), although this was higher (at 49.5%) in the empirical data for the present study. Mole et al. (2016) found that many small enterprises, experiencing some form of market failure, still did not engage with external business support, the main reasons being: *insufficient resources to engage; concerns about how to access information and advice; doubts about benefits and value of external assistance;* and *relationship issues* (i.e. confidence and trust). The empirical data showed examples of small enterprises that were not fully engaging with business support, but these were all in cases where there was no particular evidence of market failure, so it was not possible to determine whether there was an underlying need for support, or if it was just down to management preferences.

> *"We certainly haven't had to speak to the bank about support. We haven't actively sought involvement from Growth Accelerator or any other [funding sources]."* **– Hearing Company**

> *"I had heard of DorMen and I have been introduced to other ones, and I've always been a little reluctant to make those links, or I've not found the real links I'm comfortable with."* **– Shutter Company**

7.4.2 Awareness

Trott et al. (1995) described the *awareness process,* through which an organisation scans for and discovers required external information and described how firms needed to be *"informed and vigilant of one's technical and business environment, using a variety of information sources, especially the processes of scanning and networking"* – however this did not appear to take into account the company location, size and type, which may be a factor affecting awareness of services. According to Trott et al. (1995) regular scanning and networking, owner/managers could become more aware of new opportunities available to them, but Wren and Storey (2002) suggested there was a general lack of awareness, and this was a major factor that affected the take-up of support programmes. For example, in the 2015 Small Business Survey, only 14% of small businesses were aware of the existence of Growth Hubs and 47% were aware of LEPs (BIS 2015).

This general lack of awareness was also found in the empirical responses, from the small enterprises, who tended to have limited knowledge of local support provision, which created a further issue of concern. Indeed, whilst most owner/managers had been aware of Business Link, there was very limited awareness of local support programmes, other than those they were already involved in. Furthermore, there was confusion about where to look for support and frustration that targeted marketing information was not getting through to them. In the author's own experience, feedback from the 2008 ESF funded 'Sharing the Flame' project, delivered by the former Centre for Organisational Effectiveness in the Business School, Bournemouth University, demonstrated a clear lack of knowledge, in small enterprise owner/managers, about both the support available and how to benefit from this support, and this did not appear to have improved over the eight years since that work had been undertaken.

> *"I'm not certain what was available. I was kind of aware of Business Link."* **– Software Company**

> *"I don't know if there's a great deal of business support, is there? I wouldn't know where to start looking."* **– Shutter Company**

> *"There doesn't seem to be that much out there, I mean we're not getting emails from the Government saying, the Government is offering this strategy to all small businesses. If the Government is offering support like that, then it's hard to find because I've never heard of [The Growth Hub]."* **– Cabinet Makers**

> *"Yeah, they ought to market themselves a bit more because they're not, you know, they just don't come on your radar do they?"* **– Web Company**

The intermediaries shared the view that information about support was difficult to locate and the confusion this caused for owner/managers was acknowledged, particularly when they were experiencing difficulties, or during start-up. For small enterprises already experiencing some form of market failure, Mole et al. (2016) found that 40% of respondents cited *"difficulties in locating appropriate assistance"* as the primary reason for them not engaging with business support.

Several intermediaries referred to a secondary role of the former Business Link where it would direct enquiries, from small enterprises, to appropriate providers.

> *"If I were a business wanting to tap into the sort of help that has been around in the past, is it still out there? If so, where is it?"* **– Business Advisor / Consultant**

> *"Perhaps register new businesses in the count. If there was some way in which local business support can realise there's a new business in our area. Let's get them out this leaflet, or there's a website that says, these are the facilities available."* **- Business Coach**

> *"Business Link routed [enquiries] into one central sort of business helpline. And the whole idea was that it would take all the phone calls and then pass them out, give them support if they could over the phone, otherwise pass them out to the appropriate organisation locally."* **- Mentoring Organisation**

During the research interviews, one intermediary decided to test the visibility of local support programmes using a search engine. Entering the term *'Business Support Dorset'*, using Google, the first three results provided URLs related to Dorset County Council's 'DorsetForYou' website and were of limited use, but this site did not contain the expected hyper-links to the Dorset Growth Hub, which appeared fourth in the rankings.

> *"What I don't know is if I'd never heard of the Growth Hub what a business owner would do ... If they typed in 'business support' – and it might be quite interesting to do it …. So the first one, two... you've got three links to DorsetForYou, which is great if the Dorset Growth Hub was on there, but it's not."* **– Business Advisor**

7.5 Categories Identified: Changing Business Environment

In research carried out during 1999, over 85%, of more than 1,700 small enterprises surveyed, had reported using some form of external professional support (including both direct support and professional services) for their business over a three year period, indicating a level of dependence, for UK SMEs, on external information and advice (Bryson et al. 1997). However, in the following years there were significant changes and particularly in the period from 2010, when the coalition government was elected and new policies resulted in an almost complete removal of business support services.

Since 2010, the allocation of resources for the public provision of business support in England had reduced significantly and had changed towards provision of generic, codified knowledge, rather the more tacit knowledge required for strategy formation (Mole et al. 2016). From around 2006, the type of offerings in public programmes had tended to shift toward diagnostic and brokerage models that brought in further external resources, such as consultants, and a shift towards a 'sounding board' approach (Hjalmarsson and Johansson 2003; Mole et al. 2009). Furthermore, the empirical data was collected at a time of significant change in Dorset, and across England, that included: the closure of Business Link; the closure of the South West of England Regional Development Agency; emergence of new programmes such as Growth Hubs; significant growth of mentoring programmes; and establishment of the Dorset Local Enterprise Partnership.

Three main themes emerged from the data analysis:

1. The interviewees provided a clear indication of **what had changed** in business support across the Dorset sub-region.
2. By considering the current offerings to those available up to 10 years previously, the notion of a current **lack of support** was examined.

3. With much of the direct business support being offered through public or grant funded schemes, the theme of **funding** was raised consistently.

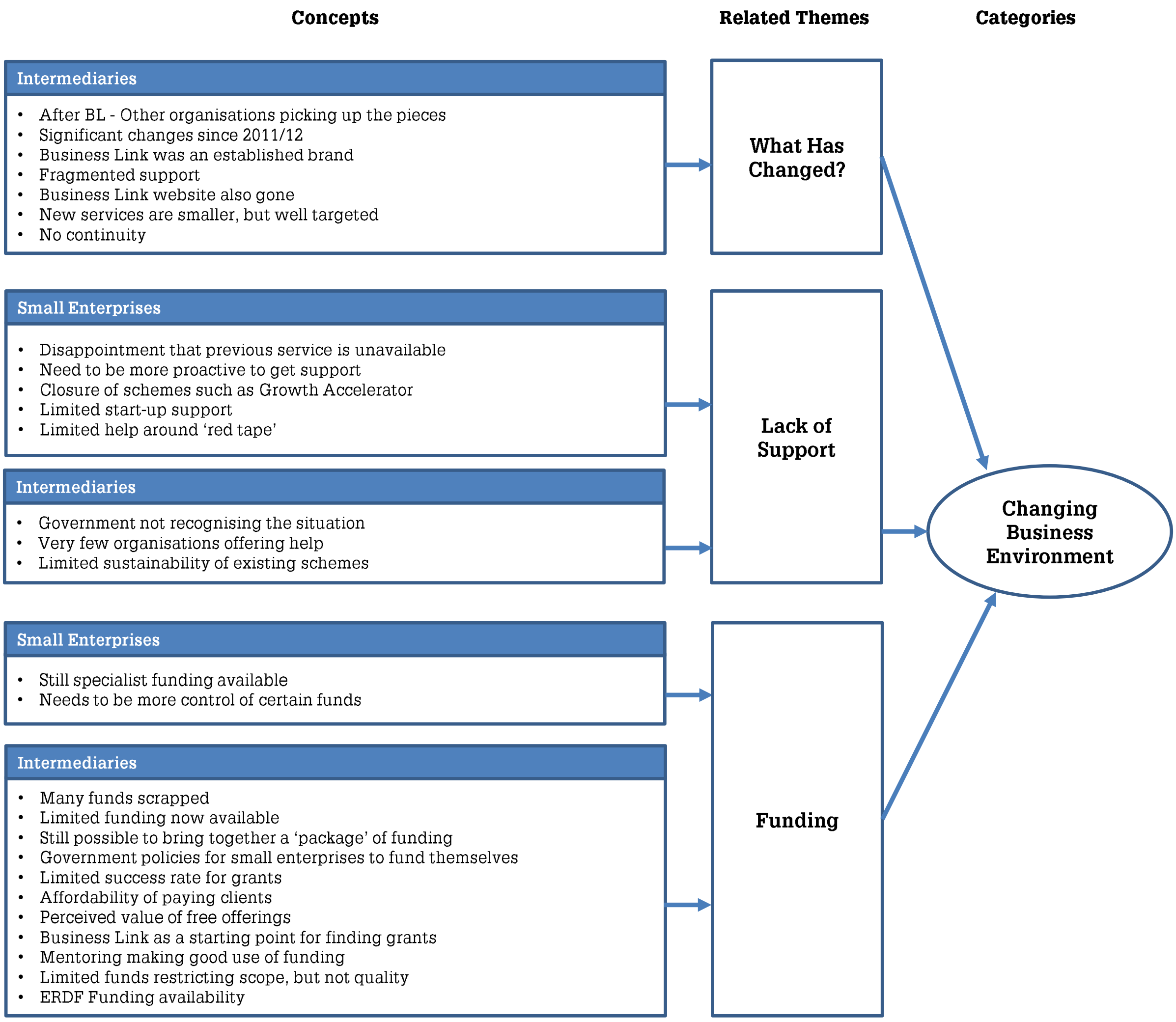


Figure 7.7 - Business Support Data Structure – Changing Business Environment

7.5.1 What Has Changed?

The main changes to business support provision in Dorset, since 2010 had a notable effect on both the small enterprises and the intermediaries - these included:

- Closure of the South West Regional Development agency (late 2012)

- Closure of Business Link Wessex (late 2012)
- Founding of Dorset Local Enterprise Partnership (2012)
- Emergence of Dorset Growth Hub (2014)
- Significant growth of the Dormen volunteer mentoring programme
- Increased significance of organisations such as Dorset Chamber of Commerce and Industry
- Emergence and subsequent closure of the Growth Accelerator fund (2012-2015)
- Limited small grant availability for specialist programmes, e.g. cyber security; digital marketing; Innovation Vouchers
- Emergence of various smaller programmes, such as Outset (2013) which supports start-up for under-privileged groups
- Continuation of various paid-for support i.e. consultants, business coaches
- Uncertainty about the future of current programmes due to political issues, general policy and funding sustainability e.g. Brexit, where schemes such as the Growth Hub were reliant on ERDF funding.
- Increase in the levels of university involvement in industry e.g. Regional Innovation Systems; South West Innovation Vouchers and Knowledge Transfer Partnerships.

"With the demise of the Business Link our own Dorset Chamber of Commerce has tried to pick some of that up without any doubt at all, and do provide a lot of support to businesses. Organisations like DorMen have gone from strength to strength in those five years." **– Business Coach**

"Well it's all swept away when the coalition government [2010-2015] came into place and has latterly been replaced by the Dorset Growth Hub, which is a much smaller organisation, but providing a very well targeted support." **– Mentoring Organisation**

"If you do want to tap into some advice and some support, you have probably got to look at quite an array of where that might be." **– Business Coach**

Apart from the aforementioned decline in the general amount of support available, in particular the strength of the Business Link brand at the heart of a range of offerings from various providers was a significant loss, and contributed towards the general confusion and overall fragmentation of offerings that was reported.

> *"Whatever one thinks of Business Link, it was established. It had been around for quite a long time, businesses were aware of it. It was there and it was a source of support."* **– Business Advisor / Consultant**

> *"It's made it much more difficult for businesses to get help and support."* **– Mentoring Organisation**

> *"More confusion. I think the national Government spent a lot of money, and time and effort, putting resources into Business Link, so it became a well-known brand. Every business I speak to pretty much knows what Business Link was."* **– Growth Organisation**

7.5.2 Lack of Support

The small enterprises expressed particular concern about the lack of available support. This concern was both from the perspective of their own business, but also for the UK business economy generally. This view was also reflected on the part of the intermediaries, who were only too aware of the reductions in business support and the impact this had. In some cases closures and/or reductions in funding had previously resulted in the loss of their own jobs.

> *"I think it's a damned shame that it's stopped. And it's a great missed opportunity for this country."* **– Steel Fixings**

> *"Increasingly it's just harder to find. I guess the barriers are just where do you look? I guess you could say good 'Business Support'. There are schemes like the Growth Accelerator, but it seems to have been closed down as far as I can work out. There seems to be less funding available - less access to it."* **– Web Company**

> *"I think the structured support is poorer and weaker."* **– Shutter Company**

One useful aspect of advice/support from Business Link had been around dealing with regulatory issues. Matters such as VAT, law, exports, or health and safety legislation were often confusing for owner/managers, and Business Link had served as a useful source of advice. Although access to some of this information was still available through the Dorset Growth Hub's 'navigators', it was unclear whether businesses were generally aware of the service.

> *"I do miss Business Link and I do miss it for some of the regulatory structure that it gave, and some of the early and more difficult 'what if' questions - they can be around tax and VAT, they can be health and safety, they can be employment law."* **– Shutter Company**

> *"If it is a business looking to grow, looking for a grant and looking for export advice, the navigator would [guide them]."* **– Growth Organisation**

Whilst the intermediaries were still in a position to provide support, there were thought to be limited initiatives around, and those that were available were not well resourced, or were difficult to access. According to the 2015 Small Business Survey (BIS 2015), 5% of small enterprises, that expressed a need for support, had difficulties in accessing organisations which meant they did not get any external help, however this had not changed significantly since the previous survey in 2014.

> *"Lack of it? It's a disaster - it really is a disaster. And the Government just doesn't understand. It's challenging I suppose. Really, locally there's only WSX and DorMen, and people like the Dorset Growth Hub, but there aren't that many."* **– Business Network**

7.5.3 Funding

Unlike the RDAs, which received an annual, single pot, budget for 2010/11 of over £1.7 billion, the LEPs that replaced them had no core central Government funding, but were expected to be self-funding through a range of sources, including private investment and bids to the Regional Growth Fund (Dinan et al. 2011). There were also significant cutbacks nationally - for example, in 2013/14, the Department for Business, Innovation and Skills (BIS) saw a 17% cut in funding (BIS 2015). Furthermore, the Dorset Growth Hub had been launched with funding totalling almost £1.5 million, but the longer term expectation was that they would become self-funding, and so the organisation experienced a significant year-on-year reduction in public funding between 2014 and 2017, which had a significant impact on the levels of support they were in a position to provide.

> *"So year one, we had £1.5 million and that was inclusive of just under a million pounds' grant funding. So we had about £400K to set up and run it for the first year. The grant money, the £973,000 went to 43 companies, different sized grants, and different sectors and created 220 new jobs in the first year. And then the second year, they stopped the grant funding, so in 15/16 we just had operational funding of £250K and now we are into year three, we have got £200K."* **– Growth Organisation**

The Dorset mentoring organisation, also had limited funding which was drawn from local authorities, ERDF funds, and a small contribution from clients – the mentors themselves were all volunteers and were unpaid. However, there was some optimism about pending bids.

> *"Yes, I suppose if there was more funding available we could do some more work and indeed that's one of the reasons we're currently applying for funding."* **– Mentoring Organisation**

Access to direct grants had also become limited, and they were generally only available for certain disciplines where there was usually considerable competition. For the intermediaries, grant availability was limiting the scope of support that could be provided, although this did not affect quality. When grants were available, these needed to be tailored towards local needs. The general message from the intermediaries, across the full range of organisations, was that the range of funds, which had usually been available in preceding years, had diminished to level that was creating cause for concern.

> *"We've seen Smart awards, we've seen, well what was the Growth Accelerator fund which is now, as you know, scrapped. They've gone out*

to various Government agencies to get funding for plans but, again, that is slowly shrinking because public finance is so tight." **– Business Network**

"The only things that have been around recently are the innovation vouchers from Innovate UK for specific things." **– Business Advisor**

"I think there's a bit of a dearth at the moment of those types of nationally funded programmes." **– Business Advisor / Consultant**

"We need to ensure local authorities are funding more gaps as opposed to being business support organisations themselves - and a greater understanding from national Government of the geographical differences." **– Growth Organisation**

However, despite limitations to grant funding, in the period up to 2015 it had still possible for an intermediary to bring together a 'package' of financial support by combining a range of funding sources. However, such packages had typically included Growth Accelerator funds, which had been closed in late 2015 (a few months before the interviews took place).

"We have had some success in pulling together what is now quite a reasonable sized pot of funding - sort of upwards of £15k to £20k for a start-up and small business." **– Business Advisor / Consultant**

Sustainability appeared to be a major issue – several organisations and programmes were reliant on external funding, including the European Regional Develop Fund that partially financed the Dorset LEP, Dorset Mentoring, and the Dorset Growth Hub. At the time of writing, the ongoing Brexit negotiations meant there was considerable uncertainty about the future of access to European funding. Along with potential changes in policy, the longer term outlook for funded programmes remained uncertain, and there were challenging times ahead.

7.6 Categories Identified: Networks

Issues around networks were a commonly occurring concept as referrals were usually a key part of the intermediary's role. When encouragement was given for networks to be used, then mutual benefits were often achieved (Devins and Gold 2000). The importance of networks in business support, specifically, was highlighted by Major and Cordey-Hayes (2000) who mapped a typical network of support intermediaries that included: chambers of commerce; Business Links; universities; consultants; trade associations; and professional institutes.

Data from the 2015 BIS Small Business Survey indicated that 67% of SME employers belonged to a business network of some kind, which could include social media networks (e.g. LinkedIn), a formal business network (e.g. Chambers of Commerce and other networks that regularly meet), or more social/informal business network where mutual experiences and needs were discussed.

Four main themes emerged from the data analysis:

1. Having already identified a need for **signposting** under the 'Approaches' category in Chapter 6, the need for intermediaries to 'link' owner/managers to external providers was explored in greater depth.
2. The theme of **formal networks** often involved national industry bodies and local industry networks for the small enterprises. In the case of intermediaries, this also included committees and steering groups.
3. **Informal networks** related to both informal groups of small enterprises, and to the broader networks of the intermediaries including links to other business support organisations.
4. Attendance at local **network events** was commonplace. Although such events were sometimes useful, there were some concerns about relevance, practicality and value.

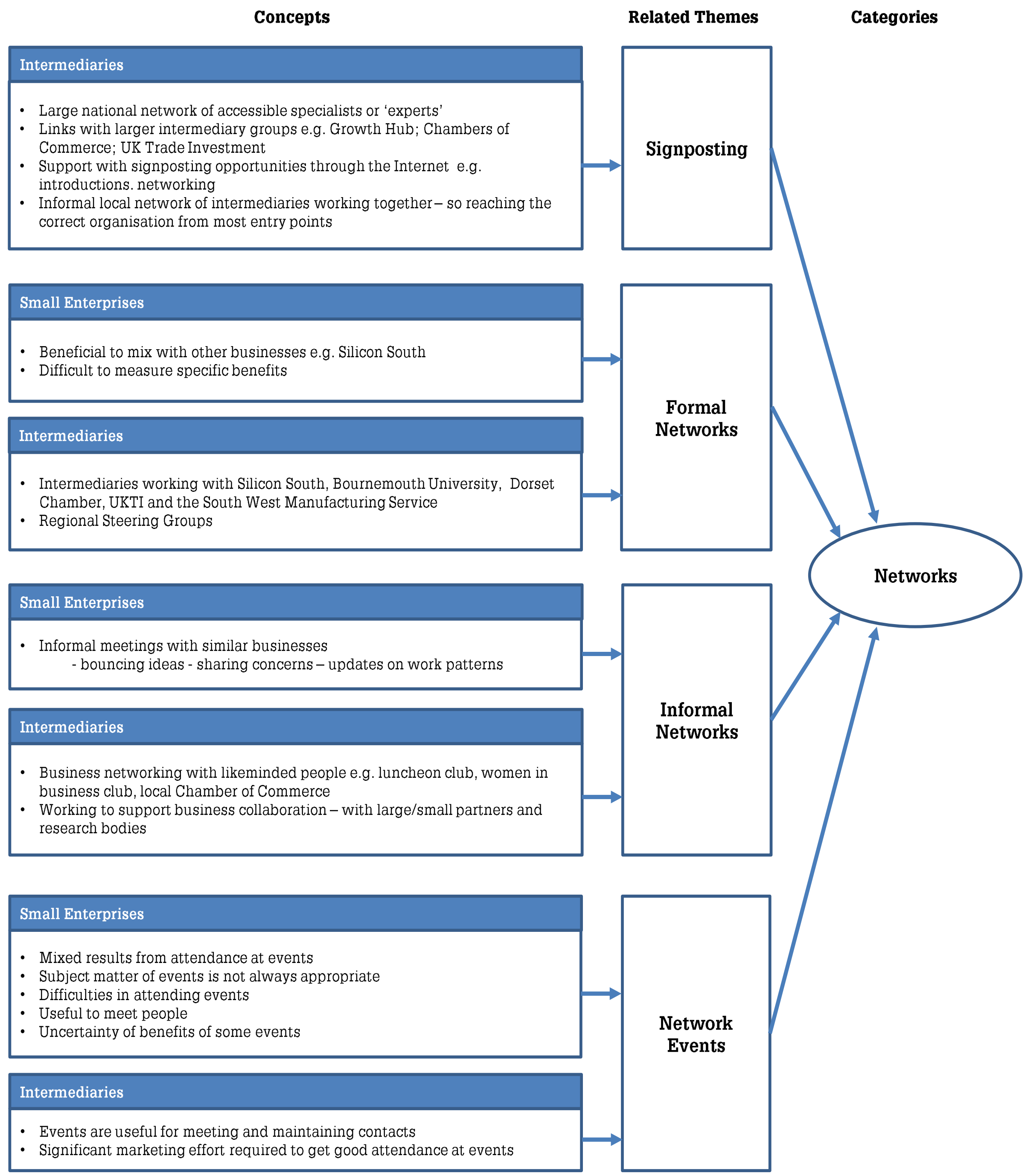


Figure 7.8 - Business Support Data Structure – Networks

7.6.1 Signposting

Signposting was an important factor in the co-production process for business support, and was represented in the conceptual framework developed for this study, and demonstrated the importance of linking to networks to add value. Drawing upon network theory, Watson (2007) suggested *"successful business ownership might depend on the ability of owners to gain access to resources, not under their control, in a cost effective way through networking."*

In the 1992 *'One-Stop-Shop Prospectus'*, by the Department of Trade and Industry, the findings indicated that small businesses had difficulties in knowing what help was available, where to go for assistance, and were unsure of the quality of providers. The report subsequently identified a requirement for a signposting and referral service, and ultimately led to the launch of the Business Link network. The UK government continued to suggest that business support should provide signposting, so small business managers could be externally supported (Commission on Public Policy & British Business 1997). Signposting is closely associated with the Information, Diagnostic and Brokerage (IDB) model adopted by Business Link in 2006 – indeed, Mole et al. (2009) described Business Link's move towards IDB as the provision of a 'sounding-board' that provided diagnostics, but shared responsibility for outcomes with external providers. Support from providers in the private sector had a tendency to refer to their existing networks (which suggests some bias), whereas publicly funded brokerage models, which often used supplier matching applications, were more impartial (Mole et al. 2016). Systems, such as the matching service from Business Link Wessex, tended to be automated, and involved an application where details of up to three potential service providers could be provided to small enterprises in a way that prevented bias and ensured potential providers were 'rotated' so each was given an equal chance to connect with small enterprises.

The empirical data indicated that the intermediaries' external connections could be extensive, often based on years of experience across industries, running businesses and in supporting businesses. Making and sharing suitable connections was perceived to help to solve problems and add value. However, the perceptions of value, arising from network connections, tended to be more on the part of the intermediary than the owner/managers.

> *"We've got a network of about a thousand people and if somebody's got a particular problem ... "* **– Business Network**

> *"Connecting them with other individuals that I know that I believe could be a value to them."* **– Business Coach**

> *"You've got to be able to pull in on existing networks and new networks you can engage with."* **– Consultant/ Business Advisor**

Signposting for products/services tended to be towards a range of external providers e.g. external companies, consultants, specialists in professional services (finance, law etc.), and technical support. In the case of signposting for general business support, then intermediaries were able to draw on their local contacts with other intermediary organisations.

> *"What I try and do with the enquiries from those sorts of businesses that I can't really help is do the information diagnostic brokerage thing, try and be helpful, and signpost to sources of support locally – like Dormen."* **– Business Advisor**

However, although both the intermediaries and the small enterprises, used such referrals, it was unclear whether this did indeed add value to the business support and/or co-production processes – and perhaps was just a useful 'add-on' service. Mole et al. (2009) suggested that signposting showed no significant benefits and may actually be a distraction in the provision of more intensive support. In some cases the intermediaries, in the present study, had a preference for involving themselves directly with subsequent external interactions. In such cases they would sit in on meetings, or manage the interactions between parties. This could be a seen as a way prevent signposting from being a distraction – i.e. embedding links to external support in the co-production relationship.

> *"To have a threesome is quite useful for us because we learn a bit more about how our expert sees the business, because it gives us another pair of eyes."* **– Business Network**

> *"I will assist them at meetings and sit alongside them and be on their side, as it were, in the meeting, and maybe it's a meeting that I will have*

brokered and set up for them as my client." **– Consultant / Business Advisor**

7.6.2 Formal Networks

Apart from one or two examples, there was limited evidence of activity in formal networks from the small enterprises. However, in one case where membership of a national body was an essential regulatory requirement, this had proved to be a useful resource.

"We have quite good industry support from our suppliers and from a governing body called the British Society of Hearing Aid Audiologists. They have people there that we can talk to, if we want to talk through plans." **– Hearing Company**

A further example was a local 'cluster', of digital media companies, that was acknowledged by several interviewees. This particular network had been accessed by both small enterprises and intermediaries, and had been useful in making contacts, but it was unclear, from the data itself, what other specific benefits arose for the small enterprises that participated.

In the case of the intermediaries, each had specialisms in their own disciplines, which included banking; corporate finance; public services; and coaching, and all belonged to their own formal networks. All of the intermediaries had extensive local links, which included membership (past or present) of various steering groups and committees. Organisations that the intermediaries were affiliated with included Dorset Chamber of Commerce and Industry; Small Firms Enterprise Development Initiative (SFEDI); International Coach Federation; Chartered Institute of Bankers; South West Manufacturing Service; and UK Trade and Industry.

"I've got a link with the Growth Hub and with the Chamber and with UK Trade Investment so I can generally signpost someone somewhere." **– Business Advisor**

"We work with Silicone South, we work with the University, we work with Dorset Chamber, and so we are sort of tied into all the other people that

> *deliver …. we are in the middle, looking after that customer journey. "* – **Growth Organisation**

> *"All [of our] mentors work to the SFEDI (Small Firms Enterprise Development Initiative) standard for business mentors."* ***– Mentoring Organisation Website***

7.6.3 Informal Networks

Lyons (2000) and Birley (2000) found that the majority of networks were informal, in that they were not based on contractual relationships. Birley (2000) suggested that most owner/managers were reliant on informal contacts in the growth of their companies. Birley (1985) stated that informal networks of business contacts, when compared against formal networks, were *"were seen overall to be the most helpful in assembling the elements of the business".*

Indeed, the empirical data suggested that, compared to formal networks, more use was made of informal networks, and greater benefits arose – and this was the case for both small enterprises and intermediaries. Such networks were useful for small enterprises to meet people, make contacts, and discuss ideas and to gain/share information.

For the intermediaries, the informal networks tended to cover their vast 'webs' of industry connections that they were able to draw on to provide referrals. These personal networks had been established over many years, and through working across disciplines in a wide variety of roles, which are summarised in each of the Intermediary Profiles (Chapter 5 and Appendix 2).

Additionally, local connections, predominantly for business support, meant that clients could usually be pointed in the direction of help that was needed. Sometimes, support was accessed through informal networks of family and friends, rather than through professional connections. Devins and Gold (2000) suggested that support networks tended to develop on the back of personal relationships, rather than through paid-for professional relationships. Furthermore, smaller enterprises tended to make greater use of social and family networks as a form of support (Bennett and Robson 2004).

> *"You can't be master of everything but you can go in and draw upon your own experiences and networks."* – **Consultant / Business Advisor**

> *"I think it is a strength of the area that we do all work really well together, doesn't really matter where a business enters that circle, they will end up at the right place."* **– Business Advisor**

7.6.4 Network Events

Network events form a key component of business support services offered by business support organisations (Priest 1998). In Dorset, events were organised by a range of sources including local authorities, business forums, chambers of commerce, educational establishments and providers of direct business support. Participation ranged from attending seminars or breakfast events, to 'coffee mornings' with similar local companies.

> *"We've got the West Dorset Business Forum breakfast next week. I'm going to quiz [the keynote speaker]."* **– Web Company**

> *"We meet business owners - not on a formal basis, just over a coffee …. so talking with them and ... just bouncing ideas and concerns [on issues such as] sub-contracting; people; equipment; and clients."* **– Cabinet Makers**

However, whilst there were benefits arising from attendance, that related to exchanging knowledge and making new contacts, events did not always meet the exact needs of small enterprises and were sometimes considered to be more of a distraction than a source of help. The impression was that events were often more highly regarded by the organisations 'pushing' them, than the small enterprise owner/managers who actually attended.

> *"I would much rather it was to do something specific that I want to do myself, rather than attending something that has been put on for the general working population. It's time out of the business whenever I do these things."* **– Hearing Company**

> *"We've been to various breakfast network gatherings but really don't find them particularly helpful at all."* **– Cabinet Makers**

Some networking events were focussed on clusters, such as digital media, which were largely in the conurbations of Bournemouth and Poole, and did not necessarily include membership in more rural areas of Dorset. These more focussed events were more popular with the small enterprises, who appeared to enjoy attending, but did not always see any tangible benefits.

> *"Support is probably stretching it a little bit but it's a quarterly [party] for geeks really."* **– Software Company**

> *"I tend not to associate with Bournemouth because there's a lot of agencies around there and it seems like a very flooded market. I sometimes wonder if I should get more involved in [the networks]."* **- Web Company (Rural Dorset)**

7.7 Categories Identified: Critical Perspective

Whilst the empirical evidence suggested the perceptions of owner/ managers, around business support was generally positive, certain challenges were identified and were examined in Chapter 6, but these tended to be focussed on specific individual cases/experiences. In order to gain a wider view of issues that affected general business support provision, the owner/managers and intermediaries were ask semi-structured questions that directly addressed their perceptions of the overall benefits and pitfalls of such support.

Two main themes emerged from the data analysis:

1. The generic **benefits** that arose from business support in a wider context that affected the overall business community.

2. The potential **pitfalls** of business support provision that included issues such as an over-reliance on support, sustainability and appropriateness of delivery.

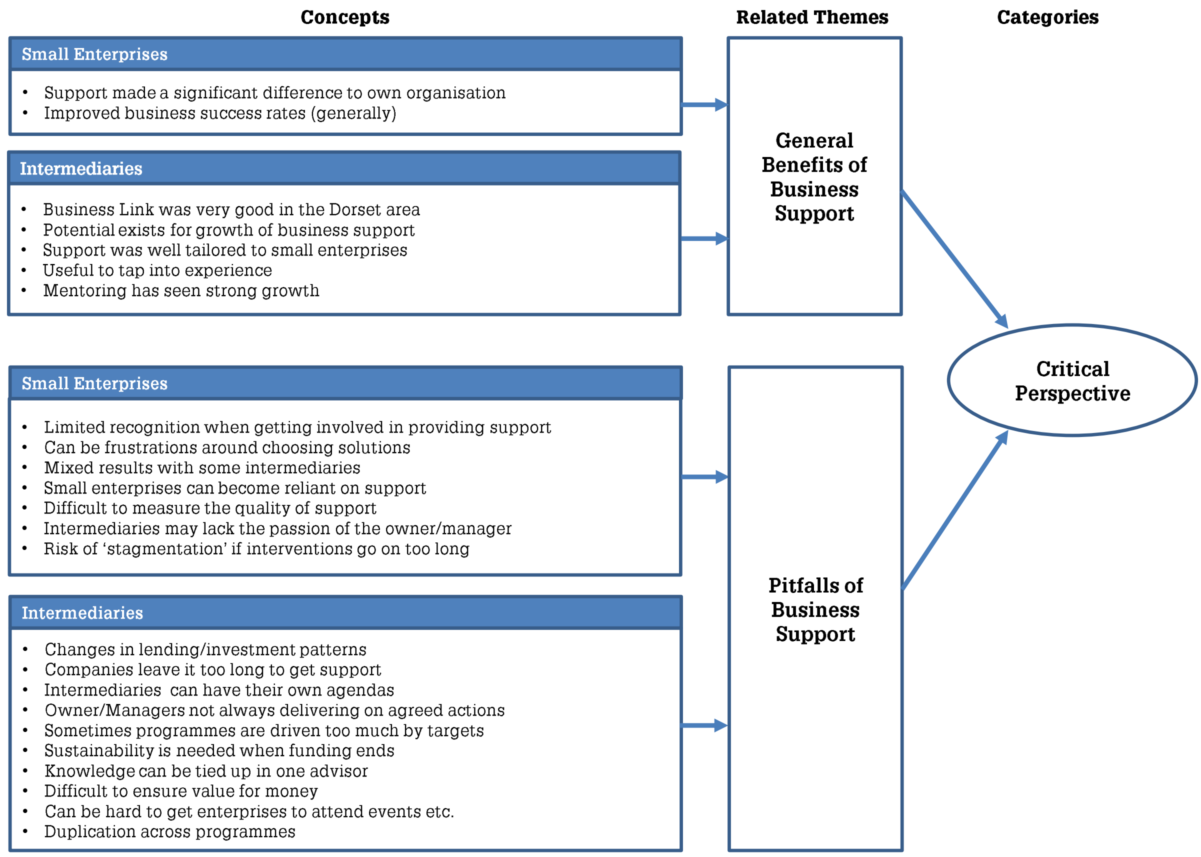


Figure 7.9 - Business Support Data Structure –Critical Perspective

7.7.1 General Benefits of Business Support

The benefits of business support could generally be grouped into 'soft' and 'hard' outcomes (Ramsden and Bennett 2005) with the soft outcomes being around dealing with effectiveness of management and problem solving issues, and the hard outcomes usually involving tangible items such as costs, turnover, employment, GVA and profitability. Most of the perceived benefits, arising from the empirical data, related to soft outcomes.

These soft benefits of business support included direct benefits to companies (in terms of perceived improvements in business success), access to experienced advisors, a single point of contact for support, tailored support, potential for growth of companies, and potential of growth for programmes, such as the mentoring programme (assuming funding was sustainable).

> *"It's a total positive thing. I have nothing but admiration for what I gained from the DTI and Business Link."* **– Steel Fixings**

> *"No, I think good support would make a real difference to success rates."* **– Shutter Company**

> *"I think in terms of that single point of contact, that is fundamental and I think that would be my main recommendation."* **– Business Advisor / Consultant**

> *"Having industry experience or sector-specific experience, talking their language, knowing what the jargon is, is a huge, huge plus."* **– Business Advisor**

In the case of the mentoring organisation, many of their successful interventions had been published online as a series of mini case studies (vignettes), and demonstrated numerous examples of perceived success. Whilst not providing conclusive evidence of success, these did go some way towards identify a wide range of perceived benefits to the clients.

> *"Well, if you have a look through just the top few, I mean you'll find some have got more definitive stories than others, but they're all good news by and large."* **– Mentoring Organisation**

However, one of the main benefits of business support was thought to be in encouraging business planning which, in turn, has a positive effect on small business growth (Mole et al. 2009). Using the empirical data, a comparison was therefore made between companies that had used <u>any</u> form of business support (including both specialist support and professional services), against those that claimed to have never used support. For each of these groups, the type of planning undertaken was considered. The data showed that 68% of enterprises that engaged in business support planned in some way, compared to 53% for those that did not use support. However, despite a higher overall percentage of planning activity for the supported group, use of formal planning was actually lower, at only 20% in the supported group, compared to 35% for those with no support.

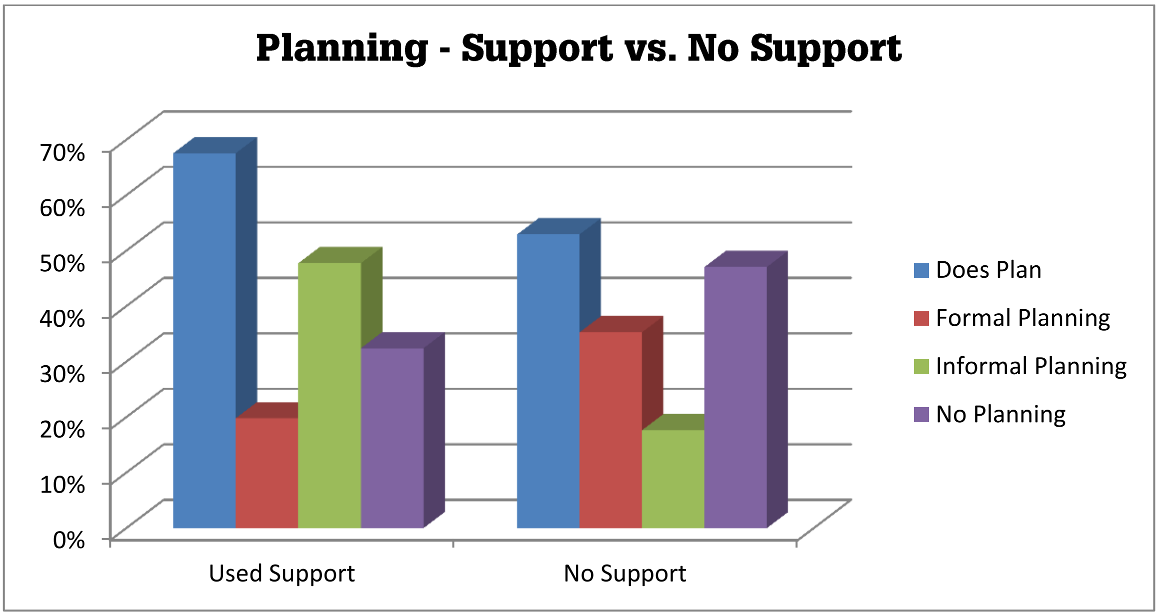


Figure 7.10 – Planning activity of small enterprises who do/do not use business support services - (based on empirical data).

The overall indication, arising from the data, was that engaging with business support did correlate with an increase in levels of planning, most of which was informal. However, the results were not broken down by types of support given, as the sample size was not large enough to provide any statistical significance at that level of detail.

7.7.2 Pitfalls of Business Support

Curran and Storey (2002, p164) suggested that the vast array of business support initiatives had little overall rationale and that there was a need for justification for interventions, in terms of measuring benefits, stating: *"an overall woolliness surrounding UK small business policy has been paralleled by a long-term lack of adequate evaluation of its impact"*. This general lack of clarity indicated that business support interventions may not always be fully beneficial, or at least the benefits arising were difficult to measure. From the small enterprise perspective there were some concerns raised. These included the aforementioned difficulties in finding the right support and, even when support was found, sometimes there had been difficulties with the suitability of support that was provided. However, Curran and Blackburn (2000) suggested that any standardisation of support programmes could result in content not being suitable to specific small enterprise needs. Furthermore, when the motives/credentials of the advisor were in called into question, adverse selection could create significant barriers when, for example, the advisor serves his/her own interests rather, than those of the entrepreneur (Lambrecht and Pirnay 2005).

There were also questions about the difficulties in assessing the general effectiveness of the support received – this was a view shared by both small enterprises and intermediaries. A further concern raised was that the intermediaries, who did not have a vested interest in the company, could lack the connection, and associated 'passion', of the owner/manager.

> *"It's a little bit 'culty' and it's a franchise and basically as long as you give the guy who runs it your eighty grand to be a franchisee, you then go on this 10 day course and low and behold you're a coach, but for all the stuff that my coach spoke, he wasn't very bright."* **– Web Company**

> *"You need passion, you need belief and sometimes mentors probably used to have that but they're in a different phase of their knowledge base."* **– Shutter Company**

There were some concerns raised about a possible over-reliance on support. Such dependency could come in two forms: firstly, a 'dependency relationship' could develop when the intermediary uses techniques such as aggressive selling, provides complex reports, and leaves the owner/manager to implement recommendations (Lambrecht and Pirnay 2005); secondly, after long term interventions, small enterprises could become dependent on support when there is, perhaps, a need for them to develop an 'enterprise culture' and learn from their partners as a learning organisation (Gibb 1999).

> *"Pitfalls? I guess the obvious one would be to become too reliant on it. Having said that, I mean, you're never 100% reliant on it are you really?"* **– Web Company**

> *"I suppose building dependency, you know, there's a danger that some people if they feel there's always somebody there to help them out of a hole they'll take advantage of that."* **– Mentoring Organisation**

Furthermore, some small enterprises, and intermediaries, felt that longer term interventions could become 'stagnated', when there could be limited new value to be added from working together over an extended period. Despite this, there were still examples of long term relationships that continued to work well, although these tended to be more for operational purposes, rather than for strategic planning.

> *"I don't really want to use the expression with [our] mentor, that it's stagnated, but it has to some extent …. she's been with us for five years now."* **– Cabinet Company**

In one case, an owner/manager had provided mentoring support themselves, on a volunteer basis, to a local 'app' development company. However, there had been little in the way of personal benefits and/or recognition for the effort.

> *"So it gets frustrating sitting two or three meetings in a row where you sit and wonder the solution. There's a fairly prescribed solution to the problem and them not adopting the things that you're saying."* **– Software Company**

From the intermediaries' perspective, difficulties had been experienced around access to borrowing, and recent changes in patterns of investment – for example, equity based crowd funding.

> *"The next big disaster is peer-to-peer lending. The Government has gone big into that, they've supported Funding Circle and some of the other big crowd funders and that's starting to show cracks now."* **– Business Network**

Some issues, raised by intermediaries were related to the companies themselves. Some left it too long to get support, meaning that it was sometimes too late to be able to help effectively. In other cases owner/managers were not fully engaging with agreed actions, which caused frustrations when little progress was made.

> *"Some companies leave it too long, too late to go and get support. So they wait until they're almost in receivership or going bankrupt and then they come out and try and expect somebody to have a magic wand."* **– Business Coach**

> *"One of the criticisms of Business Link was that you go along, you do your nice report with three or four actions, you go back in six months' time and none of it would have happened."* **– Business Advisor / Consultant**

In terms of the programmes themselves, there were thought to be: an over-reliance on targets; duplications across programmes; and geographical variations in support. However, this was becoming less of an issue, in Dorset, as the number of support programmes were reducing and communication between providers was good. Bennett and Smith (2003) suggested there were inefficiencies in public sector provision that arose from excessive geographical subdivision.

> *"So I think the pitfall could be around how that model is structured in terms of the targets and the outcomes."* **– Business Advisor / Consultant**

> *"Pitfalls are where there is duplication …. they don't say "oh you are doing the same thing as this scheme so one of you has got to stop doing it" so, there is nobody really that's accountable."* **– Growth Organisation**

> *"I think we are back to this situation about the fog of the marketplace. Again, you come down to geography, don't you? Where are you based; a lot of it is now so driven by the location."* **– Business Advisor / Consultant**

When long term interventions took place, there was sometimes thought to be too much information tied up with one advisor. The use of Customer Relationship Management (CRM) systems helped this, to some extent, but these were not always in use.

> *"Once the advisor moves on or goes somewhere else, they go with all that knowledge of the business, that trust …. and, when there's no CRM, most of the contacts would go."* **– Business Advisor**

The difficulty in measuring results and/or value for money was raised a number of times by intermediaries. One of the key issues in business support had been in demonstrating successful outcomes. In a survey of over 3,000 small enterprises, that had engaged in support from Business Link, Mole et al. (2009) found that benefits were only demonstrated in the more intense interventions and, in contrast to Bennett and Robson (2004) who concluded that outcomes were largely dependent on types of advisor, Mole et al. suggested that variability of both advisors and clients affected the variation of outcomes. For example, in the study from Mole et al., it was found that the uptake of business support was much higher in younger companies and it varied significantly across sectors. Whilst added value can be partly created from outcomes arising through use (Vargo and Lusch 2004), it had been difficult to accurately measure the direct benefits of plans or strategies being put to use in practical circumstances. This was certainly the case in the empirical data collection, where the discussions tended to focus on the benefits of the co-production intervention itself, rather than the benefits arising from the implementation of the strategic plans that were subsequently developed.

> *"It's hard to ensure that you get value for money, from a government point of view and the money you spend on it …. we've been discussing the difficulty of evaluating whether it's successful or not in the businesses you're helping. So you've got to develop some very clever monitoring techniques."* **– Business Coach**

> *"It's hard to measure the quality of it before you've actually undertaken it."* **– Web Company**

> *"It's hard to ensure that you get value for money - from a government point of view, and the money you spend on it."* **– Mentoring Organisation**

7.8 Conclusions of Chapter

Providers of support came from a range of sources – for direct support this mostly covered Business Link (up to late 2012); Dorset Growth Hub; Dorset Mentoring (DorMen); YTKO Outset; and private providers, such as coaches and consultants. For professional services, this included accountants; banking; and legal services. Educational establishments were a further source of support, albeit on a more ad-hoc basis. There may be a case for a better **balance of direct support vs. professional services**.

Although there was thought to be room for improvement, local provision was generally considered to be adequate and organisations appeared to work well together. Mentoring was a particular aspect of local provision, which was developing well and showing signs of growth, and was providing strong perceived benefits, albeit reaching a fraction of the small enterprises that had previously been supported by Business Link. **Choosing the correct provider** was not always straightforward, but was an important factor for success.

Whilst the professional services were becoming more involved in strategic support (Parker 2001; Blackburn and Jarvis 2010), it was the longer term direct business support interventions that were showing evidence of strategy formation, in terms of business plans and action plans.

Small enterprises sought support for a range of issues including strategy formation / business planning; dealing with everyday issues; regulatory issues; and dealing with issues of current concern (Fincham 1999; Bennett and Robson 2003; Mole et al. 2016) – it was therefore important to match with the most suitable **delivery approach and intended outcomes**.

However, some companies had not been able to engage with support, for various reasons (including availability, affordability, general awareness and management preferences), and this is consistent with findings from the Department for Business, Innovation and Skills (BIS 2015), and from Mole et al. (2016) who found a number of businesses, experiencing some form of market failure, still did not engage with support services. The general awareness was a particular problem – for example, everyone had been aware of Business Link, but some respondents had never heard of the Growth Hub that effectively replaced it – **increased awareness of programmes** was therefore an important requirement. Furthermore, in order to avoid small enterprises from 'missing out' on support, for the above reasons, increased efforts could be made to **ensure the full range of support is made readily available to all (eligible) small enterprises**.

There were numerous reports/studies that measured levels of take-up of business support (Bryson et al. 1997; Blackburn and Jarvis 2010; Open University 2009; BIS 2015) - however there was a general lack of consistency across categories, and in the way in which data was collected – this made it very difficult to make valid comparisons between the findings. There remains a need to **collect consistent data on take-up; performance; and impact of programmes.**

The former Business Link brand had become established over a number of years and was well recognised, by small enterprises and intermediaries alike, as being the 'one-stop-shop' for business support (Priest 1998). However, the closure of Business Link in 2012 resulted in largely fragmented support and considerable confusion about where to go for support. Along with BIS (2015) reporting a very low awareness rating (17%) of the Growth Hubs amongst small enterprises, the empirical evidence suggested that awareness was a significant issue. In order that business support reaches the potential market of small enterprises in Dorset, further efforts could therefore be made to increase awareness of programmes and to reduce initial confusion. One way to achieve this may be to re-establish **the 'one-stop-shop' for initial support** that had previously been a part of Business Link's role – this role could perhaps be taken on by the Growth Hub (who already claim to do so - to some extent) or by the local authorities. It may, however, just be the case that the issue is related to awareness, so efforts could perhaps be made to better promote existing services.

The present study was undertaken during a period of significant change in business support provision, both locally and nationally. This had included changes in regional bodies, changes in local provision, reductions in funding, and, in some cases, changes in the style and nature of interventions. The changes had a notable effect for both small enterprises and intermediaries alike, and it was generally acknowledged that it had become more difficult for small enterprises to access support. Subsequently, a key message, arising from both sets of interviews, was the need for **increased funding and/or sustainability of funds.**

However, there were still opportunities available and the role of Dorset Mentoring, Dorset Growth Hub and local chambers of commerce appeared to have developed and/or grown on the back of the impact of closures of other services. With a significant reliance on government policy and national/EU funding, sustainability of programmes remained a major issue that still needed to be addressed. There may also be a case to investigate the potential of some **consolidation of business support services**, particularly as there was evidence of duplication across programmes, limited funds and limited sustainability.

Signposting emerged as an important element under the headings of both co-production and business support and, when such referrals were made, these provided a route to largely impartial support. Whilst there have been some question about whether value is actually added through signposting (Mole et al. 2009), the indications arising from the empirical data were that perceived benefits appeared to be higher when the main intermediary remained involved in the process, for example when sitting in on meetings and/or tracking progress. This suggests a **need for appropriate signposting** and recognition of the benefits of an **ongoing involvement from the main intermediary**. However, it was still difficult to assess benefits arising from straightforward referrals and, in some cases such referrals had not resulted in successful engagement.

The majority of the empirical data suggested that the small enterprises and intermediaries tended to be involved in a range of formal and informal networks. The use of signposting and networks in business support was perhaps more suited to dealing with issues of current concern (e.g. operational issues, HR issues), than for more strategic issues around strategy formation, for example, where the focus was on the co-production that occurs between the owner/manager and the intermediary.

There appeared to be a potential mis-match between those providing the network events, and the small enterprises that attended them. Network events were an important factor in business support provision (Priest 1998) but, whilst there were benefits arising in terms of sharing knowledge and making contacts, the subject matter did not always **meet the needs of small enterprises** and there were often difficulties in finding the time to attend, particularly in the smaller enterprises. However, events were often defined and driven more by suppliers and funding, than by clients and could perhaps be better tailored to the needs of small enterprises. In order for improved success, arising from networks, the small enterprises need to be provided with **clearer indications of the benefits of network engagement**.

This chapter considered the outcomes of business support generally, rather than the more specific assessment of individual cases in Chapter 6. Most of the outcomes reported in this aspect of the research were still 'soft' outcomes based on the perceptions of owner/managers and intermediaries (Ramsden and Bennett 2005). As discussed in Chapter 6, these soft outcomes, when brought together, can help to provide an overall view of the outcomes of business support (Dewson et al. 2000). The benefits tended to be based around improved performance; access to experienced advisors; potential access to a single point of contact; potential for growth of companies; and potential for the growth of programmes.

There was little mention of the pitfalls of business support, until the respondents were directly prompted, suggesting their perceptions of the benefits may have outweighed the disadvantages. However, there were quite a number of concepts arising, including: a general lack of clarity;

fragmentation and confusion; lack of awareness of programmes; variations in the quality of support; over reliance on support; difficulties with access to borrowing; issues with engagement from the companies themselves; programmes that were target driven; geographical variations; reliance on individual advisors; difficulties in measuring outcomes; funding issues; and possible stagmentation in longer term interventions.

Some studies of business support and advisory services found little, if any, positive impact (Westhead and Birley 1995; Freel 1997; Robson and Bennett 2000; Kosters and Obschonka 2011) but there were still a number of authors who did find positive effects on issues such as growth and performance (Bryson et al. 1997; Ramsden and Bennett 2005; Bennett and Ramsden 2007; Mole et al. 2009). However, the empirical evidence appears to suggest positive perceived benefits, and also appears to back up the findings of Mole et al. (2009), that benefits were increased in more intense interventions, and that variability of both advisors and clients affects the variation of outcomes i.e. when **suitable advisors were matched with owner/managers that were willing to engage**, then stronger outcomes may be achieved.

The types of business support examined, closely matched the three differing approaches for practical delivery of business support (Devins and Gold 2000) of: 1) Looking towards a vision for two or more years ahead; 2) Tackling issues of current concern through a systematic approach; and 3) Acting as a 'sounding board' and addressing current issues through a largely unstructured process. As such, business support can be seen to vary from offering longer-term support in strategy formation and planning, to supporting shorter-term issues of concern, but this distinction is not necessarily recognised in the selection of business advisors – for example, there may be a case to offer business advisors who specialise in either operational support or strategic support.

There are many elements that may lead to effective business support, and considering the findings of this chapter against the Co-Production framework adopted for this study, a summary of the key elements, which have been highlighted in bold throughout the conclusions, has been provided in Figure 7.11.

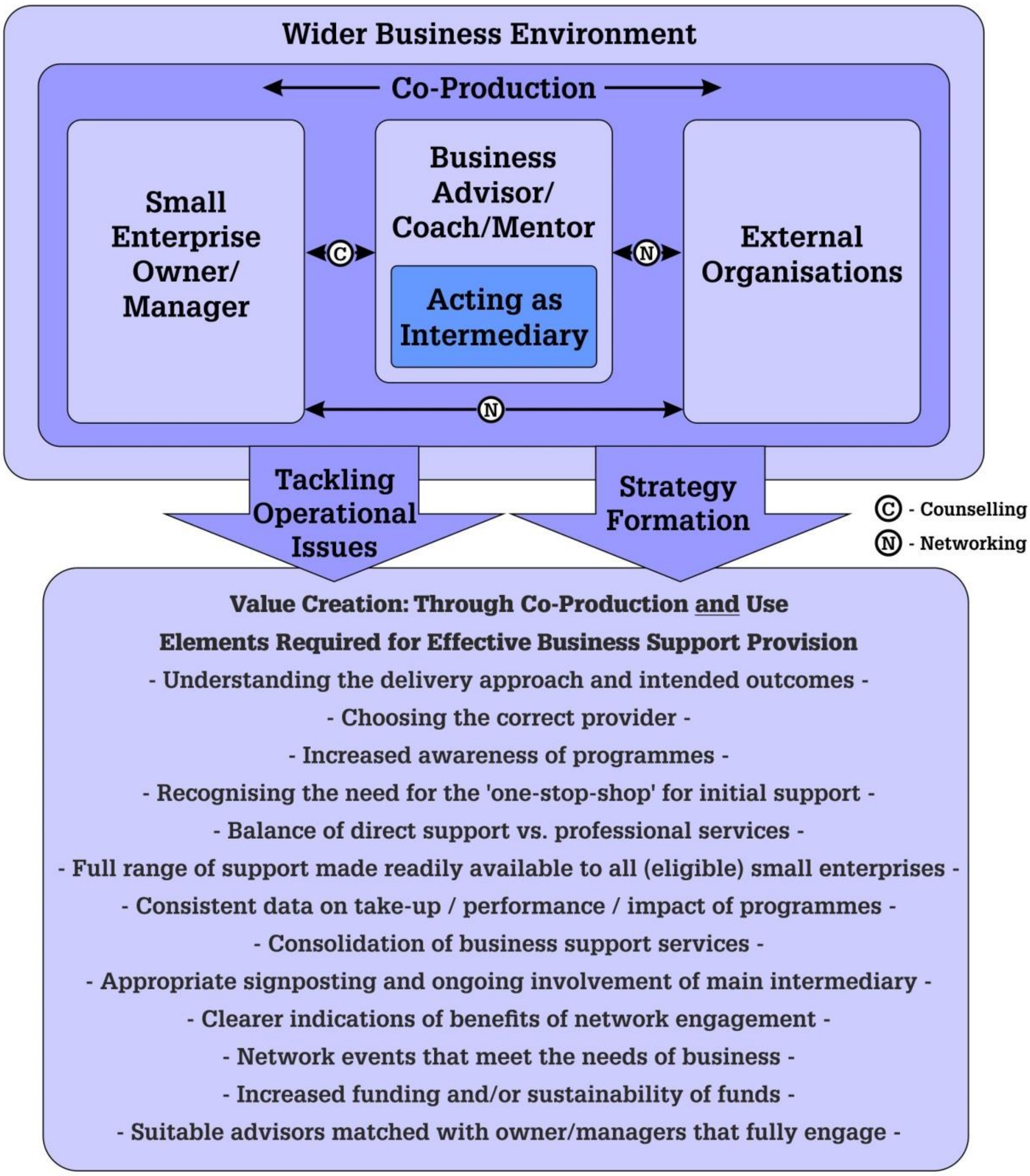


Figure 7.11 – Elements Required for Effective Business Support

Chapter 8 - Analysis Part 3: Strategy

8.1 Introduction

This chapter addresses **Research Question 3** which has a focus on strategy formation:

> ***"Considering the advisor-owner/manager relationship, how does this affect strategy formation, taking into account policy changes and availability of business support?"***

Strategic planning in small enterprisses focusses on longer-term objectives and can be defined as *"the devising and formulation of organisational plans which set the broad and flexible objectives, strategies and policies of a business, driving the organisation towards its vision of the future"* but is different from 'business planning' which focusses more on short-term analysis and goal setting, along with functional level planning (Stonehouse and Pemberton 2002, p.854). Strategic management is about setting the underpinning aims of an organisation, choosing goals/objectives, across functions, and achieving them over time (Thompson and Richardson 1996). However, the terms 'strategic planning' and 'strategic management' imply a formal approach, which is not normally suited to small enterprises. Whilst many small enterprises do undertake some form of planning, most of this is informal (Richbell et al. 2006). Indeed. strategy may be better considered through the notion of strategy formation. Strategy formation, is how a small enterprise defines their strategy and how it is implemented using the wider concept of strategic management (Bowman 1998; Mintzberg 1978).

Many small enterprises face similar challenges to those of larger organisations and having suitable strategies is of equal importance to their development (O'Regan & Ghobadian 2004). In research by Blackburn et al. (2013) just over two thirds of small enterprises claimed to have a business plan, although for about 31% of these, this was informal, and a further 36% claimed to have a formal written plan.

The changing external environment has been discussed in Chapters 6 and 7 and there was clearly a need for small enterprises to have strategies that could cope with such changes, and for internal management during phases of growth (St-Jean et al. 2008). For example, the UK Government had an annual spend of around £600 million on the national Business Link service (Mole et al. 2009), but changes in policy resulted the closure of this service, and subsequent policy changes and U-turns, such as the launch of Growth Hubs, resulted in major changes that have influenced strategy formation in small enterprises.

Strategies were often based around the owner/manager's own visions or aspirations (Chandler and Hanks 1994; Jennings and Beaver 1995; Wang et al. 2007) and, along with factors such as enterprise size (Blackburn et al. 2013) and position in the business life-cycle (Berry 1998), these could affect decisions around planning policies, planning methods, and planning horizons, which have been examined throughout this chapter.

8.2 Overall Data Structure

As part of the *'Mapping and Interpretation'* process (Ritchie & Spencer 1994), data reduction techniques were used to consolidate frameworks of codes, into themes and context, under each category arising within the heading of Strategy. In total three key categories were identified and each will be fully described examined throughout each section within Chapter 8. Figure 8.1, below, provides an overview of the three key categories, and the themes arising within them. The categories are independent and have not been considered, or displayed, in any particular order.

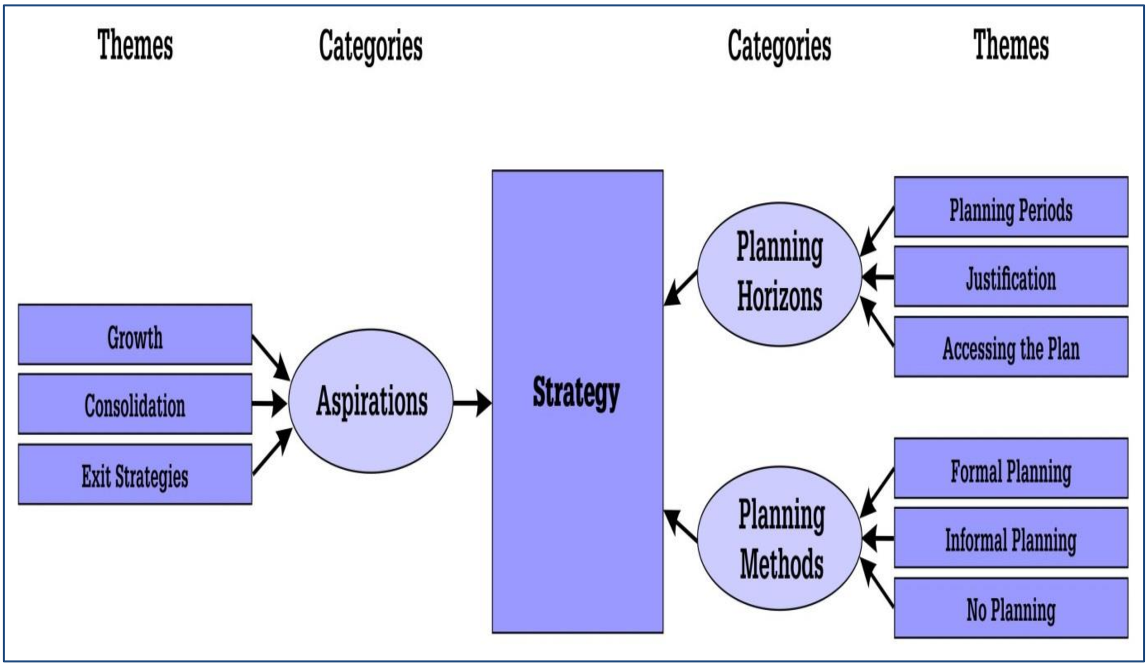


Figure 8.1 - Overview of Strategy Categories and Themes

8.3 Categories Identified: Aspirations

Approaches to strategy formation in small enterprises were seen by many authors as being restricted by ‘barriers’ such as time, expertise and knowledge (Robinson and Pearce 1984); size of business (Stonehouse & Pemberton 2002); internal implementation (O'Regan & Ghobadian 2002); type of industry (Shrader et al. 1989); and stage of development (Berry 1998). However, there were suggestions that, in many cases, small enterprises were essentially a form of extension of their owner/managers and, as such, goals and strategies could be very much linked directly to the owner/manager’s own visions, or their aspirations (Chandler and Hanks 1994; Wang et al. 2007). These factors could be motivated by a range of issues including education, gender, family, environment and personal aspirations (Jennings and Beaver 1995). Furthermore, ‘entrepreneurial orientation’, that included being pro-active, innovative and risk-taking, was positively related to growth in small enterprises (Bracker and Pearson 1986; Eggers et al. 2013). A further factor could be the dynamic capabilities of the enterprise to be in a position to adapt and capitalise on entrepreneurial opportunities (Zahra et al. 2006; Koryak et al. 2015). This section therefore examined the aspirations of owner/managers and their visions for the future of their small enterprises, along with their orientations, which could affect strategy formation.

Three main themes emerged from the data analysis:

1. Most of the small enterprises were looking for moderate **growth** over the coming years, and were usually working with their intermediaries to develop plans/strategies to achieve this.

2. Some of the small enterprises had already grown to a level that they were comfortable with, so their concerns were more with **consolidation** of their existing business i.e. strengthening their business within existing capacity/boundaries.

3. There were several examples, in the data, of small enterprises that were looking to develop **exit strategies** for their business with a view to succession or sell-off and, for some of these owner/managers, there was a need for support in preparation for such an event.

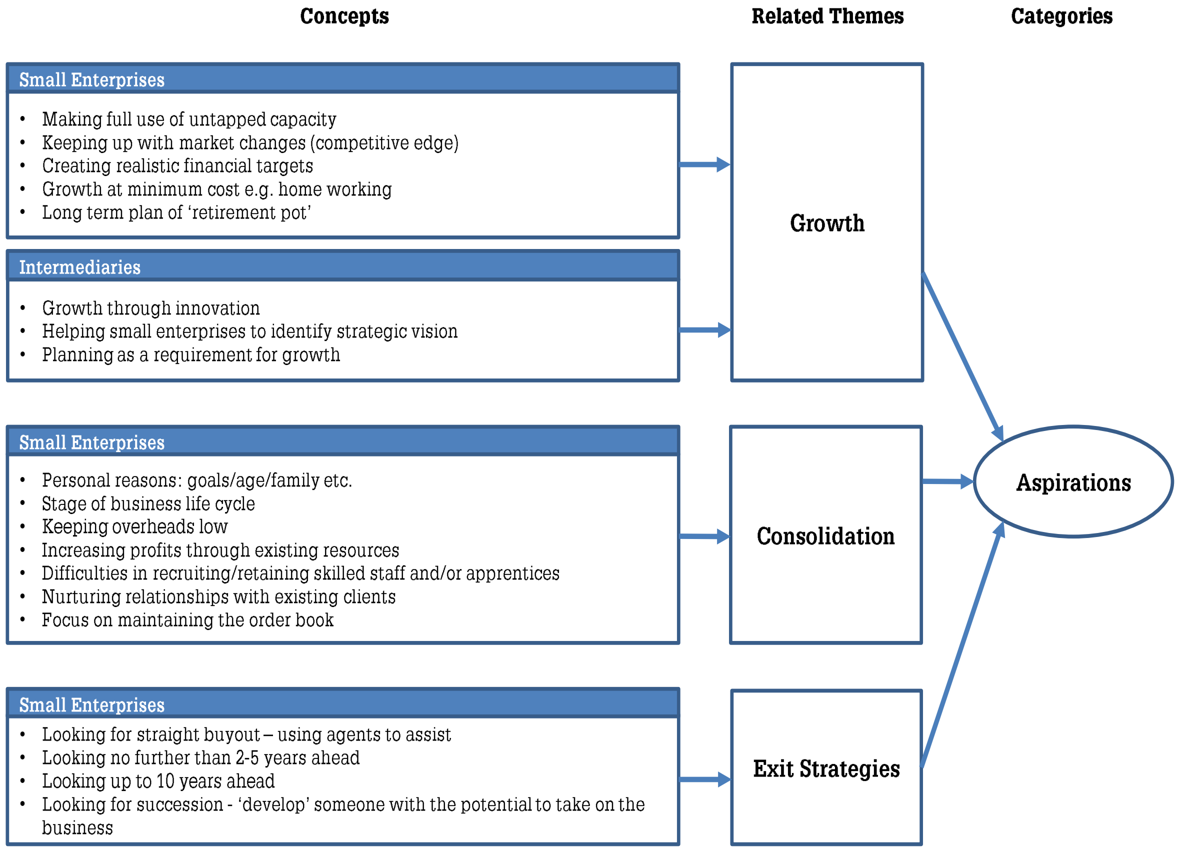


Figure 8.2 - Strategy Data Structure – Aspirations

8.3.1 Growth

The data suggested that small enterprises were looking for either moderate growth, within existing capacity, or for more ambitious growth through expansion and investment, and this was largely related to the aspirations of the owner/manager and the age of the enterprise. Blackburn et al. (2013) suggested that owner/managers often found slower growth to be more manageable and sustainable than the more popularised notion of high growth, and went on to suggest there was a need for more research into the relationship between the owner/manager and small enterprise growth

> *"Our growth is being supported from cash flow and we would like to continue with that because it also puts us in a stronger negotiating position as and when we look at doing something with the business."* – **Hearing Company**

> *"The current aspiration is to grow the business without having to increase the overhead, and thereby increasing margins."* – **Steel Fixings**

> *"I'm trying to expand …. at the moment we're trying to work out a business plan and a marketing plan."* – **Web Company**

However, there were examples of small enterprises with more ambitious aspirations where owner/managers could be seen as being 'growth orientated' (Wang et al. 2007) – and one particular enterprise showed the potential for very high growth. In some of these cases, where planned growth may previously have been variable, planning was subsequently seen as being a key requirement. A number of studies around growth in small enterprises found a positive association between levels of planning and growth, and faster growing enterprises were more likely to have business plans (Smallbone and Wyer 2000; Mazzarol et al. 2009) or marketing plans (Foreman-Peck et al. 2006). Indeed, Mazzarol et al. (2009) suggested that the development of a formal business plan did not guarantee growth, but tended to be a requirement if owner/managers wished to communicate their growth intentions to a wider audience, such as investors, lenders and other networks. Indeed, high growth programmes, such as those facilitated by the former Business Link, were reliant on formal business plans and clear strategies.

> *"The plan was "let's grow the business as much as we possibly can". Well, you know, let's double the size of the business. And that was fine and it worked, but after three months we sort of ran out of ideas."* – **Software Company** (prior to using a mentor to support the development of plans)

> *"I feel that we are well focused at the moment, we've got very clear goals. And we know how to achieve those goals …. So I think a long term goal and strategy is very important."* **– Shutter Company**

> *"It's the old thing, isn't it, fail to plan and plan to fail. It's a sort of necessary prerequisite for most businesses if they're going to grow and develop."* **– Mentoring Organisation**

> *"Those who do have some vision just strike as being more engaging and that they're more in touch with their product and where they want it to be, or their service. It imbues a bit more confidence and credibility."* **– Business Advisor / Consultant**

8.3.2 Consolidation

Some of the small enterprises were satisfied with the levels at which their business was operating, and had no aspirations for any significant growth. Although these enterprises were sometimes experiencing moderate growth, this was generally achieved naturally, and within existing capacity. Not all small enterprise owner/managers had objectives or goals for substantial growth (Harrison 2002, p.226; Sambrook 2005). In a survey of small business performance, which had responses from 600 owner/managers, Rosa et al. (1996) found that only one third actually had plans for any significant expansion, which was entirely consistent with the empirical data for the present study.

> *"We've looked at that, longer term we don't really want to expand the business."* **– Cabinet Makers**

> *"Capacity is 40% used, and so the current aspiration is to grow the business without having to increase the overhead and thereby increasing margins."* **– Steel Fixings**

> *"The two centres that we have could handle more capacity, and we would rather do that, and keep our overhead low, and improve our profit through what we currently have."* **– Hearing Company**

> *"We figure that where we are at the moment is kind of optimum on the personnel front. Our plans are that we nurture the relationships that we*

> *have with existing clients, and we are constantly looking for new sources of work and activity."* **– Cabinet Makers**

From the empirical data, the reasons for owner/managers not wishing to expand further were often very closely related to the business life cycle. In one case, the location in North Dorset was thought to be a contributing factor with difficulties experienced in recruiting and retaining new staff, including apprentices – subsequently, this limited opportunities for growth. Furthermore, many owner/managers were thought to be in business for personal, non-economic reasons, and tended to have limitations on their desires for increased business performance and expansion (LeCornu et al. 1996) and often deliberately ignored opportunities for growth (Wang et al. 2007). The other reason arising, for not wishing to expand, was the age of the owner/managers who had sometimes reached a point where there was no practical need for further growth.

> *"The kind of reasons we haven't really planned to expand is that it's very difficult to get people in this area. Very difficult."* **– Cabinet Makers**

> *"I think the business is now at a level where we know it has got some potential for that to happen, which it wouldn't have done two years ago or more, but it is now established."* **– Hearing Company**

> *"Most people are going to work from home anyway, so I'm not going to need [new premises] - this really suits me."* **– Web Company**

8.3.3 Exit Strategies

Several of the small enterprises in the present study mentioned that their plans for the future took into account the potential exit strategy of their company which could include succession or sell-off. This appeared to be linked to the stage of the company life-cycle, ages of owner/managers and their plans for retirement. A study of 189 entrepreneurs' exit strategies by DeTienne and Cardon (2006) found that older entrepreneurs were more likely to have exit strategies, and the specific strategy, which could include outright sale; family succession; public offering; employee buy-out; and liquidation, was dependent on factors including age, education and experience. Harrison (2002, p.230) linked the nature of exit strategies to lifecycle of the enterprise, suggesting that, as a business matures, there could be changes of ownership, managerial style and organisational structure which created a possible need to develop people for the future.

> *"We are always looking at what our potential exit plan is. It is unlikely that any of the three directors are going to be looking at passing the business to family, so it is much more likely that we are going to be looking for a buyout of some description or an investment into the business."* **– Hearing Company**

> *"One of our main goals is to succession plan this business somehow. And that is either with an existing employee, or we'll go out and find an employee or somebody that wants or has an aspiration to run their own business."* **– Cabinet Makers**

> *"What am I growing this business for, am I looking for an income for my family, for my children to come into, or am I looking to sell the business and put it into my retirement pot?"* **– Shutter Company**

Effective succession planning could be a slow process and can take up to ten years of planning, and one of the main difficulties in succession planning is in finding people that are both capable and willing to take on the responsibility of running a small enterprise (Sambrook 2005). This difficulty was reflected in the data by the owner/managers who tended not to be 'family businesses' and were struggling to find suitable successors. Sometimes, the owner/managers sought external support with their exit strategies, but this did not appear to come direct from their usual intermediaries, but they had been 'signposted' towards specialists and/or agencies that dealt with succession/sale of businesses, albeit with limited success.

> *"So we already have got feelers out and we have got someone working on it for us and we have had a couple of meetings so far."* **– Hearing Company**

"We've got three different agencies looking at the moment for people, we've advertised once or twice for that .... but it's proving quite difficult to identify somebody to take it on." **– Cabinet Makers**

8.4 Categories Identified: Planning Horizons

In their study of strategic planning in SMEs, Stonehouse and Pemberton (2002) considered time horizons, for planning, as being short; medium; and long term. The median length of plans was 3 years, with about a fifth of companies planning 5 years ahead, and a further fifth than planned 1 year ahead. There was little evidence of companies planning much longer than 5 years ahead, other than as vague, longer term 'visions'.

The quantitative empirical data suggested that the planning horizons of Dorset businesses were similar to those arising from Stonehouse and Pemberton's (2002) data, albeit with slightly higher average horizons in the present study data. On the other hand, the qualitative data suggested planning horizons could vary considerably from a few months, to 5 years or more, and some consideration was given to the owner/managers' justifications and/or the underlying reasons behind decisions on planning horizons.

Three main themes emerged from the data analysis:

1. The length of time that small enterprises planned ahead was considered in the analysis as **planning periods**, which varied from a few months to periods as long as 5-10 years. The purpose and nature of the plans changed significantly as time periods increased.

2. The **justification** for decisions around planning horizons included the aforementioned aspirations of the owner/manager, but also included factors such as the stage in the company life cycle (Berry, 1998) and the involvement of business support intermediaries.

3. The frequency and reasons behind **accessing the plans** was investigated (mainly through the quantitative data). This element of the analysis also included amendments to plans and the reasons for doing so.

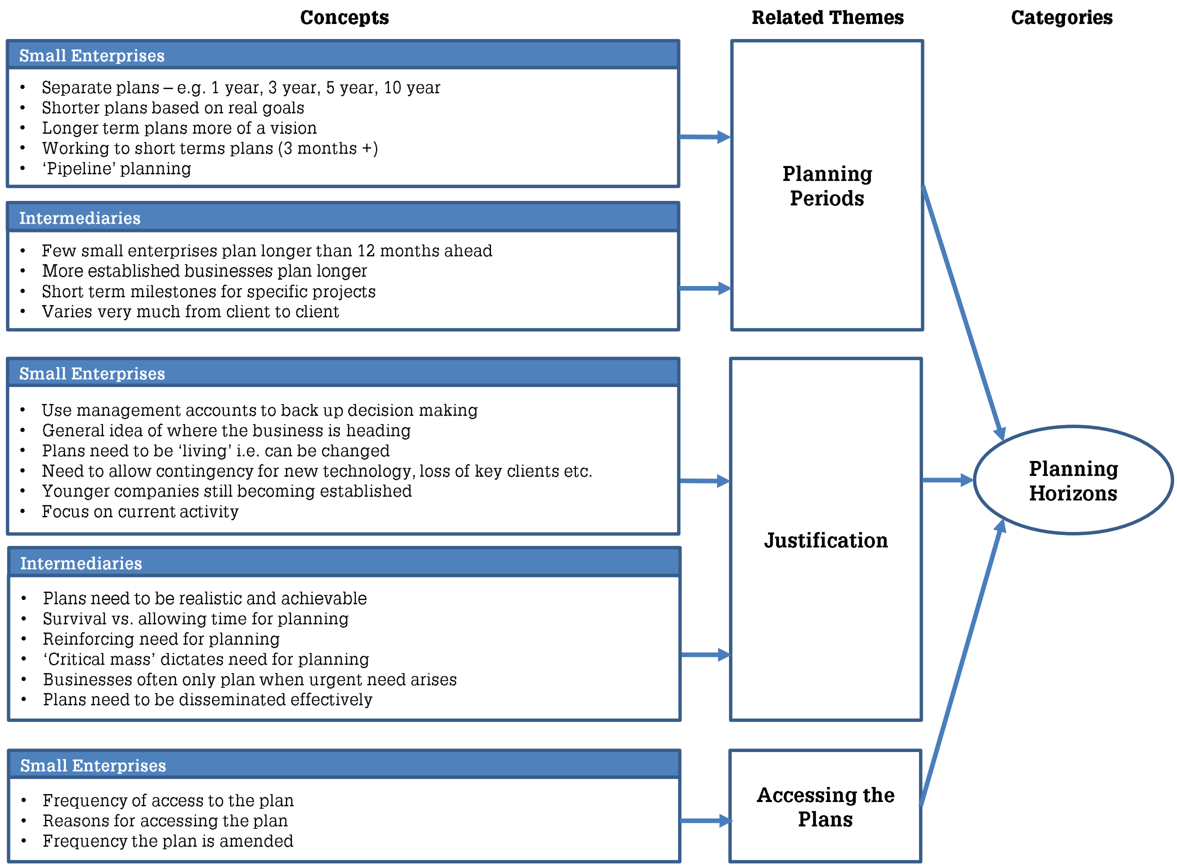


Figure 8.3 - Strategy Data Structure – Planning Horizons

8.4.1 Planning Periods

The qualitative data showed large variations in planning horizons ranging from a period of about three months, which was related to capacity planning for the current order book, to periods of up to five years, and perhaps longer in relation to issues such as retirement and succession. Stonehouse and Pemberton (2002) found that over 70% of SMEs had a planning horizon of less than 3 years and this was largely consistent with the empirical data. Some of the enterprises appeared to have separate plans for different time horizons, which would vary in detail and scope.

> *"We started off just planning for three months, then six months, and grew it to twelve months. And now, we're looking to build the business plan for the next three to five years"* **– Software Company**

> *"So I tend to do a one year plan, three year, five year and ten year."* **– Web Company**

> *"We try to plan ahead, we try to have work ... for approximately three months in front of us, that's nice to have if we can get it."* **– Cabinet Makers**

> *"Often you're looking at six to twelve months. Some of them have a two to five year plan but they're in the minority I think from what I've experienced anyway."* **– Business Coach**

It became evident that, regardless of whether plans were formal or informal in style, the purpose/goals of the plan appeared to vary in line with the length of the time horizon.

- Short term plans of around **3-6 months** were largely related to managing capacity, dealing with operational issues and getting new products into existing markets.

- Plans of around **one year** often related to 'known factors' around issues such as realistic financial targets and current market position.

- **Three year** plans tended to be around emerging issues such as technology, equipment requirements, reviewing supply chains and exploring new markets.

- Plans of **five years** and beyond were more visionary i.e. looking at where the owner/manager wanted to be with the business and how they might achieve this. These tended to be more informal and there was no mention of any specific business plans that went that far ahead. Also, in some cases, longer term plans focussed on preparation for succession.

This tendency for longer terms plans to be more strategic may be related to a perceived risk of the unknown, and the increased amount of effort required for developing longer term plans. When owner/managers were involved in running the business and planning horizons were short, there was a tendency to avoid longer term issues where the 'risk-reward ratio' was difficult to assess, and where the way forward may not be totally clear (Roberts et al. 2006).

> *"The one year was from known factors that you could see, you know, they were trends that you got from customers, you look back over the sales. For three years you were looking at new technology and where you might be buying. But the five year business plan - I would like to say it was an aspirational guide. It's where you wanted to be."* **– Steel Fixings**

> *"I work with established businesses who are planning for three years hence, and thinking about other positions within the market place and what their strategy should be."* **– Business Advisor / Consultant**

> *"The ten year one would be a bit of a fuzzy idea, the ten year one may be an exit strategy."* **– Shutter Company**

Considering the qualitative data, the companies that planned ahead tended to plan from anywhere between 6 months and up to 10 years or more. The mean value for overall planning was just over 4 years. In terms of more specific planning, the timeframes were highest for strategy (2 years, 10 months) and finance (2 years). The lowest planning horizons were marketing, staffing (both around 20 months) and operations (22 months) which may be due to these issues being linked to changing circumstances.

Figure 8.4 - Time Horizons for Strategic Planning by Discipline
(based on empirical data)

Overall planning horizons were also considered by company size. Companies were grouped into size categories and the mean value was calculated for each category. The data showed an overall increase from 4 years in the smallest category, to around 5.6 years in the largest (201+ employees) category. There was a slight dip in the data for companies of between 50 and 200 employees, which could just be due to the smaller sample sizes as company size increased. These findings, although not statistically significant, were largely consistent with those of Stonehouse and Pemberton (2002) who found that levels of planning were indeed linked to company size, and that larger firms tended to make use of long term plans (and specific planning tools), whereas the smaller enterprises tended to have a shorter term focus, based more on policies than actual plans. It was not possible to make the distinction around size, in the qualitative aspects of the study, as the sample was too small and there and all of the enterprises had fewer than 50 employees.

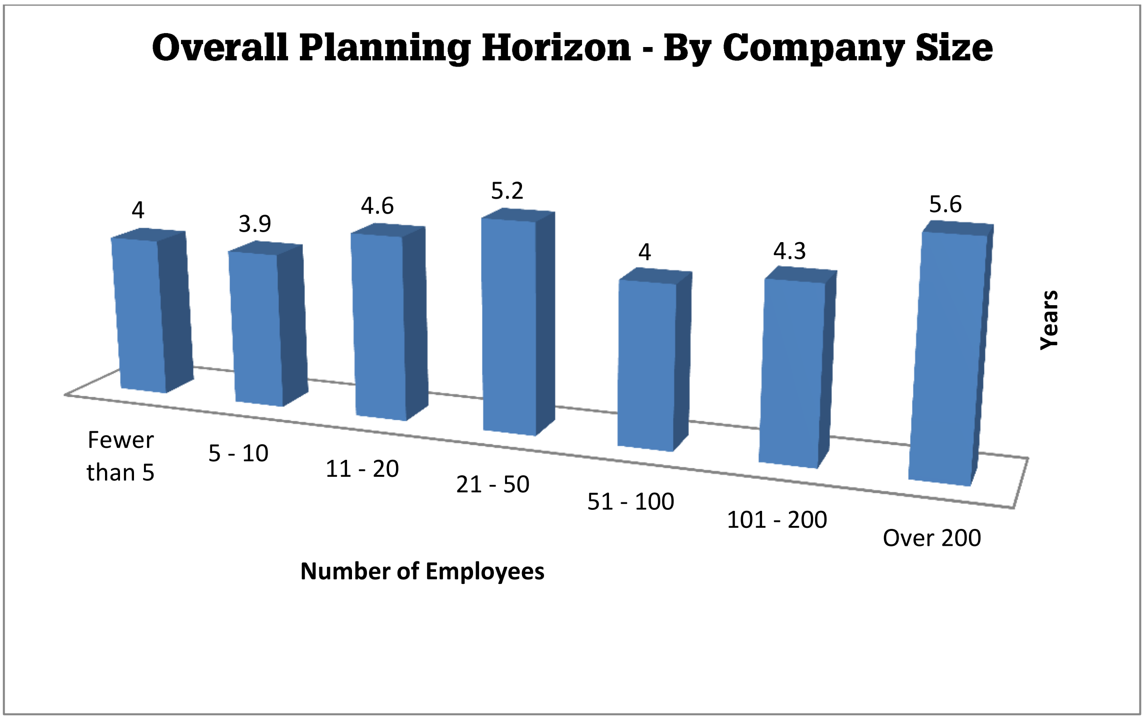


Figure 8.5 - Planning Horizons by Company Size
(based on empirical data)

8.4.2 Justification

The underlying reasons behind decisions about planning horizons were largely related to both: a) the visions and aspirations of the owner/manager (Chandler & Hanks 1994; Wang et al. 2007); and b) where the small enterprise was positioned within their own business lifecycle. Berry (1998) suggested that the type of planning used, was dependent on the small enterprise's stage of development and that planning activity could evolve, and could become more formal and sophisticated, as it progressed through its life cycle. The empirical data indicated that those companies looking for longer term growth had an increased appetite for planning, particularly when encouraged to do so through support interventions, although this finding may have been influenced by the fact all of the owner/managers were already engaging in business support to some extent. Moreover, there were no obvious indications that the current economic climate was affecting forward planning – this fitted well with research from Price et al. (2013) who found that owner/managers tended to be more focussed on, and committed to, growth opportunities for their own business than being overly concerned about changes in the wider economy. There were some indications that the intermediary group were perhaps more aware of the influence of the external environment, than the owner/managers whose focus tended to be more inward facing.

> *"We're still a fairly young company so strategic planning isn't something that we've done a huge amount of."* **– Software Company**

> *"I guess it would depend on where we are in the growth of the business, currently we're planning three years ahead."* **– Web Company**

> *"I mean our long term plan is that we run this business conceivably for another ten years but it's difficult to look at activity in five years' time, for example."* **– Cabinet Makers**

> *"I think generally businesses are too busy with the here and now than perhaps thinking ahead."* **– Business Advisor**

The intermediaries, in particular, discussed issues about planning often only being undertaken when needed – on a reactive, rather than pro-active basis. This included reasons such as raising finance, launching new products, support with succession and the potential need for expansion – some of which suggested a lack of foresight. Few owner/managers undertook formal business planning unless there was a need to do so for raising finance (Richbell et al. 2006; Blackburn et al. 2013). Moreover, Mazzarol (2009) stated that applications for support grants, loans and quality assurance recognition usually required a formal business plan and, whilst such plans might not directly improve performance, the process of developing the plan involved the owner/manager reviewing their vision/mission, markets and overall foresight for the enterprise, so this tended to be a useful exercise in itself. Major and Cordey-Hayes (2000) considered the foresight of SMEs, which included their attitudes towards forward planning – and put forward three categories in which small enterprises could be placed:

1. **Involved** – Strategic, pro-active and with high levels of foresight.
2. **Open** – Responsive, with medium foresight
3. **Uninvolved** – Reactive, with low foresight

Most of the small enterprises in the main qualitative element of this current study could be considered as either ***involved*** or ***open***, in that all had visions for the future and had engaged with business support to help achieve their visions. Major and Cordey Hayes (2000) concluded that improved links with intermediaries could help small enterprises to develop foresight, and may therefore lead to them becoming more involved and operating strategically. However, the views of the intermediaries, who had much wider experience of small enterprise than was within the scope of the present study, suggested that business plans were often only written when required, and that planning tended to be overlooked or left too late.

> *"Business plans are generally only written when they're required perhaps by the bank or when they want to raise some finance and they have to create a plan."* **– Business Advisor**

> *"Companies leave it too long, too late to go and get support."* **– Business Coach**

> *"Succession planning, or exit, in terms of business owner - you know, thinking ahead."* **– Business Advisor**

There were some indications, mostly from the intermediaries, that written plans, once developed, were not always used as a working document, and this was particularly the case when the plans had been developed just for a specific (short term) purpose, rather than as a true strategic guide to the development of the enterprise. For example, sometimes plans were not realistic or practical; and sometimes owner/managers did not disseminate the details of the plan to their team.

> *"The plan looks great, good, it's well worked out, it looks do-able but the big issue that's missing is realism."* **- Business Network**

> *"Quite often there was a mismatch, so either the business owners had a really good long-term plan but the staff didn't know about it or there wasn't a plan and the staff thought there was."* **– Business Advisor**

Some justification for decisions relating to planning horizons related back to company size. Firstly, it was thought to be difficult for smaller companies to be able to find the time for planning, when dealing with the everyday running of the company, 'fire-fighting' and generally focussing on survival. Secondly, there were suggestions, from the intermediaries, that small enterprises could perhaps reach a critical mass, at which point formal planning and structure started to become more of an essential requirement.

> *"Yes, much more difficult because there are many [micro] businesses that are the leader, similar to myself, you know, I am the leader and I get other people to help me if and when I need it."* **– Business Coach**

> *"In Business Link terms, it seemed to be that when businesses got to about ten or eleven staff. I think when they get to that size they have to have some sort of structure. And I think then they tend to be looking longer term, more established."* **– Business Advisor / Consultant**

8.4.3 Accessing the Plans

Looking at how far the small enterprises planned ahead, it was also important to understand how often they consulted their strategic plans and the reasons behind this. The analysis was based on the quantitative empirical data. Of those companies that had strategic plans, a significant majority (around 80%) accessed the plan more than once per year. Only a small number of companies (7%) accessed the plan less than once per year. These figures suggested that, for companies that do have a plan, it acts as a useful working document. However, in some cases there were suggestions from intermediaries that plans, particularly those that had been developed specifically for reactive reasons, such as raising finance, were only referred to on a very occasional basis, and were often just 'gathering dust' on a shelf.

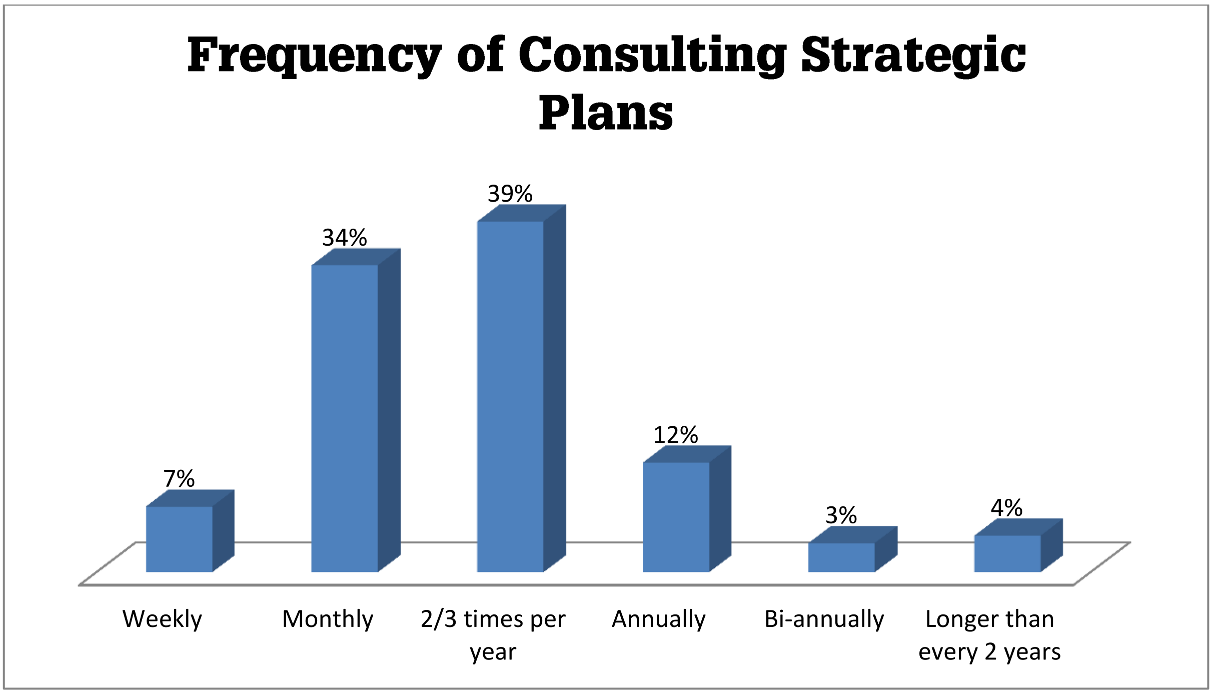


Figure 8.6 - Frequency in Which Owner/Managers Access Their Strategic Plans (based on empirical data)

> *"And the business plan, it's a bit of a cliché but it was often taken off the shelf, dusted, and it probably hadn't been looked at since 12 or 18 months ago. It was compiled by their accountant for a particular purpose."* – **Business Advisor / Consultant**

The reasons for consulting the plan were also examined using the qualitative data. The results from those without a plan were discarded. The most significant reasons for consulting the plan were a general/unforeseen change in circumstances which accounted for 35.7% of responses. Some owner/managers were more specific, most notably mentioning financial and market factors. However, apart from regular reviews and forward planning, most issues could be considered as a change of circumstance, so the overall picture suggested about 35-40% of owner/managers consulted the plan pro-actively and, about 60-65% consulted the plan as a reaction to circumstance.

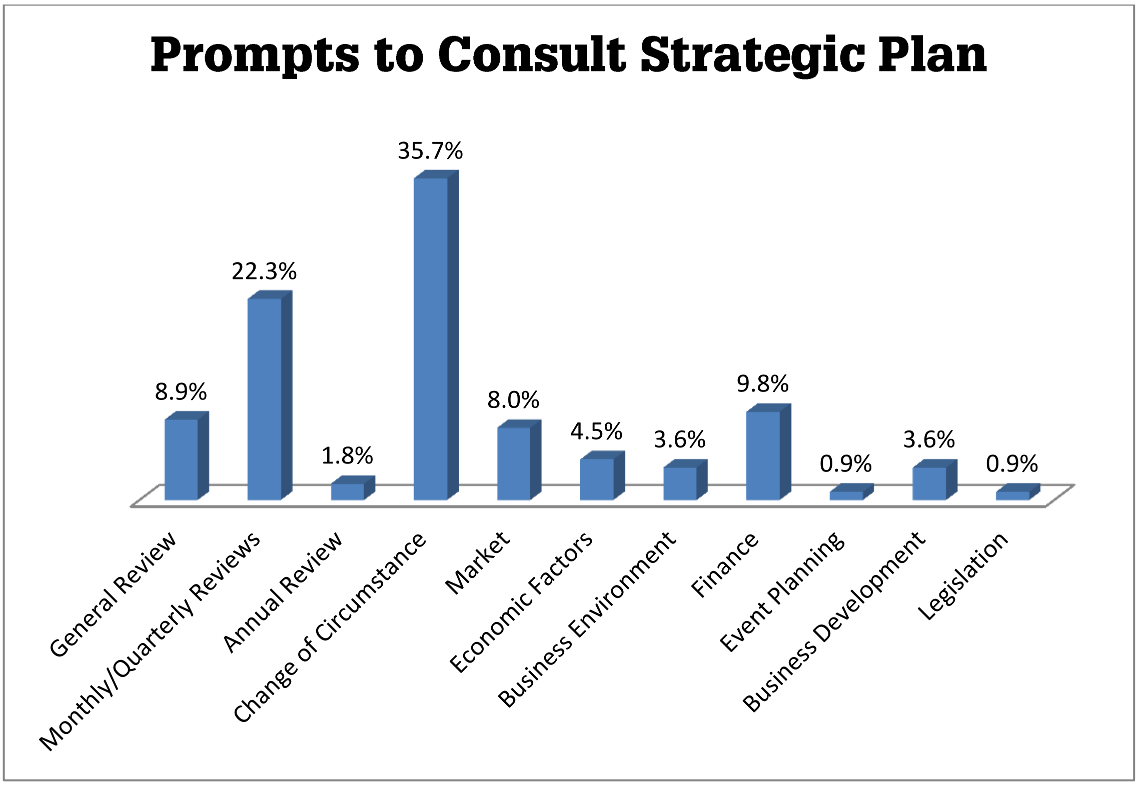


Figure 8.7 - Reasons Why Owner/Managers Consult Their Strategic Plans (based on empirical data)

Some of the specific reasons for consulting their plans, provided by the small enterprises, included:

Economic Environment	*"Changes in economic environment and opportunities or threats that occur from time-to-time within our industry."*
Internal Budgets	*"Monitoring budgets, both in terms of finance and marketing. Checking whether we are in line with objectives etc. Full review carried out bi-annually."*
Changing Circumstances	*"Changing circumstances that I could not foresee when I made the plan. I had a lead in a 3 year+ research project but, due to government cuts, the funding was pulled after just 8 months leaving me with a hole in the budget and staff with no immediate employment."*
	"It could be anything - an event, a success or failure, a commitment, news that a key member of staff might leave etc."
Demand/Markets	*"Changes in demand and the market requirements"*

Table 8.1 - Sample of Reasons Why Owner/Managers Access Their Strategic Plans (based on empirical data)

Companies were asked how often they reviewed or changed their long term strategic plans. Around 63% of companies amended their plans only when circumstances changed – in a reactive manner. Plans were amended more frequently, in a pro-active, manner in 25% of companies. Only 3% of companies did not make changes to the plan at all. The remaining 9% of companies presumably did not have any form of plan to amend.

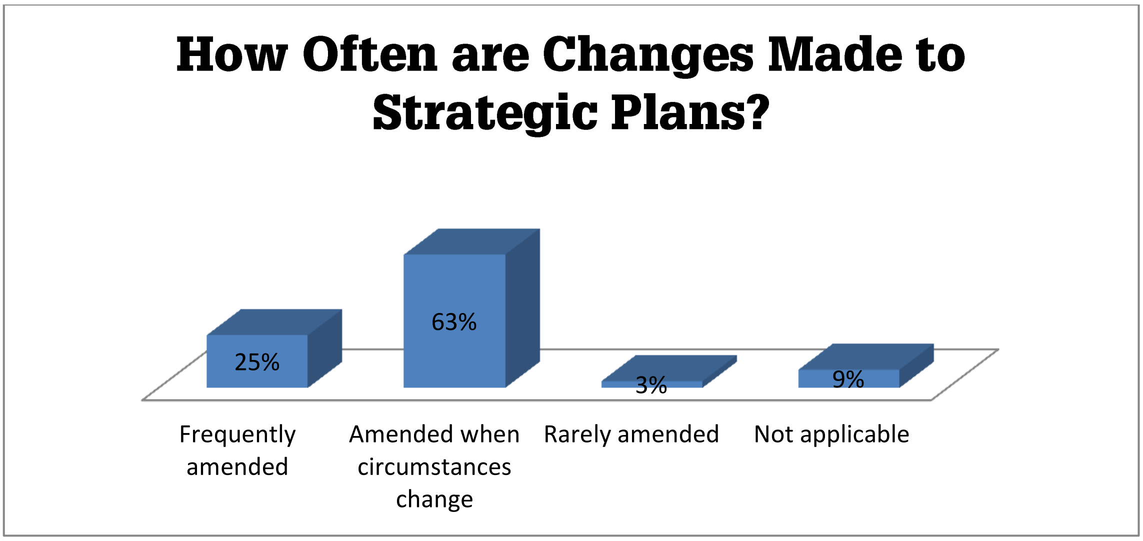


Figure 8.8 - How Often Owner/Managers Amend Strategic Plans
(based on empirical data)

8.5 Categories Identified: Planning Methods

A strategic plan can be considered as a *"written long-range plan, which includes both a corporate mission statement and a statement of organizational objectives"* and included strategies on how objectives could be achieved and may include measures of company performance, whereas shorter-term objectives can be defined as operational planning and would cover specific functional issues such as marketing, finance and HR (Shrader et al. 1989). Stonehouse and Pemberton (2002) refer to such functional level planning, around shorter term analysis/goals, as 'business planning'; and to longer term objectives as 'strategic planning'.

There were significant differences in approaches to strategic decision making between formal planners and informal planners (Lyles et al. 1993).

However, the qualitative data suggested that practical methods for both strategic planning and operational/business planning could involve a mix of either formal or informal approaches, and no clear patterns emerged. On the other hand, the quantitative data, which suggested that almost 2/3 of companies surveyed planned ahead to some extent, showed 22% of companies had highly structured (formal) plans and a further 44% had plans and written policies which were considered less formal.

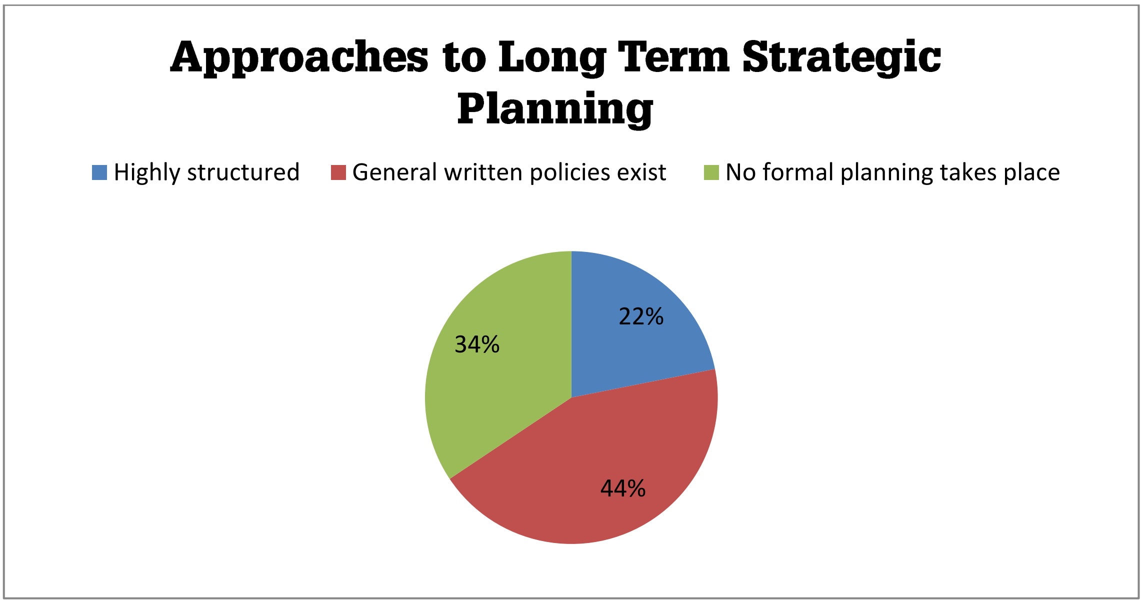


Figure 8.9 - Approaches to Strategic Planning
(based on empirical data)

Three main themes emerged from the data analysis:

1. The use of **formal planning**, which usually involved development of formal business plan style documents and/or detailed action plans.

2. **Informal planning** usually involved a range of methods, and a mix of documents, but without following pre-determined formats. In some cases there was limited documentation, but owner/managers could still have a good idea of where the small enterprise was heading and how they would achieve that.

3. Some of the small enterprises were in a position of consolidation, so had **no planning** aspirations. In some cases, reported by

intermediaries, certain small enterprises only started planning in reaction to circumstance and/or from their participation in business support interventions.

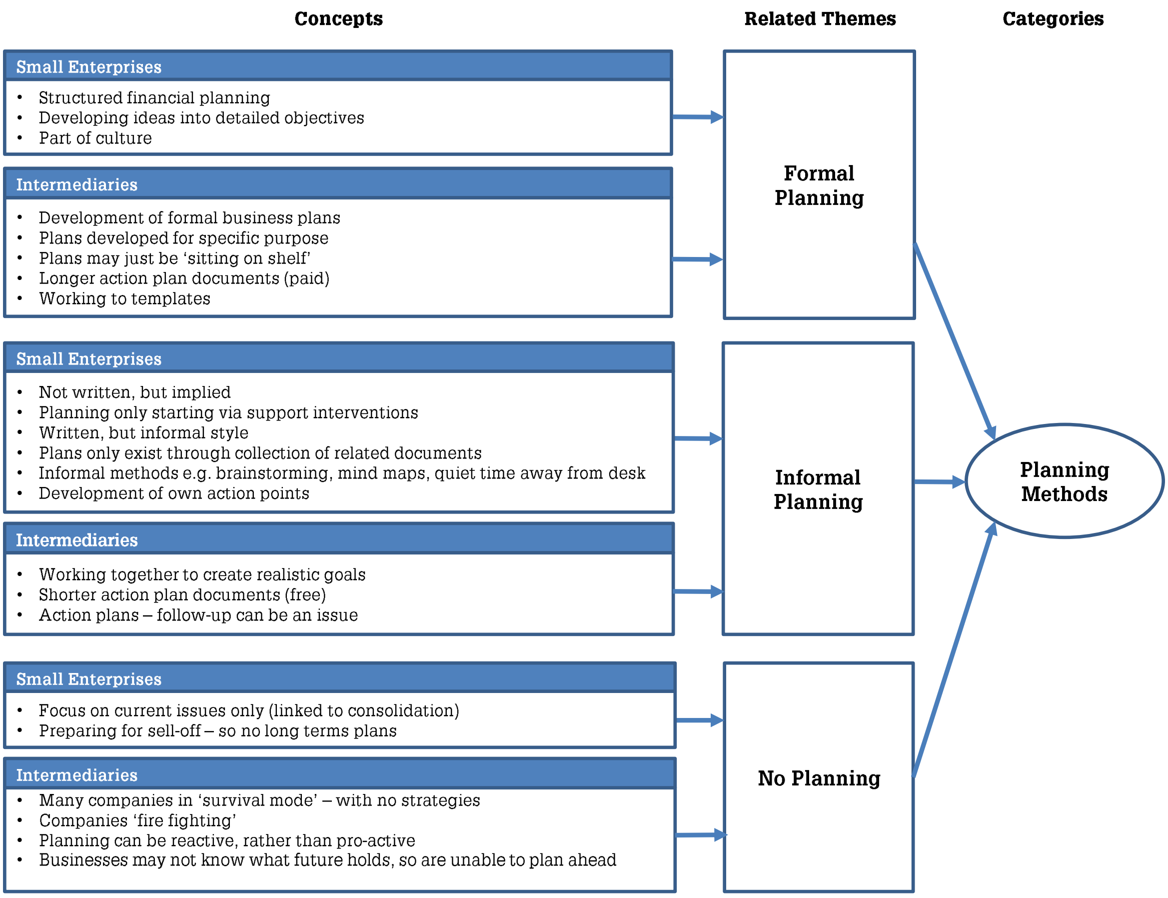


Figure 8.10 - Strategy Data Structure – Planning Methods

8.5.1 Formal Planning

Small enterprises that undertake formal planning have an increased emphasis on quality within the process of strategic decision making (Lyles et al. 1993). Although empirical evidence, from the intermediary group, suggested there was indeed regular engagement in formal planning, most of the planning described by the small enterprises themselves could be best described as informal or perhaps semi-formal (in the case of action point plans, for example). Richbell et al. (2006) found significant variations between formal and informal plans, but those small enterprises that actively engaged in formal planning, i.e. had written business plans, represented around 50% of their sample, and the firms that had business plans, also tended to have growth strategies. Furthermore, Blackburn et al. (2013) found that formal planning appeared to become more important, and more frequent, as the enterprise size increased.

> *"The most formal structured way that we plan is to do financial planning …. We've got some marketing goals …. We've got some PR strategy around getting business awards …. We've got a personnel strategy."*
> **– Software Company**

The intermediaries had training and experience of formal planning and encouraged the use of written business plans and/or action plans using structured approaches, but the type of planning undertaken was still largely dependent on the preferences of the owner/manager and the policies within the business support organisation. The planning characteristics of owner/managers could be considered in two categories: 1) psychological characteristics i.e. *'personal character traits'*; and 2) variables from the owner/manager's background i.e. *'antecedent influences'* such as education, work experience and cross sector experience (Burns 2001, p.25; Richbell et al. 2006). Richbell et al. went on to suggest that there were many owner/managers with planning characteristics, but who still did not actually plan - when these owner/managers were receptive to pro-active business advice, then they were much more likely to become planners as a result of such interventions. As all of those involved in the interviews, were already receiving business support, it was difficult to make this distinction from the empirical data, but most could be considered as planners.

> *"It results in a formal document or documents probably because that's the way I like to work."* **– Business Advisor / Consultant**

> *"You had to collect GVA at that stage and that was quite an interesting one because that was perhaps the main brake on just churning out meaningful actions plans. They always had to be formal plans in the sense they had to be written down."* **– Business Advisor**

> *"The navigators are very firm about giving businesses some structure so one of the most popular things that businesses get is the business plan template."* **– Growth Organisation**

Moving beyond the use of business plans and action plans for formal planning, there was a need to gain an insight into the specific types of tools used for formal planning, particularly as owner/managers could have limited awareness of, and access to, the tools associated with the practice of strategic management (Woods and Joyce 2003). Furthermore, it was useful to gauge whether there were any significant usage patterns emerging since the work of Stonehouse and Pemberton (2002), on which parts of the quantitative survey, for the present study, were based. Backing up the qualitative findings, in which there was little mention of specific formal tools/techniques, the quantitative data was used to provide a more accurate representation of the use of formal planning tools across a wider sample.

The most commonly used tools and techniques were 'Financial Analysis of Own Business' (i.e. management accounting), which was used in over 85% of companies, and then SWOT Analysis, which was used in 71% of companies – both were used fairly frequently, when compared to other tools. A wide range of other tools were used (as shown in Figure 8.11), but most of these tended to be used infrequently. Many tools were never used at all in the majority of companies – for example, Porter's Five Forces had never been used in over 84% of companies, despite widespread use in Business Schools and business books. Although a similar result had been found in the original work from Stonehouse and Pemberton (2002), it was noted that there had been little change in the 10 or so years between the two surveys, suggesting little progress had been made.

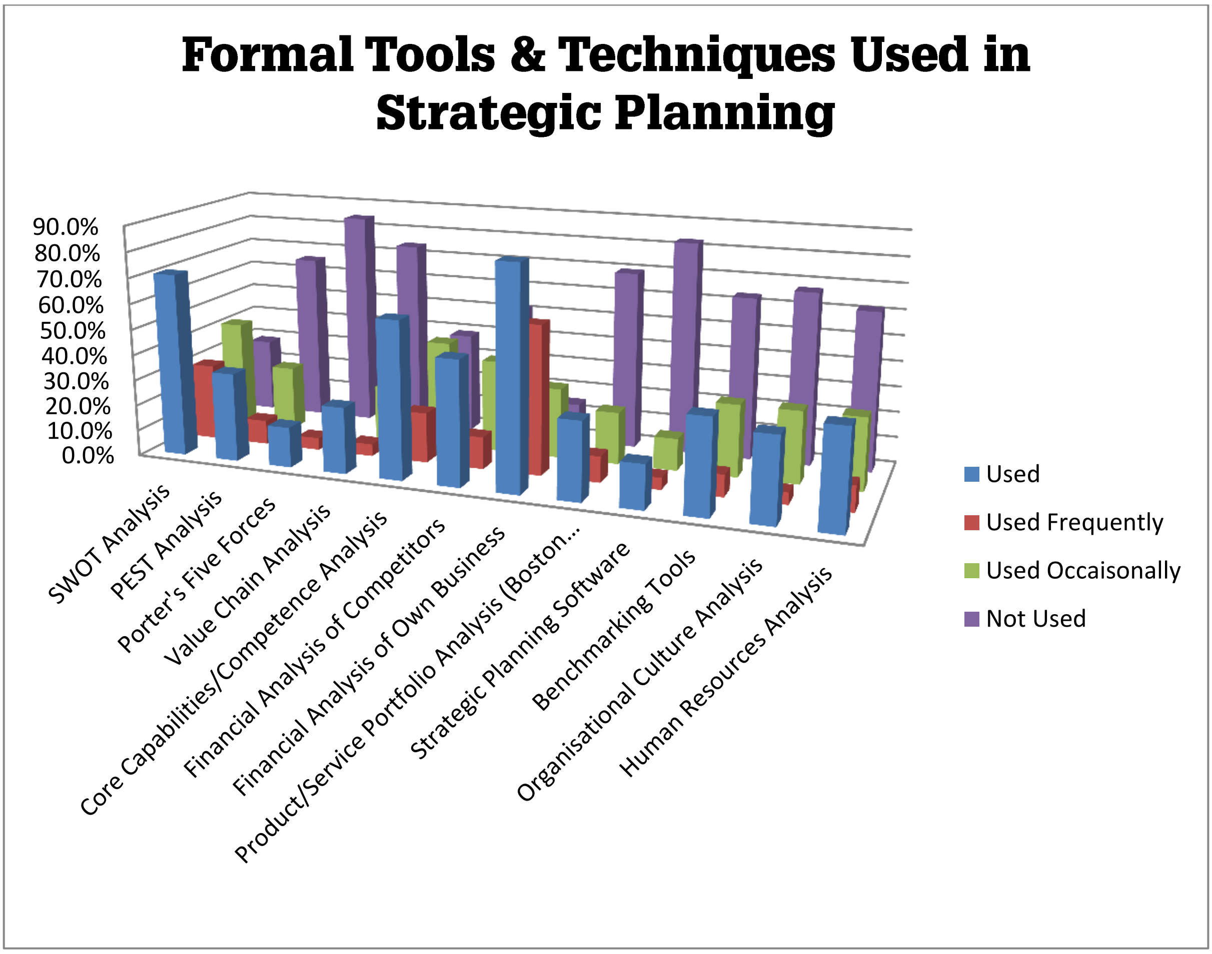


Figure 8.11 - Usage of Formal Tools and Techniques
(based on empirical data)

The survey then asked which of the tools/techniques were the MOST / LEAST useful. The two most useful tools in use by companies were 'SWOT Analysis' and 'Financial Analysis of Own Business'– these were both ahead by a considerable margin, with each being considered important in over 36% of companies. 'Competence Analysis', which was the next highest, was considered useful by almost 10% of companies – however, this appeared to be a relatively low score, considering over 60% of companies claimed to have used this tool at some point.

Tools such 'PEST Analysis', 'Porter's 5 Forces', Value Chain Analysis' and 'Portfolio Analysis', which were often used for academic business analysis, were only considered important in a very small number of companies and this may be related to education levels (Richbell et al. 2006). Strategic planning software was not used in any companies.

The least popular tools were 'Human Resources Analysis' and 'Strategic Planning Software' – this was consistent with the findings from Stonehouse and Pemberton (2002) and indicated that little progress had been made since the original survey. It was unclear, from the data, why certain tools were unpopular – for example, it could have been awareness i.e. owner/managers were not familiar with those tools, or it could have been because they had been tried, but had limited benefit.

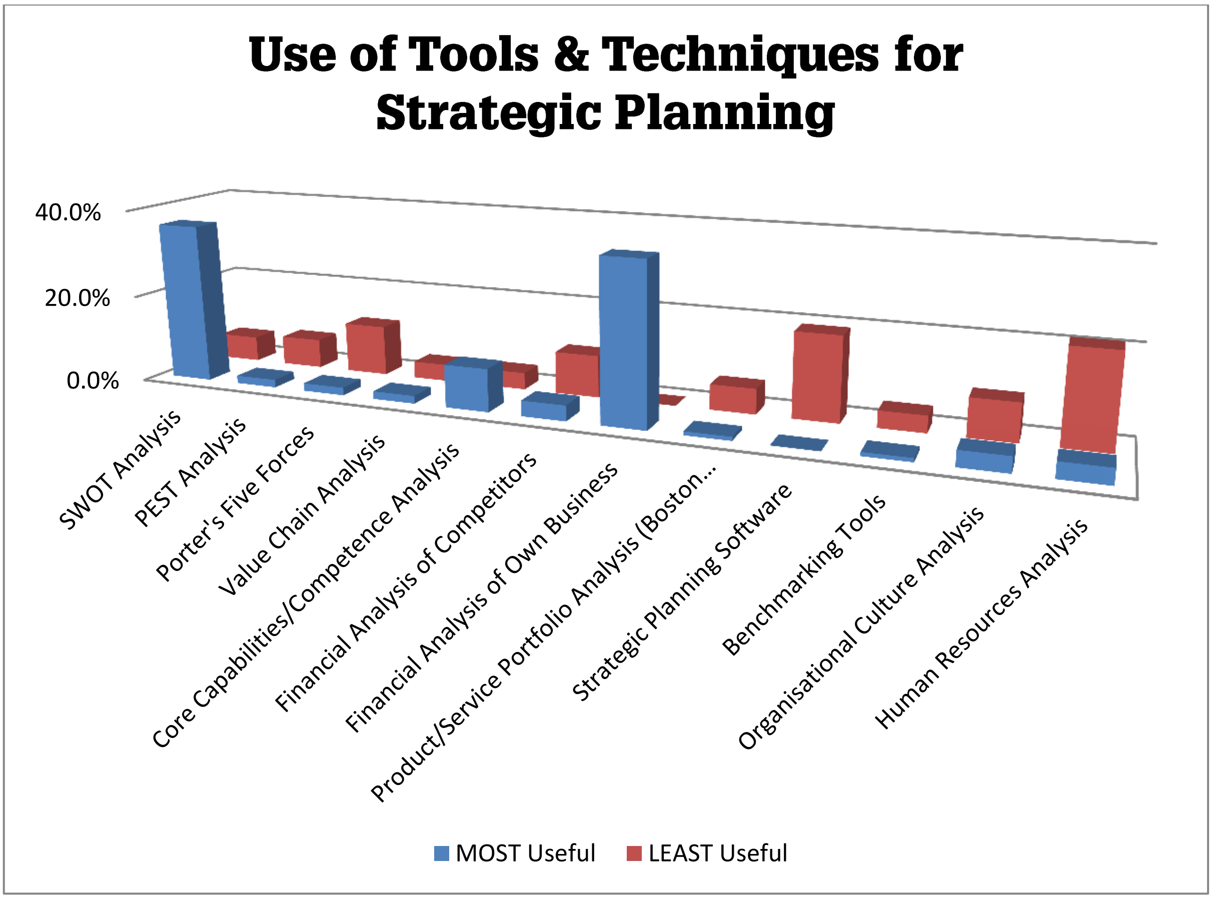


Figure 8.12 - Most and Least Useful Planning Tools
(based on empirical data)

Owner/managers were asked about approaches to long term strategic planning. Respondents were able to choose all of the categories that were applicable to them, but without any ranking. The most popular reason for long term strategic planning was future success, and this had a link with growth, which was selected by almost 79% of companies. Keeping ahead of the competition was the second most popular reason with 53% and survival, third at almost 52%. Most of the remaining factors had similar scores ranging between 38% and 47%. The least popular reason was to secure future finance (25%) – this was unexpected as anecdotal evidence, from the later interviews, particularly with the intermediary group, suggested that securing finance was thought to be an important factor to stimulate planning.

Of those companies choosing the 'other' category, the additional reasons included succession planning; having goals to work towards; meeting specific objectives; agreeing actions with partners/staff; balancing work across sectors; events planning; and to focus priorities.

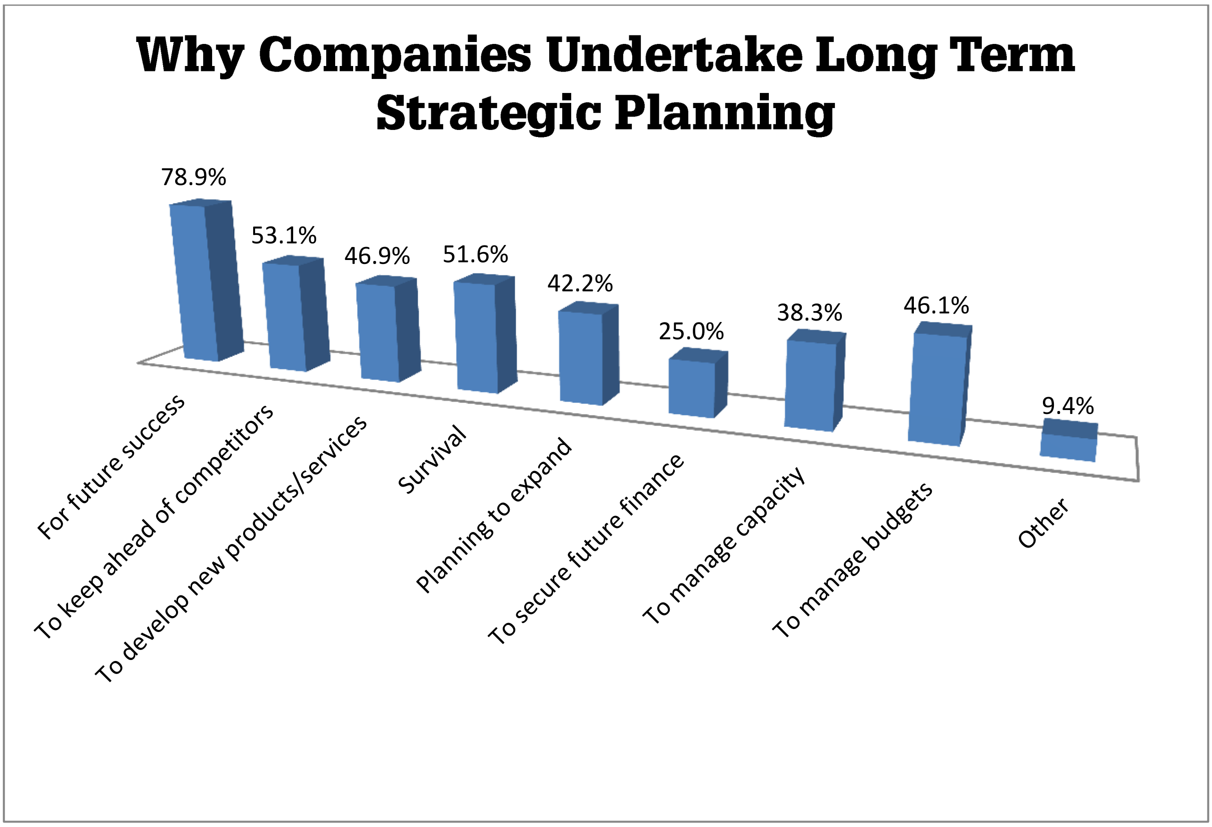


Figure 8.13 - Reasons for Undertaking Long Term Strategic Planning
(based on empirical data)

When considering the most and least useful tools in strategic planning, the perceptions of the owner/managers were that the most useful elements of strategic plans involved business level objectives, which was considered useful in almost 38% of companies. Profit and sales targets were the second most important element and, when combined, were thought to be most useful in almost 30% of companies. Mission or vision statements were perceived as being the most useful element in almost 10% of companies.

Conversely, mission or vision statements were thought to be amongst the least useful element of plans in over 15% of companies. The other two elements that were thought to be the least useful were in market share targets and recruitment, both at just under 19%, which was an unexpected result.

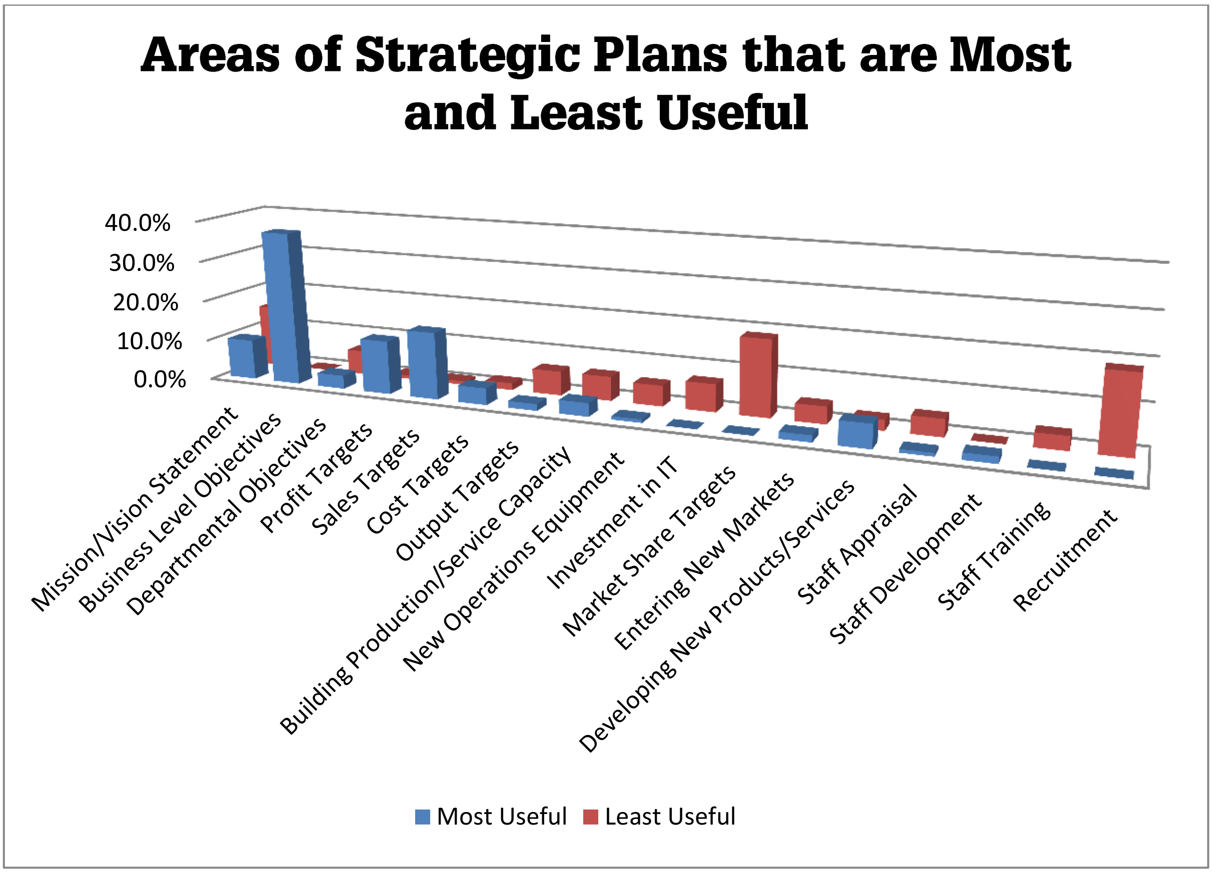


Figure 8.14 - Most and Least Useful Elements of Strategic Plans
(based on empirical data)

Finally, companies were asked about their use of mission or vision statements. Just over 75% of companies made use of such statements as part of their strategic planning, although fewer than 18% used these extensively.

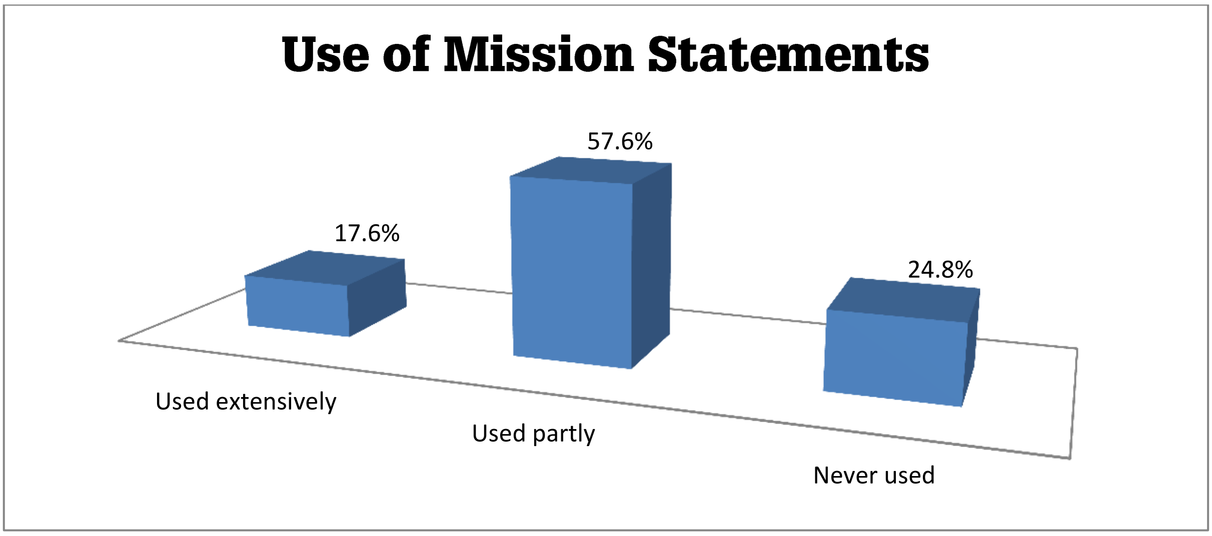


Figure 8.15 - Small Enterprise Use of Mission Statements
(based on empirical data)

Almost 44% of companies found a mission or vision to be 'useful' in guiding the direction of their companies, although only around 15% considered it to be 'very useful'. A further 33.7% felt the statements were of average use, which meant only around 22% felt that the use of such statements were of limited or no use. The reasons behind these findings were unclear, from the survey data.

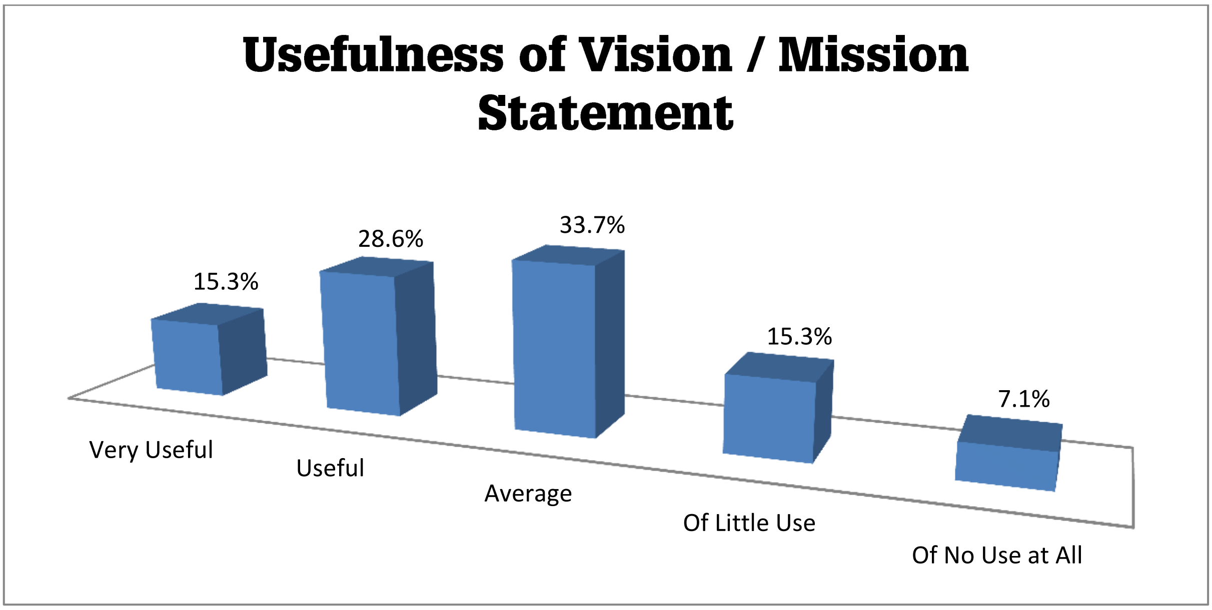


Figure 8.16 - Perceived Usefulness of Mission/Vision Statements
(based on empirical data)

8.5.2 Informal Planning

O'Regan and Ghobadian (2002) suggested that independently owned small enterprises had a less structured approach towards strategic planning than in larger enterprises, which are often owned by wider corporate groups, or had a more hierarchical business structure. Furthermore, there have been a limited number of arguments that the preparation of formal business plans may even be inappropriate, or unnecessary, for small enterprises (Bridge et al. 1998), and that the act of simply thinking/planning ahead, may actually be more important than having written formal documents (Bracker and Pearson 1986; Lyles et al. 1993). However, Richbell et al. (2006) acknowledged there was still a high proportion of small enterprises (around 50%) that did not have formal business plans. The indications from both the qualitative and quantitative empirical data is consistent with the findings of Richbell et al., in that the use of formal vs. informal planning was roughly equally split when taking into account the use of business plans and/or formal planning tools. The absence of formal plans did not appear to hamper success where there were aspirations for moderate/sustainable growth (Blackburn et al. 2013). However, the empirical data did suggest a positive association between those with limited growth aspirations, and the use of informal planning techniques.

> *"I would say it is probably half and half [formal vs. informal]."* **– Growth Organisation**

> *"Although they are not formalised, in a document, I think we have, from the outset, known what we wanted to achieve and we have managed to largely do what we wanted."* - **Hearing Company**

> *"We don't write it up so we wouldn't have a written statement but we would have very clear goals, aims, timescales that the management team would know about."* **– Shutter Company**

There were also indications of an additional category that could perhaps be described as semi-formal. In these cases, plans were written down, but did not adopt any specific formal approach. Such semi-formal systems, which used a range of methods/tools, could be advantageous – for example, when forming part of a 'multiple opportunity' growth strategy in which a range of business opportunities were considered (Majumdar 2010). Semi-formal methods may also have a good fit with having dynamic entrepreneurial capabilities (Zahra et al. 2006; Koryak et al. 2015) in which enterprises needed to be able to react quickly to new opportunities.

> *"They're formal but not, as formal as they could be. They're written down, but they're relatively informal in style, it's just a general overview rather than a step-by-step [plan]."* **– Web Company**

> *"It could go just into action point notes, or if it's a wider planning meeting which might be every six months, then it might go in the form of a mind map or something like that."* **– Shutter Company**

8.5.3 No Planning

Many SMEs do not have a strategy or engage in planning, which could be for a range of reasons (Robinson and Pearce 1984; Beaver 2003; Forsman 2008). Indeed, Wang et al. (2007) suggested that the majority of SMEs do not plan and, whilst the reasons for this are not fully understood, they do relate strongly to owner/manager motivations including entrepreneurial orientation.

However, only one of the small enterprises involved in the qualitative element of the present study claimed to have no long-term strategy at all – in this case, the plans to expand were already limited by unique circumstances, including difficulties in recruiting and retaining staff for that particular industry/location, and the stage of the company life cycle - including succession issues. In this particular case, there may also have been issues around entrepreneurial orientation (Bracker and Pearson 1986; Wang et al. 2007; Eggers et al. 2013) as the owner/managers had previously been employed in industry and, despite acting as competent managers, their reasons for starting a business largely came down to their personal circumstances and they also had no previous experience of running a business. This was in contrast to the evidence from the empirical quantitative survey, on the other hand, suggested that over a third of small enterprises do not plan, but may have been due to the nature of the qualitative sample.

> *"But in terms of long term business strategy we're not really focused on it, we're focused on the now and doing a good job now."* **– Cabinet Makers**

The intermediaries raised a few concerns about a general lack of planning in the small enterprises they worked with. However, the fact that these enterprises were still receptive to support, and had engaged with local intermediaries, may indicate that they had already recognised this shortfall, and at least had the potential to become planners (Richbell et al. 2006).

> *"I suppose the spectrums are no planning at all, seat of the pants job which often works for the loud, pushy, arrogant sort of entrepreneur and at the other end there are people who over plan, they think that because they plan that it's going to happen."* **– Business Coach**

> *"We just find that they were more coming to us in a reactive manner than proactive, not a lot of planning goes on."* **– Growth Organisation**

The challenges of running a business on a day-to-day basis, along with general business survival, was identified as an additional reason why small enterprises may not have developed formal strategies. Indeed, for many owner/managers, business growth was not a primary objective when they are often just focussed on survival (Storey 2000). However, Berry (1998) argued that survival itself may be at risk if small enterprises do not reach their performance and growth potential.

> *"I would say companies fire fight all the time."* **– Growth Organisation**

> *"Well most companies, and this is a very sweeping statement to make, don't have a strategy. They're in survival mode, especially small companies."* **– Business Network**

8.6 Conclusions of Chapter

Approaches to planning and strategy formation were very much dependent on the aspirations of the owner/managers, but also included a range of other influences. The evidence arising from the data backed up most of the influencing factors arising in the literature around strategy in small enterprises, including:

1) **Owner/Manager Characteristics** (Burns 2001, p.25; Richbell et al. 2006; Wang et al. 2007):
    a. **Personal Character Traits**: e.g. entrepreneurial orientation, personal goals, age
    b. **Antecedent Influences**: e.g. education, work experience, cross-sector experience, family

2) **Business Characteristics**
    a. **Size of Business** (Stonehouse and Pemberton 2002; Blackburn et al. 2013)
    b. **Type of Industry** (Shrader et al. 1989)
    c. **Internal Implementation Factors** (O'Regan and Ghobadian 2002)
    d. **Stage of Development** (Berry 1998; Blackburn et al. 2013)
    e. **Wider Ownership** (O'Regan and Ghobadian 2002)
    f. **Dynamic Capabilities** (Zahra et al. 2006; Koryak et al. 2015)

3) **Co-Production Characteristics**
    a. Access to Suitable Business Support (Mole et al. 2009)
    b. Correct Critical Mix (Brudney and England 1983)
    c. Appropriate Methods/Tools/Techniques (Stonehouse and Pemberton 2002)

Most of the owner/managers involved in the study were looking for moderate growth that was manageable, sustainable and did not require any major changes to capacity, which was in line with research from

Blackburn et al. (2013). There were, however, some examples of more ambitious 'growth orientated' (Wang et al. 2007) small enterprises with aspirations for rapid growth and, for these, planning was acknowledged as a key requirement (Smallbone and Wyer 2000; Foreman-Peck et al. 2006; Mazzarol 2009).

Some of the owner/managers had limited aspirations for growth and the empirical data was largely consistent with findings from Rosa et al. (1996) in which about two-thirds of small enterprises had no plans for any significant expansion. From the data, the main reasons for consolidation of the business were linked to the stage of development (Berry 1998) and, again, to the aspirations of the owner/managers. However, for one company in particular, the difficulties of recruiting and retaining suitable staff in a semi-rural North Dorset market town had been another factor that influenced future goals. The qualitative data included two examples where rural location was causing difficulties (in recruitment, growth and broadband connection), but these had quite an impact for the enterprises concerned, so this may be an area for further research, in Dorset, around location at the periphery (Anderson 2000; Rae 2017) – both of these enterprises were located very far *'from the core'* and it may be the case that further policies are required to ensure a more 'level playing field'.

Several of the small enterprises spoke of their exit strategies – this was thought to be largely down to the ages of the owner/managers and the stage in business life cycle and fitted with work from DeTienne and Cardon (2006), who linked the age of owner/managers to specific exit strategies. The owner/managers who were seeking exit plans, tended to be using specialist agents, rather than their normal business support intermediaries. However, they were still struggling to develop practical solutions to their succession issues which suggested this could be a further weakness in local provision. Sambrook (2005) suggested it can take up to ten years of planning to achieve a successful exit, and the limited data available appeared to back up this finding.

Planning horizons varied considerably between the small enterprises and ranged from periods on no more than 3-6 months to 5 years and beyond. It became very clear, from the data, that the underlying purpose of plans had a direct relationship to the length of the time horizon under consideration. The data was largely consistent with that of Stonehouse and Pemberton (2002) which found the average planning horizon was about three years. The empirical data suggested that short term plans were usually for operational issues; plans of a year or so involved realistic targets and known factors; plans of three years were more strategic e.g. new markets, new technologies, supply chains; and plans of five years plus were more visionary about where they wanted to be.

There was empirical evidence that planning periods were related to company size and that smaller enterprises tended to have either a shorter term focus, or did not appear to plan at all. This was consistent with the findings from Stonehouse and Pemberton (2002) who also suggested that smaller enterprises are less likely to plan.

Several of the intermediaries highlighted the issue that planning tended to be reactive for issues such as raising finance, new product/service launches, exit, and expansion. This finding was in line with literature from Richbell et al. (2006) and Blackburn et al. (2013) who suggested there could be limited foresight on the part of small enterprises who were not pro-active with regards to planning. Stonehouse and Pemberton (2002) identified three categories relating to foresight in small enterprises – and most of the enterprises in the qualitative study could be considered to have medium to high levels of foresight and could be considered 'open' or 'involved' when it came to strategy formation, particularly as all the owner/managers had engaged with business support which has been acknowledged as a driver for planning activity (Major and Cordey-Hayes 2000; Richbell et al. 2006). The data suggested that those engaging with business support were likely to be in a position to move along the three point scale, from Major and Cordey-Hayes (2000), to become more 'involved' i.e. becoming more strategic; pro-active; and with high levels of foresight.

Whilst there was some suggestion, from intermediaries, that plans, particularly those developed reactively for specific purposes, could ‘sit on shelves’, the quantitative data suggested that plans were actually accessed fairly frequently with as many as 80% being accessed more than once per year. However, the most frequent reason for accessing plans was through changes of circumstances, followed by regular reviews. This suggested that, along with the longer term strategy and vision presented in the plan, it also served as a useful working document to inform operational planning. Indeed, there were indications that having a plan could influence owner/managers to become more involved in reviewing markets and visions, along with improving foresight (Mazzarol 2009).

There were mixed messages coming through, from the quantitative data, with regards to formal planning – the survey suggested that around a third of small enterprises undertook formal planning, but qualitative data from the intermediaries suggested this may be much higher, and the literature suggested that as much as 50% of SMEs plan formally, although this does also take into account larger SMEs, over 50 employees, which were not the focus of the present study.

When considering the tools used for strategic planning, SWOT analysis and management accounting appeared to be the most common tools and were often used fairly frequently. Many of the other tools, such as Porter’s Five Forces and PEST analysis were sometimes used, but were not commonplace. Wood and Joyce (2003) suggested that the teaching of such tools in a range of settings, including education, through the business environment, and from management books might lead managers to a ‘language of strategy’ and could filter through into small enterprise management over time. However, when comparing Stonehouse and Pemberton’s data, which was collected in April 2001, with the empirical data collected 10 years later, there were no significant differences in the results, suggesting little progress had been made in strategic planning that had reached Dorset’s small enterprises.

Whilst the evidence around formal planning related largely to the development of business plans (often through co-production with the intermediary) the low usage of formal tools and techniques, and indications from the owner/managers themselves, suggested that planning tended to be more informal, and the small enterprises therefore had a fairly unstructured approach to planning (O'Regan and Ghobadian 2002). Richbell et al. (2006) found that around 50% of small enterprises did have plans, and this was largely consistent with the findings in the empirical data, although there may be some bias with the qualitative findings, as all of the small enterprises had been selected on the basis that they had already engaged with business support, which Richbell et al. suggested could influence planning activity.

The quantitative data indicated that about a third of small enterprises do not plan at all which is consistent with the findings of Wang et al. (2007) who concluded that many SMEs do not plan. Again, the reasons for a lack of planning were largely down to owner/manager aspirations including entrepreneurial orientation (Bracker and Pearson 1986; Wang et al. 2007; Eggers et al. 2013) but could also be related to survival (Storey 2000), or being too busy dealing with the day-to-day running of the company. The dynamic capabilities of the enterprise, in being able to react to and to capitalise on opportunity, was also an issue (Zahra et al. 2006; Koryak et al. 2015) and there were indications that several of the owner/managers were already stretched in the running of the business, and may not have been in a position for quick reactions to new (but unusual) opportunities.

In achieving effective strategy formation through co-production, the 'critical mix' (Brudney and England 1983), as described in Chapters 2 and 6, remains an important factor, and is influenced by owner/manager characteristics; business characteristics; and co-production characteristics. Figure 8.17 considers the value creation outputs of the conceptual framework, in terms of the characteristics that have been highlighted in this chapter and are shown to influence strategy formation.

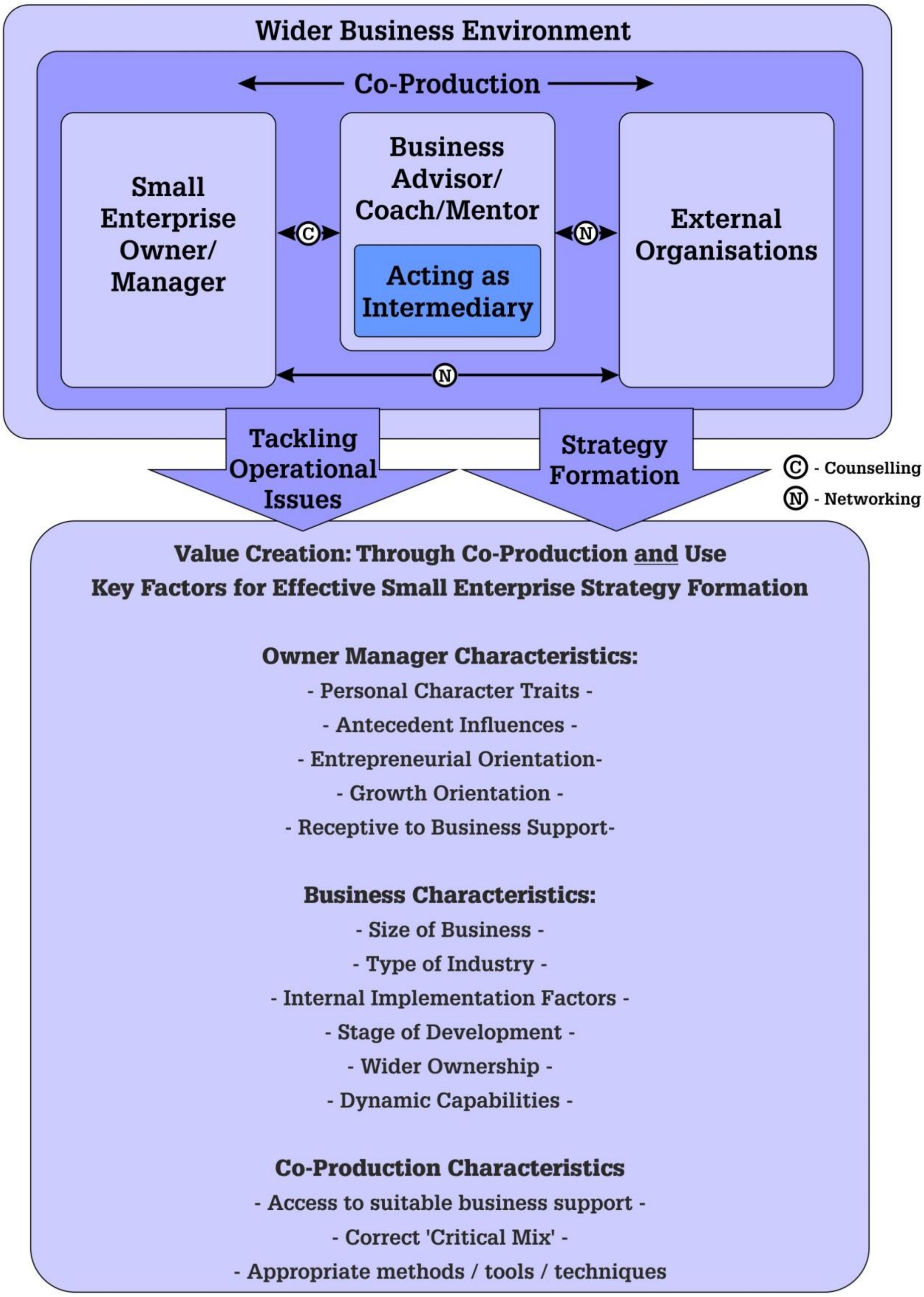


Figure 8.17 – Key Factors for Effective Strategy Formation

Chapter 9 - Discussion

9.1 Introduction

The main findings of this study have been presented in the three previous data analysis chapters, in which the research questions around co-production, business support and strategy were considered individually. This discussion chapter cross examines these three elements together, and provides critique of the empirical findings, the implications and relationships to other studies.

In other words, the relationship between co-production, business support and strategy was considered as a whole, through the combined impact on the development and growth of small enterprises in Dorset, arising from business support.

The chapter also considered the findings against the conceptual framework, initially developed in Chapter 3, and subsequently presents a revised conceptual framework that has built on outputs arising in each of the analysis chapters.

9.2 The Changing Business Environment

With the research being regional in nature, it has been important to consider this against the dynamic local business environment and support mechanisms in Dorset. This infrastructure has been subject to significant change since the research commenced in 2010. Most notably, during the period of research to date, major government funded providers of support were closed down, and Local Enterprise Partnerships, and associated business support initiatives, emerged to play an important, but developing role in the regional business environment.

The study was therefore undertaken during a time of considerable change in business support provision, during which the Business Link network and Regional Development Agencies closed, and new bodies such as Local Enterprise Partnerships and Growth Hubs were launched, albeit with a fraction of the funding and influence of their predecessors, and (at the time of writing) with very limited evidence of sustainability. This changing landscape has inevitably had an impact on the focus of this research, which has needed to continually adapt in order to stay relevant and to be appropriate for the current business support environment in the Dorset region.

As a result of these changes, there was a major impact on business support in Dorset, and the empirical research identified a wide range of needs including increased provision; improved awareness; easier access; better funding; and sustainable programmes. However, on the back of the downturn in support from Business Link, which had evolved into what was effectively a brokerage model (from 2006-2011) and then through its closure, there was notable growth in business mentoring which was focussed much more on a direct approach of regular one-to-one business support which was mostly aligned to developing strategies. There were also indications of growth in the role of Chambers of Commerce.

One significant observation was around the perceived quality of business support programmes in Dorset. The intermediary group made several references to variations in quality of business support across England that was particularly evident in Business Link, which was running as a single brand, but with actual provision coming from a series of franchised operations, each with their own ways of working. The evidence suggested that a high quality offering has been available in Dorset since the 1990s, and is still available through the local mentoring programme, the Growth Hub, Dorset LEP and through a range of privately funded sources. What became clear was that strong connections/networks still existed between these organisations and the individuals involved. There continues to be a business support culture in Dorset, albeit with relatively limited resources, when compared to the period prior to 2012. One issue, which could be addressed through further research, may be to formally assess how many enterprises are receiving business support, compared to pre-2012 figures – as this would give a useful indication of the true effect of the policy changes that have affected business support provision.

For example, the Dorset Mentoring programme had shown considerable growth since 2010, when the number of volunteer mentors had increased to around 95, and a total of 170 businesses were receiving support at the time of writing. Around 1,200 businesses had been supported since 2005. However, with over 30,000 enterprises in the Dorset LEP area (South West Observatory 2012), this represented only 4% of businesses (or 0.6% annually using current figures) – similarly the local Growth Hub had provided intensive support to 323 businesses in the period 2014-2016 which represents just 0.5% of Dorset businesses annually. These figures are in contrast to the empirical quantitative data which showed up to 52%, of small enterprises surveyed, had engaged with Business Link in 2011. Whilst many small enterprises were engaging with support from professional services, the data suggested this was not necessarily for strategy formation, but also for support with operational issues. One question arising is that if small enterprises were still receiving support at anywhere close to the levels provided by Business Link, then where exactly was this support coming from? The main sources of direct support in Dorset, at the time of writing, were from the Dorset Growth Hub; DorMen (Dorset mentoring organisation), the YTKO Outset programme; and privately funded support such as business networks, coaches and consultants – however, there appeared to be neither the funding, nor capacity, to provide support at anything close to the levels that were available until the closures in late 2012. Again, quantitative research could perhaps be undertaken to assess both the current take-up of support services against the capacity to provide such services, as the indications, from the present study are that support is very good, but is also very limited in the number of small enterprises that are actually being reached.

Sawang et al. (2016) suggested that, when resources for small business advice and support were limited, that the impact was maximised when provision was delivered strategically and the service was customised to the specific needs of the small enterprise. Since the research consistently highlighted perceptions of limited support provision in Dorset (at the time of writing), then a more strategic approach could be taken towards the delivery itself, perhaps targeting small enterprises with growth orientation and dynamic entrepreneurial capabilities. This could result in the limited support available reaching the most appropriate small enterprises, leading to a greater impact on the local economy and the creation of better value from business support provision.

9.3 The Case for Business Support

There has been considerable debate in the literature about the effect of business support services on growth and performance in small enterprises and/or SMEs. A number of authors have identified positive associations between business support and performance/growth, albeit using a wide range of methods to assess the outcomes (Harrington et al. 1991; Bryson et al. 1997; Butler and Durkin 1998; Ramsden and Bennett 2005; Bennett 2007; Bennett and Ramsden 2007; Mole and Keogh 2009; Mole et al. 2009). However, Robson and Bennett (2000) suggested that many of these studies were focussed around growing enterprises that would naturally be seeking external advice anyway i.e. the advice was sought as a result of growth, rather than the advice itself being a determinant of growth.

Furthermore, the evidence arising from both the qualitative and quantitative empirical data showed that owner/managers that engaged with business support, and who had aspirations for growth, did indeed appear more likely to be involved in strategy formation. The quantitative data, in particular, provided a very strong link between those engaging in business support and increased levels of strategic planning.

The economic impact of government business support services in England was assessed by Bennett (2007) who concluded that SMEs were reporting improved profits and returns on investment. Ramsden and Bennett (2005) also demonstrated a positive link between business support services and SME growth, through increased turnover and profits. Mole et al. (2009) reported a positive effect of business support on employee growth and sales. However, whilst several of these studies reported improvements in financial/employment performance, there was still no clear evidence of causality in the link between business support interventions and firm performance. This is not to say that the link is not there, but just that it is very difficult to demonstrate a connection.

Moreover, in comparing the findings of these various studies, it became apparent that each one was using a completely different set of measures to assess the impact. There have also been significant debates, in the extant literature, about the validity of methods used for evaluating business support (Wood 1999; Chrisman and McMullan 2002; Storey 2003; Mole and Keogh 2009) – for example Chrisman and McCullan (2002) noted that multiple measures were often used, but each of these was flawed, in different ways, and therefore multiple approaches were often used to triangulate a range of diverse findings.

Indeed, studies of business support impact tended to include a mix of owner/manager perceptions (e.g. Bryson et al. 1997; Butler and Durkin 1998); mixtures of hard and soft outcomes, which were still based on owner/manager perceptions rather than on hard financial data (e.g. Ramsden and Bennett 2005); and expectations and outcomes (Bennett 2007). The impact studies tended to be based mainly around structured surveys and some based on interviews. The number of respondents ranged from just 8 enterprises (Burke and Jarratt 2004) to over 2,000 enterprises (Bryson et al. 1997). Some evaluations recognised their own limitations in providing robust results – for example Mole et al. (2009) acknowledged that a true representation of 'value for money' required a *"richer and more complex structure than that adopted here to capture both regional and operational changes."*. Moves towards brokerage models meant evaluation of benefits, such as added value, were even more difficult (Mole et al. 2009) as such interventions, involving diagnosis and signposting, could shift the focus to external providers rather than on the central co-production relationship between the owner/manager and the intermediary. In essence, there had been a wide range of business support programmes being assessed, by a wide range of researchers, each using different methods and with large variations in sample sizes, so it has been almost impossible make valid comparisons between all these studies.

Having already highlighted the variable range of methods/measures used to collect data on outcomes, there were also difficulties presented when a wide range of studies appeared to provide largely inconclusive results i.e. were unable to demonstrate any direct positive (or negative) benefits and/or causality (Westhead and Birley 1995; Freel 1997; Hill et al. 1999; Burke and Jarratt 2004; Kosters and Obschonka 2011). Robson and Bennett (2000) even identified possible negative outcomes in direct business support, with the only interventions shown to provide positive results being supply chain collaborations – this was partly attributed to the notion that firms may only seek direct business support when already experiencing difficulties. However, Robson and Bennett then went on to suggest that their data on negative impact may not actually include any valid causal link between business support and performance, stating: *"there is little evidence of statistically significant relationships between government-backed providers of business advice such as Business Link and firm performance".* This statement effectively contradicted the authors' main finding that business support results in negative outcomes, when they appeared to be saying that they cannot actually find such a causal link. Again, this provides further evidence of the huge difficulties in being able to assess the true impact of business support provision.

In terms of the empirical data, there were no examples arising from the small enterprises of 'hard' evidence of value added through business support, but there were numerous examples of 'soft' outcomes in the form of perceived benefits. On the whole, the intermediary group provided their own perceptions of benefits with only one providing details of 'hard' evidence, which was provided in terms of job creation – even then, it was difficult to identify whether there was any direct causal link between the statistics for jobs created and the specific business support programme – for example, whilst the number of new jobs created was not in question, could there really be proof that those jobs would not have been created without the intervention? Furthermore, when questioned directly about value added through co-production support interventions, the impression was that any of the interviewees would be hard-pushed to provide any formal data that could provide direct evidence of hard outcomes. This issue was perhaps best tackled in work by Blackburn et al. (2013), where performance was assessed on the basis of owner/manager perceptions of improved: turnover; employment growth; and profit, but these were considered using a series of broad categories, rather than any hard measures i.e. *"grown consistently"; "been patchy but grown overall"; "stayed about the same"; "been patchy but declined overall"; "declined consistently";* and *"unknown"* – whilst this approach may not have provided truly 'hard' data, it may well form a strong basis for assessment of small enterprise performance as it took into account the owner/manager's tacit knowledge arising from their relationship to the enterprise itself (Deacon and Corp 2004; Wang et al. 2007). During the present study, it became apparent that a system for collecting perceptions of performance outcomes, such as that used by Blackburn et al. (2013), may be the only realistic way of collecting valid performance data within the practical limitations of a short survey or series of interviews. Indeed, it was difficult to see how Blackburn et al.'s method could be any less accurate than taking pure financial figures and/or employment figures and then attempting to 'retro fit' these with a causal link back to business support, and this may actually provide a more accurate method due to the owner/manager's unique position in being 'at one' with the enterprise.

It can be concluded that there is no single accepted way to assess the impact of business support interventions, and that the methods used, particularly for assessing hard outcomes are often flawed – both in using reliable methods of assessment and in providing any causal link to improvements in performance. For example, studies that used owner/managers perceptions of improvements in financial performance (e.g. Ramsden and Bennett 2005; Mole et al. 2009) did not appear to make any comparison of formal accounts before and after the intervention(s) and, even if this had been the case, there could still be no causal evidence to link performance to the interventions themselves. There are far too many unknown factors to be able to make such a link – for example, in the case of a small enterprise, an economic downturn, the gain or loss of just one major customer, or a large order, could easily make a difference to the bottom line, that could potentially outweigh any direct benefit arising from business support itself. That is not to say that the business support may not contribute to new orders, but just that there are too many unknown factors to make a causal link, leading to measurable and reliable outcomes.

However, what did appear to be the case was that triangulation, using a wide range of measures and/or perceptions, did give a stronger indication of overall impact (Chrisman and McCullan 2002; Blackburn et al. 2013). This fitted well with the suggestions from Dewson et al. (2000) that a diverse range of positive soft outcomes could lead to indications of *‘distance travelled’* i.e. added value.

With growth identified as a key indicator for measuring impact, the research community had still not developed an accepted method for defining and measuring growth, so comparisons between studies were difficult (Delmar 1996; Andersson and Tell 2009).

A useful example of impact measurement arose from the Government funded Knowledge Transfer Partnership (KTP) scheme, which provides support/assistance to small enterprises through a graduate placement and academic support, had a structured model for assessment of impact (MacBeath and Dignan 2016). The impact of programmes was actually given a fixed financial value, in terms of benefits to the enterprise. Estimated impact was based on changes in annual turnover reported by the business, and based on formal financial figures before and after the programme - additionally, the effects of productivity, Gross Value Added (GVA) and the subsequent effect on the national/regional economy were considered (InnovateUK 2015). Whilst it was still questionable that such a method could genuinely provide a true causal link between actual performance and the intervention itself, the key point was that a standard system of measurement was adopted, using a range of measures, that could be used consistently across all KTP programs. Such a model could perhaps be adapted for assessing business support interventions where, using a widely accepted measure of impact, meaningful comparisons could be made across various a range of programmes, studies and evaluations.

Much of the extant literature around the benefits of business support focussed on a similar set of authors, as listed above, but it was difficult to make useful comparisons between the findings when there were so many inconsistencies in the data collection and evaluation methods. Until there is a universally accepted methodology for assessing the impact of business support, then the only way of providing meaningful data may be through the perceptions of owner/managers which largely relates to triangulating a series of soft outcomes. Given the theories of Chandler and Hanks (1994) and Wang et al. (2007), that enterprise itself is often an extension of the owner/manager, than this method may actually be quite an effective means of assessment i.e. the owner/manager, who is in the unique position of both being a core part of the co-production support process, but is also in harmony with the enterprise itself, has the tacit knowledge around of the impact of the intervention on performance - and that could actually be more meaningful than any hard financial measures that might be subject to many external influences.

Such inconclusive, or negative, outcomes are in contrast to the significant perceptions of benefits, largely in terms of a series of soft outcomes, which were evident in the empirical data. Dewson et al. (2000), recognised the importance of soft outcomes which, when considered alone, could appear insignificant, but when considered together could result in value-adding outcomes. This was certainly the case in the current study which has only attempted to, and been in a position to, evaluate soft outcomes in terms of perceptions of values. However, the evidence of benefits arising through these soft outcomes was very strong with positive stories reported in virtually all cases, across both the small enterprise and intermediary groups.

This leads to a significant finding – that it appears to be impossible to accurately measure the impacts of business support through hard measures alone. With the owner/manager considered as an extension of the small enterprise, then their tacit knowledge may turn out to be a more reliable indicator of performance improvement than a set of financial figures, and perhaps the only way of assessing impact is through triangulating a range of owner/manager perceptions of soft/hard outcomes against limited hard data. If a standardised set of such measures were adopted across programmes and studies, then meaningful comparisons of results could be made. Without such consistency, then the arguments, in the extant literature, about the impact of business support will continue.

9.4 The Eyes of the Tourist

The data showed that benefits often arose when issues were seen from an outside perspective, or the 'Eyes of the Tourist' as this was referred to in one of the interviews. This different perspective could result in 'new dimensions'; 'objectivity'; and 'unseasoned guidance' (Leach and Bogod 1999, p.146) and the ability to plan by taking account of issues that may otherwise have not been raised (Devins and Gold 2000). The indications throughout the analysis of the empirical data suggested that this outside perspective was one of the key drivers of value, arising from co-production, through developing new ideas to take forward and innovative solutions to existing problems. The outside perspective was also useful to challenge previously adopted approaches, or established styles of working. The owner/managers tended to be experts in their own fields but, with limited resources, they were often stretched and/or did not have the specific strategic expertise to achieve their aims. So, as well as viewing issues from a different perspective, value was also added through bringing in external knowledge based on many years of experience and through access to contacts/networks, which could be shared with the small enterprise (St-Jean and Audet 2009).

The notion of the 'Eyes of the Tourist' was therefore one of the main elements within the Critical Mix, and was identified as a key driver for adding value through co-production, business support and strategy formation. However, it could be difficult to predict the level of impact arising from an outside perspective until an intervention was under way, as the specific nature of such insight would usually be unexpected and would only arise by chance. For example, new ideas or solutions were often seen to arise as a result of specific points raised in meetings, through informal exploratory sessions and through brainstorming, often through very informal circumstances, but these may not even have been considered at the beginning of the intervention.

9.5 Rapport and Trust

Issues around trust and rapport were raised consistently during the empirical research and the indications were that value was generally added when there was a trusted partner and general 'chemistry' in the co-production relationship (Blackburn et al. 2010). However, there was still a general need to keep a professional distance in such relationships although, in one or two cases, there were indications that friendships had developed further, or perhaps were thought of in that way. Hansford et al. (2002) suggested that such friendships were often perceived more on the part of the owner/manager than by the intermediaries. It was unclear whether this was the case; although there were several indications that owner/managers felt (and perhaps hoped) a less formal, and friendlier, relationship might develop over time. However, the impression gained from the intermediaries was that relationships tended to stay on the professional level, albeit with one or two exceptions. Furthermore, when meetings were less formal, then there tended to be a more social atmosphere that could lead to the development of rapport, and the more creative and unexpected outcomes discussed in the previous section.

When trust was missing, or had been lost – for example, through the identification of issues related to an intermediary's own personal agenda, then the co-production relationships did not work well, and generally came to an early conclusion - resulting in negative value creation. The above factors indicate that positive rapport and trust forms a key element of the Critical Mix, and is paramount to the ultimate success or failure of a business support intervention.

One significant issue with trust and rapport was that it appeared to continue and to develop over time and, as stated by Devins and Gold (2000), from the outset of an intervention the owner/manager has limited criteria on which to assess levels of rapport/trust which could often only be determined later, or at the conclusion of the intervention. Subsequently, it could be more difficult to accurately assess the performance of ongoing interventions where owner/manager perceptions were largely based on gut feelings of *potential* success, rather than reflecting on *actual* success.

9.6 Reasons for Intervention

When the study originally began in, July 2010, the underlying themes had developed from experience/findings across the author's previous enterprise projects (see section 4.3.4) that generally involved engagement with small enterprises and business support agencies. The outcomes of these projects included clear indications that owner/managers were usually too involved in the everyday running of the business and/or in survival to be in a position to focus on longer term thinking (Storey 2000). Interaction with business support was therefore seen as a possible 'catalyst for change' whereby, through support interventions, owner/managers could begin to develop longer term thinking, and move towards a planning culture in which they would become more strategic. However, there were still some instances where support was required for operational planning only - this informed the development of the original conceptual framework (Chapter 2) in which the main output had first been restricted to strategy formation only. Indeed, throughout the research process, it became evident that small enterprises were seeking support for a wider range of issues than just strategy formation alone - the outputs of business support interventions could therefore be categorised under three delivery approaches:

> **Approach 1** was largely strategic and focussed two or more years ahead and could be considered as 'continual and proactive' (Rice 2002).
>
> **Approach 2** was more operational, in nature, and involved *'dealing with issues of current concern'* (Fincham 1999; Bennett and Robson 2003; Mole et al. 2016) and was 'reactive and episodic' (Rice 2002)
>
> **Approach 3** involved a much less structured approach, where intermediaries were acting largely as a sounding board for general issues of concern and, again, was 'reactive and episodic'.

The empirical data provided examples of all three approaches, but largely related to Approaches 1 and 2, which was arguably where value was most likely to be added through co-production interventions. The conceptual framework, which originally just focussed on the issue of strategy, was therefore updated to include outputs around both strategy formation and in tackling issues of current concern. These two approaches are quite different, both in terms of the underlying reasons behind the interventions, which were linked to factors including owner/manager aspirations and the stage of the business in its life-cycle, and in the time horizon under consideration - which would vary from perhaps periods of well under a year to periods ranging from two to five+ years ahead.

There was clear evidence that small enterprises play an important role in the Dorset economy, and that small enterprise growth would ultimately lead to economic growth. However, formal strategy development was generally found to be lacking in SMEs and, with evidence suggesting links between business support and planning levels, the clear reductions in support provision could result in reduced levels of planning. This potential lack of long term planning could have a detrimental effect on performance, and to the regional economy (Wang et al. 2007; Berry 1998; Ennis 1998).

9.7 Methods for Business Planning

Mapping the empirical data to secondary data arising in the extant literature, the indications were that somewhere between a third and half of small enterprises undertook formal planning. Although this may initially appear low, it is important to note that not all owner/managers had any desire for growth (Bracker and Pearson 1986; Wang et al. 2007; Eggers et al. 2013). Owner/managers, who had plans, were more likely to have aspirations for growth and had improved visions, foresight and were more likely to take advantage of market opportunities (Mazzarol 2009; Blackburn et al. 2013). Dynamic entrepreneurial capability was also important, when firms needed to be in a position to react quickly to new, and perhaps unexpected, opportunities (Zahra et al. 2006; Koryak et al. 2015). The formal planning, discussed in the present study, related mostly to the creation of business plans, which were often developed in co-production with the intermediary. However, there was little clarity about what could be considered formal and informal, in terms of planning so, despite some claiming that planning did not take place at all (when asked directly), in practice around two-thirds did actually appear to undertake planning of some type, even if this just meant ‘thinking ahead’. Subsequently, the indications from the quantitative data, relating to planning activity, should perhaps be considered against their understanding of what planning actual entails, along with owner/manager aspirations and business characteristics (Bracker and Pearson 1986; Wang et al. 2007; Eggers et al. 2013) – for example, many smaller enterprises have no plans, or desire, for growth, so do not need to plan. Having, previously discussed the issue that planning in smaller enterprises was affected by survival and/or dealing with the everyday running of a company (Storey 2000), this may be an example where business support may be beneficial in terms of shifting the focus to look ahead, and assisting with strategy formation to achieve goals.

The empirical data suggested that co-production in the owner/manager – intermediary relationship, does demonstrate a positive influence on planning activity and, moreover, the emergence of a planning culture where owner/managers, who were receptive to support, could become planners in their own right. However, it would appear that the main barriers to strategy formation, and for growth, were mainly due to:

1) Personal/antecedent aspirations: e.g. the small enterprise often operates as an extension of the owner/manager who may have no desire for growth (Wang 2007)
2) Business characteristics: e.g. not having the capacity and/or dynamic capabilities to capitalise on opportunities (Zahra et al. 2006; Koryak et al. 2015).

Considering these aspirations in terms of entrepreneurial orientation, or growth orientation, along with the characteristics of the small enterprise itself, it was questionable whether business support interventions could result in long term strategy formation in cases where owner/managers were unlikely to be receptive, and where the small enterprise itself may not have been suited to significant growth, or was not in a position to take advantage of new opportunities.

The work of Stonehouse and Pemberton (2002) investigated the use of formal tools to aid the strategy formation process – at the time, the authors concluded that very few strategic management tools actually played a role in SME planning. Wood and Joyce (2003) had suggested that the use of such tools in education, management books and in business could lead to a 'language of strategy'. However, the quantitative survey for the present study, which was largely based on the original survey from Stonehouse and Pemberton, found no significant changes in the patterns of use of planning tools and it was clear that the use of such tools was still not prevalent in small enterprises (across Dorset, at least). It may be fair to say that Stonehouse and Pemberton's (2002) view, that very few tools are used for strategic planning, still stands and that there is little evidence, arising from small enterprises, that such tools have a practical place outside of academia. That is not to say that planning tools do not work, but that usage in education and books is not necessarily getting through to owner/managers. It may be the case that such tools, if promoted by business support intermediaries, could become more commonplace in small enterprises, but the long-term adoption of certain tools may be dependent on sustainable support programmes.

9.8 Influencing Factors

Having interviewed and surveyed a range of small enterprises, and backed up by an array of very rich data arising from interviews with the intermediaries who had experience across hundreds of small enterprises, the importance of the connection, between the owner/managers and the small enterprises they ran, was a determinant factor for the future position of their enterprises. With small enterprises considered as extensions of their owner/managers (Chandler and Hanks 1994; Deacon and Corp 2004; Wang et al. 2007), the goals and strategies of the enterprises were tied to, and often limited by, the vision and aspirations of the owner/manager - this was evident throughout the empirical research and was entirely consistent with the extant literature. In trying to evaluate the outcomes of business support, any such assessment needed to take into account the limitations of what could be achieved from interventions when there were always going to be natural constraints on the potential outcomes. However, it would appear that previous assessments of the outcomes of business support interventions failed to make a clear distinction between enterprises which demonstrated growth or entrepreneurial orientations, and those that did not (Bracker and Pearson 1986; Wang et al. 2007; Eggers et al. 2013).

There was perhaps a general assumption that small enterprises were always looking for growth, but this has been shown to not be the case, and there have been suggestions that more research is therefore required into the relationship between owner/manager characteristics and growth (Andersson and Tell 2009). Blackburn et al. (2013) agreed on the importance of the characteristics of the owner/manager and business style as factors that determine growth, but added in the significance of the business structure; size/age of the enterprise; and of having a business plan. However, the empirical data backed up the literature, which suggested that around two thirds of small enterprises had no plans for significant expansion (Rosa et al. 1996) and, of those that did have plans for expansion, then these plans were often moderate and expected to occur within existing capacity (Blackburn et al. 2013). This again related to the ideas of growth, or entrepreneurial orientation and reinforced the notion that the future outlook of small enterprises was linked firmly to the aspirations of the owner/manager.

Storey (1994) developed a conceptual framework in which growth was linked to business characteristics; owner/manager characteristics; and business strategy. Andersson and Tell (2009) drilled down further, in terms of owner/manager characteristics, identifying managerial traits; managerial aspirations; and managerial behaviour/roles. The empirical data has fitted well with these models, where the future direction of the enterprises was linked very strongly to the aspirations of the owner/managers and the characteristics of the business. This led to a further factor that could be included in the Critical Mix, whereby business support provision can be matched to owner/manager traits, aspirations, roles, business characteristics and dynamic capabilities – and is particularly suited to the situation (at the time of writing) where business support provision was limited. For example, intensive one-to-one support for strategy formation may be better suited to enterprises where the owner/manager could demonstrate growth/entrepreneurial orientation and where the business may be relatively young, has the capacity to expand and has suitable dynamic capabilities. On the other hand, an enterprise in a phase of consolidation and where the owner/manager was considering exit strategies, may be more suited to a brokerage model linking to more specialised, shorter term, support.

9.9 Value Creation: Synergy

One of the key aspects of the work around co-production involved the measurement of added value, for individual projects, or overall impact in the case of wider programmes. Having identified that there was generally evidence of value being added through co-production itself, as well as in use, (Lusch et al. 2007) where *'the whole was more than the sum of the parts'*, this also related to the notion of *synergy*, which can arise as a result of co-production activity (Ostrom 1996). Synergy has been defined as *"the interaction or cooperation of two or more organisations, substances, or other agents to produce a combined effect greater than the sum of their separate effects."* (Oxford Dictionary 2016). In business usage specifically, synergy refers to two or more parties working together to generate greater value than they could through working apart (Goold and Campbell 1998). Synergy can be either positive or negative, and this was reflected in the empirical research where a small number of co-production interventions did not provide successful outcomes and were later abandoned – effectively wasting time and money. However, the majority of cases showed strong evidence of value being added, i.e. positive synergy, and this was evident through the perceptions of both sets of respondents in the qualitative data collection. Again, given the limited resources for business support, it was therefore important to ensure interventions were carefully matched to the particular circumstances, resulting in truly valuable synergy (Goold and Campbell 1998). This leads to the question of where the additional value, arising from synergy in co-production, actually comes from. Lusch et al. (2007) suggested that 'co-creation of value' occurred through the perceptions of the consumer in co-production relationships. Parks et al. (1981) attempted to assess value (in terms of benefits to the small enterprise) through the following equation for addressing co-production, which was largely based on economic theory.

$$Q = cRP^d\,CP^e$$

> Q = The output (or benefits to the small enterprise in terms of business assistance); RP = Regular Producer (the intermediary) inputs; CP = Consumer Producer (the owner/manager) inputs; c = a scaling factor; and d & e are output elasticities.

However, this equation did not necessarily consider the precise factors that created these benefits above and beyond the individual inputs i.e. the added-value or synergy arising through co-production. Brudney and England (1983) began to look at the area of synergy through their notion of the Critical Mix, which they described as the *"the degree to which the regular producer and consumer spheres overlap"* – and this was in the context of a Venn diagram (Chapter 2, Figure 2.1). However, as with much of the co-production literature, Brudney and England's model was based on the provision of public services between the regular producer (local bureaucracy, street services etc.) and the consumer producers (citizens, neighbourhood associations etc.) and had limited connection to business support provision. Furthermore, the authors did not go into great detail about what could be specifically included in the critical mix, but did describe these activities as being: positive; voluntary; and with active participation, and went on to suggest that regular producer services were provided following prescribed policies, rules and regulations and that consumer producer activities could be individual, group or collective.

Having established that co-production can only add value when the correct, or positive, 'critical mix' was in place (Brudney and England 1983), there may be a case that the work from Parks et al. could be considered further, and perhaps incorporating the critical mix to help identify how and where the benefits (value) are created. Elements of the critical mix could, to some extent, be accounted for through the output elasticities (d & e) which included certain external factors (Rice 2002) but the nature of these elasticities was not clearly defined in Parks et al.'s original paper. In general economics, output elasticities can refer to changes in one input only, and are generally assumed to be positive (Charnes et el. 1976). However, in business support, certain elements of the critical mix, for example trust/rapport, or mutually agreed goals would be factors that could exist only though the overlap between the regular and consumer producer inputs, and therefore it would be difficult to apply these factors in Parks et al.'s equation. This application of the critical mix to the equation may, therefore be an area for further research.

When the critical mix is positive then value is added, but when it becomes negative (perhaps through lack of either cognitive or affect based trust), then very little value or even negative value can be created, even if only one or two elements are not positive. For example, where there is a very positive critical mix that may include owner/manager buy in; development of the owner/manager; a suitable intermediary; trust/rapport'; a suitable outside perspective; and realistic goals then value will be added. However, when this critical mix is out of balance, for example in the case of one of the small enterprises in the current study where there was a mis-match in expectations and limited trust, then value creation was negative and was reflected in having to undertake the support process again with an alternative intermediary.

For the purposes of defining the elements of the Critical Mix in business support, each of the three analysis chapters concluded with a version of the conceptual framework, based on factors arising in each chapter, which considered value adding outputs, in terms of co-production, business support and strategy formation. Each of the elements, thought to add value, were assigned to twelve main headings identified as contributing to the Critical Mix – see Table 9.1 (over).

Core Element	Key Components
Aspirations	• Owner/manager characteristics • Aims: e.g. Growth / Consolidation / Exit
Business Characteristics	• Size • Industry type / Sector • Age / Stage of development • Ownership • Dynamic Capabilities
Trust / Rapport	• Chemistry • Mutual respect • Strong working relationship
Realistic Goals	• Achievable plans • Fit with available resources
Planning Horizon	• Short term – Operational • One year – Operational / Strategic • Three years – Strategic • Five years+ - Vision / Exit
Suitable Funding	• Sustainable support • Subsidised support • Support programme tailored to budget
Owner/Manager Engagement	• Commitment • Personal development • Culture of planning (existing / potential)
Networks	• Connections to intermediary networks • Formal/informal networks of small enterprise • Signposting e.g. brokerage models
Relevant Knowledge	• Combined technical knowledge • Combined industry knowledge • Combined business knowledge • Additional strategic expertise from intermediary
'Eyes of the Tourist'	• Outside Perspective • Objective Viewpoint • Considering New Approaches
Appropriate Delivery Mode	• From Devins and Gold (2000): 1. Visionary (2 yrs +) 2. Tackling issues of current concern 3. Acting as a 'sounding board' • From Rice (2002): 1. Continual and Pro-Active 2. Reactive and Episodic

Table 9.1 – Proposed Elements/Components of the Critical Mix for Business Support

A potential problem arising when considering the Critical Mix was the difficulty in assessing whether the mix itself was suited to a particular intervention, and could help to add value, until it was tested in practice. Only one or two negatives, amongst the elements of the mix, could be enough to significantly reduce the added value. It may therefore be useful to undertake some sort of 'pre-qualification' to test whether the critical mix is right for the situation – this may be a further area for new research.

9.10 Conceptual Framework

Having identified the proposed elements of the critical mix for business support (Table 9.1), these can be applied to initial conceptual framework presented in Chapter 2. In order to focus on the specific relationship between the business advisor and the small enterprise, the theories of co-production were represented in a conceptual framework developed from Rice's Co-Production Modalities Model (2002). Rice's model had been built around theories originally presented by Parks (1981) which were considered in the context of support in a business incubation setting, but this has distinct similarities with business support more generally. For the purposes of the present study, Rice's framework was adapted to include factors such as strategy formation, tackling operational issues and the role of the business advisor operating in a wider business environment. This framework was subsequently revised in the final stages of the research and the final conceptual framework is presented in Figure 9.1.

In Rice's original conceptual framework, networks/signposting (or links to external organisations) appeared to be given an equal weighting to the roles of the owner/manager and the intermediary, and a similar basic framework was adopted for the initial framework developed for the present study. However, the later analysis confirmed that the two key elements within the co-production relationship were the owner/manager and the intermediary, as originally defined by Parks et al. (1981), and the success of such co-production interventions, in terms of added value, were down to the addition of the right critical mix between those two parties. Furthermore, both the empirical findings and the extant literature (e.g. Mole et al. 2009; Sawang et al. 2016) suggested that access to external networks, or 'signposting' could prove to be a *'useful add-on'*, but does not necessarily form part of the core co-production process - and may even serve as a distraction. Networks may therefore have relevance to the framework, but appear to have less significance than the main elements of co-production i.e. the relationship between the regular producer (business support intermediary) and the consumer producer (the owner/manager).

Subsequently, the original conceptual framework has been updated to take into account the reduced role of external organisations in the co-production process itself. This change has been represented in the revised framework, through the area bounded by the dotted line, representing the main elements within the co-production intervention. That is not to say that networks and/or signposting do not have a valid role in business support, particularly with the increased use of diagnostic brokerage models (IDB), from Business Link, for example. Such models do rely on links to networks, but referrals to third parties were likely to result in the development of new relationships, outside of the core co-production intervention and would therefore be a) difficult to assess in relation to the core co-production relationship; and b) are unlikely to relate directly to strategy formation.

The analysis identified that business support could usually be considered as either dealing with: a) more current operational issues or; b) looking longer term, for strategy formation. The decisions, on which of these outputs were required, was generally based around the aspirations of the owner/manager, along with a range of business characteristics (see Table 9.1), and would typically determine the direction of the chosen business support solution. However, despite differences in the outputs, value was still added in both cases and the level of this value still appeared to be determined by the Critical Mix, during co-production, and through consumption, as plans were put into active use (Lusch et al. 2007). The revised version of the conceptual framework (Figure 9.1) therefore incorporated the Critical Mix as a key driver of value creation, and the twelve core elements as described in Table 9.1.

Whilst the various core elements of the Critical Mix could perhaps be thought of as the 'ingredients', the 'quantities' and exact 'method' for success would vary from case to case, largely depending on how the owner/manager took forward the support/advice given in practical application (use), so there could be no prescribed 'recipe' that guarantees added value. The Critical Mix was therefore represented using the 'tornado', or 'vortex' image as a metaphor for the mix that takes place in which the 'ingredients' are mixed up, but the precise 'recipe for success' was still largely unknown, and undeterminable.

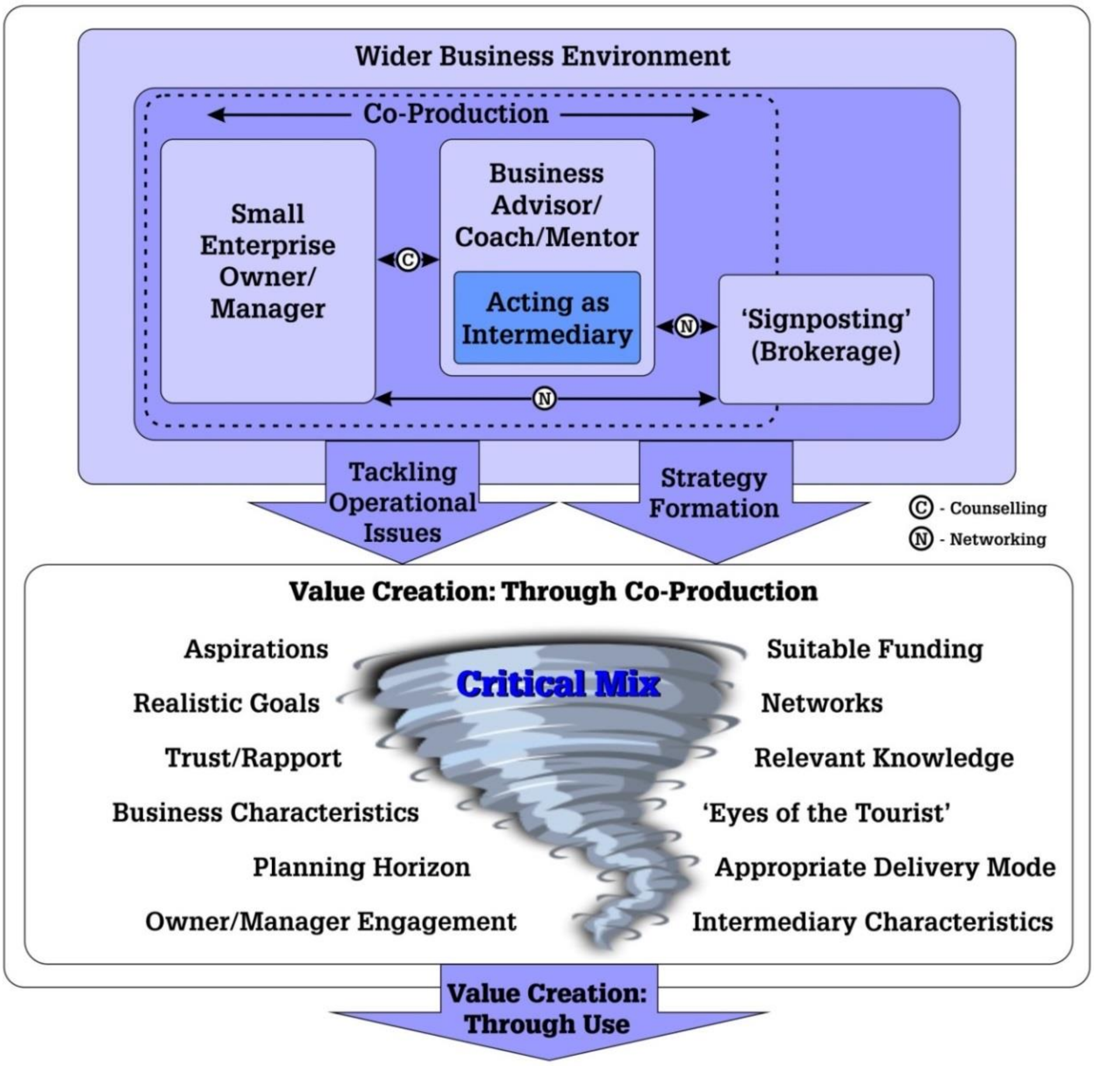


Figure 9.1 – Revised Co-Production Framework for Business Support
Adapted from Rice (2002) / Brudney and England (1983)

9.11 Owner/Manager and Intermediary Development

The literature suggests owner/managers need openness to learning, along with flexibility and entrepreneurial traits (Bhide 1994). The acquisition and use of new knowledge is essential to improve performance and owner/managers are the main resource for achieving this, as they often identify and exploit new opportunities – perhaps through links with other organisations and through adopting industry norms – this can be achieved by working alongside powerful customers, but also through business support interventions (Jones et al. 2010). Small enterprises therefore need suitable mechanisms for the acquisition of such knowledge (Chandler and Hanks 1998; Jones et al. 2010).

Entrepreneurial learning, for owner/managers, can be achieved through both natural processes, as described above, or through formal education (Rae 2015). However the evidence arising from the empirical data was that most of the learning and development arose through networks and business support – with little evidence of formal learning taking place – this may well be down to the size of the enterprises within the present study where owner/managers may not have the capacity to take time out of the business (even finding the time for attendance at network events could be a challenge). This is in line with the findings from Erdelyi (2010) who found that entrepreneurial learning tends to be experiential; situational; and contextual with a tendency to take place outside of educational institutions. Indeed there were several examples arising where owner/managers had developed to become more forward thinking and were looking towards strategic goals - this appeared to be linked to their co-production experiences in developing plans and strategies alongside their business support intermediaries.

Vanleene et al. (2015) considered learning in co-production and found that the client (i.e. the owner/manager) could become a ‘client expert’, which could include peer learning, developing skills, knowledge acquisition and understanding processes. Furthermore, Vanleene found the professional organisation (i.e. the intermediary) could also learn through regular contact with clients and knowledge sharing. For intermediaries, learning tended to happen through regular contact with clients (Kim 2010; Irvin and Stansbury 2004). This learning for intermediaries could include gaining specialised knowledge and could lead to innovative solutions and well informed decision making. Indeed the intermediaries, in the present study, gave several examples of the development of their knowledge by working together, and particularly around innovative solutions to problems and through developing rapport with clients. Again, apart from initial training, there was little evidence of formal education, and much of the intermediaries' development appeared to arise from contact across their range of clients, and through years of experience in working with small enterprises.

9.12 Business Support Policy

Finally, whilst the main purpose of the study has been to investigate and answer the research questions relating to co-production, business support and strategy, the research also identified several issues that were directly related to business support policy and this was backed up in research commissioned by UK government, which provided a strong case for government interventions (BIS 2013). However, the present study was largely qualitative in nature, and had a limited number of respondents so, whilst the findings may not be generalisable, some of the following policy issues could be addressed, and may be worthy of further investigation:

- Limited funding meant that, while quality support was available, reduced capacity limited the number of small enterprises, in Dorset, that were able to engage.

- There was a clear need for significantly improved sustainability across business support programmes, when they were offered.

- Better awareness and/or promotion of initial contact points for business support.

- The offering at the time of writing (2017/18), in Dorset, was perhaps overly reliant on the volunteer mentoring programme which received limited public funding.

- Programmes such as the Growth Hub provided only short-term interventions leading to action plan style outputs, but did not necessarily provide long-term support.

- There was a need for better awareness of business support programmes generally.

- Despite rural issues being addressed in current policy, problems around recruitment, transport and connectivity were still evident.

- There may be a need to differentiate between strategic support and operational support at the point of delivery.

- Limited resources meant it was important to match actual provision with need, to maximise potential for growth.

- Although regional innovation systems exist, there was still potential to make improvements – for example, better links between universities and industry across the region.

- A widely accepted method for assessing the impact of business support programmes could be investigated

Chapter 10 - Conclusions and Recommendations

10.1 Introduction

Having reached detailed conclusions in each of the three analysis chapters, and with further discussion of the main findings in Chapter 9, including policy implications, this final chapter proceeds with an overview of the thesis, followed by the presentation of the implications of the findings. Furthermore, the findings were addressed in terms of the original research questions which involved the theories of co-production in relation to business support and strategy formation. The limitations of the study are also discussed, along with implications/recommendations, which include suggestions for further research.

Brief summaries of the overall findings; contributions to theory; limitations; recommendations for practitioners; and recommendations for further research have been provided in Tables 10.1 and 10.2 at the end of this chapter.

10.2 Reflection on How the Thesis Developed

This thesis commenced by introducing the main issues around business support, co-production and strategy formation, which were described in the context of small enterprises in Dorset. Definitions were provided for the small enterprise and the intermediary to provide clarity throughout the thesis. The aims and objectives were subsequently presented which involved exploring co-production in the strategy formation of small enterprises in Dorset by: establishing how small firms acquire business support; identifying the extent to which co-production exists; understanding the form co-production takes; understanding how this impacts strategy formation; and establishing the effects of national and local changes to business support provision.

The literature review included a critique of academic literature and secondary reports and this underlying theory, including co-production theory; business support; strategy formation; entrepreneurship and leadership in small enterprises; regional innovation systems; and consideration of the rapidly changing business support landscape, subsequently provided an underpinning for the development of the study.

The initial version of the conceptual framework was subsequently introduced, developed from work originally by Rice (2002) and Parks et al. (1981) where the themes of business support, collaboration and value creation were considered within the overall concept of co-production. The conceptual framework was important in guiding the study throughout the entire process, and was especially helpful for the scoping of relevant issues throughout the research design, and for providing clarity around relationships, networks, outputs and value creation. The conceptual framework was further developed, as findings emerged in each of the analysis chapters, and a final version was presented in Chapter 9.

The regional context and business support environment for small enterprises in Dorset, which had a significant effect throughout the period of the research, was detailed in Chapter 3, which took particular account of significant changes in business support policies, funding and provision. As such, the methodology (Chapter 4) was developed against a changeable background, especially for Business Support, and did require modification as the research was undertaken. For example, when the research originally commenced, in July 2010, there were no obvious indications that the RDAs and Business Link networks would be discontinued. The research philosophy was described which takes on a pragmatic 'mixed methods lite' approach (Greene 2012) with a reliance on qualitative data, supported by limited quantitative and secondary data to triangulate results. Details of participant selection, data collection and methods of analysis were described. The methodology also included a section around the researcher's background which included 10 years' experience working in a range of small enterprises; engagement with business support programmes; and in research engagement with small enterprises across the South West of England, including Dorset.

The profiles of the twelve interview participants (6 small enterprise owner/managers and 6 intermediaries) were summarised in Chapter 5. Furthermore, a series of mini profiles (vignettes) was developed around the participants, describing each participant in detail, from both the small enterprise and intermediary groups – these have been presented in Appendices 1 and 2. Each of these used a mix of interview, organisational data and secondary data to provide additional context to the empirical data, along with an in depth view of each organisation, their previous experiences and the issues they faced.

The three analysis chapters focussed on the key findings arising from the data, using a highly structured approach, with each resulting in a set of conclusions, and a developmental version of the conceptual framework, that informed the final discussion. Chapter 6, which focused on co-production, considered the findings against the extant literature under the headings of *value added; approaches; relationships; delivery mode; challenges;* and *benefits*. Chapter 7, which had its focus on business support, considered findings around *providers; initial contact; the changing business support environment; networks;* and *a critical perspective* (from the viewpoint of the participants). The final analysis chapter (Chapter 8) had its focus on strategy in small enterprises and considered findings around *aspirations* (including business characteristics); *planning horizons* and *planning methods*.

The key aspects arising from the findings in Chapters 6-8 were thoroughly discussed in Chapter 9. Throughout the discussion, the main findings were critiqued, with cross-analysis and consideration against other related studies. Key factors, which were identified as having relevance to the Critical Mix (Brudney and England 1983), were highlighted throughout the three analysis chapters - and these were used to develop, review and update of the initial conceptual framework first presented in Chapter 2. The original conceptual framework was therefore modified to reflect a number of issues that arose throughout the analysis of the data, and the final version was presented in Figure 9.1.

The overall conclusions, recommendations and key contributions have been described within this final chapter. The implications of the findings, in practice and in theory have been presented and the limitations of this particular research were summarised along with suggestion for further research in this field.

10.3 Co-Production vs. Co-Creation

At the beginning of Chapter 2 a review was provided of the key differences between co-production and co-creation, as there can be some confusion between the terms when both refer to situations in which collaboration takes place between producers and consumers to create value (Humphreys and Grayson 2008). Indeed, this difference has formed the basis of questions on almost every occasion when the findings, from the present study, have been presented to academic audiences.

In terms of co-production, Voorberg et al. (2014), found that the majority of empirical data arose from public services, which fits with the present study where business support, particularly when arising through public funding, can be considered as a public service. Co-creation, on the other hand, is based more in marketing and services (Grönroos 2008), and is determined by the end user during consumption [of products and services] (Lusch and Vargo 2006). As a result, there are two distinct sets of literature, but there remain similarities between these, and this is explained to some extent by who suggested both terms are encompassed within the concept of 'value co-creation' (Lusch and Vargo 2006).

Brandsen and Honingh (2018) attempted to differentiate the two terms, and made a plea for stricter definitions between the terms and suggested three means of better understanding.

1. The terms mean roughly the same, in public services, simply involving consumers' input in services

2. Co-creation is a more encompassing term whereas co-production has a more specific meaning
3. Each term has its own meaning depending on the inputs from the consumer

Lusch and Vargo (2006) described co-production as *''participation in the creation of the core offering itself"* and that this would typically include: **shared inventiveness**; **co-design**; and **shared production**. Having undertaken the analysis, these were all factors which were evident throughout the business support interventions.

However, a definition from Voorgberg et al. (2014) suggested that it was co-creation which involved consumers in the **co-initiation** and **co-design** of services whereas, co-production was more focussed around the **co-implementation** of such services. It would appear that either of these definitions could be applied to business support, however, in co-developing strategic plans, there is also a clear requirement for the co-implementation of the plans. Co-production theory has therefore been identified as having the most relevance to the current study, but there remains a lack of clarity about the precise differences between the terms.

10.4 Findings: Summary and Implications

This study has achieved the aims and objectives set out at the beginning of the thesis. The aim was *"To explore co-production in the strategy formation of small enterprises in Dorset."* The objectives involved: establishing how small firms acquire business support; identifying the extent to which co-production exists; understanding the form co-production takes; understanding how this impacts strategy formation; and establishing the effects of national and local changes to business support provision.

To achieve the aims and objectives, the thesis was built around three key research questions, and the answers, which were covered in detail within the conclusions of the three analysis chapters are briefly summarised as follows:

1. What value is added to the strategy formation process through co-production in the relationship between the business advisor and the small enterprise owner/manager?

The study found evidence of value being added through the co-production relationship, arising through triangulation of multiple owner/manager, and intermediary, perceptions of success which, when considered together provided an overall positive outcome (Dewson et al. 2000; Chrisman and McCullan 2002). However, the findings were based on a multitude of generally 'soft' outcomes arising from owner/manager perceptions and assumption that the small enterprise effectively an extension of the owner/manager (Chandler and Hanks 1994; Deacon and Corp 2004; Wang et al. 2007). Additionally, this connection between the owner/manager and the enterprise meant that, whilst the actual 'hard' data may not have been available, they were still able to provide a strong insight as to whether interventions were leading to improved performance. The soft outcomes included personal development, development of business plans, knowledge, clarity on exit strategies, creative ideas, benefits of an objective viewpoint, development of a planning culture etc. Whilst the evidence of added value was clear (through triangulation of multiple outcomes), these were largely 'soft' outcomes, arising through the co-production process itself, which were generally intangible, so it was not possible to provide any quantifiable figures on the levels of value being added through use (Vargo and Lusch 2004). Again, value through use (consumption) was determined by the perceptions of owner/managers, rather than through hard data, although there had been some evaluation work done by two of the intermediary organisations that did suggest positive outcomes through use, although it was difficult to identify any causal link to business support.

The answer to Research Question 1 addresses Objectives *1, 2 & 4 (see Section 1.5).*

2. What are the key elements of business support that lead to effective handling of strategy formation in small enterprises?

These key elements have been explored in detail throughout the analysis chapters, and were considered later as elements of the critical mix for business support. These have been summarised in Table 9.1 of Chapter 9, and included: **aspirations** of the owner/manager; **business characteristics** of the small enterprise; **trust/rapport** between the intermediary and the owner/manager; **realistic goals** for the overall intervention, and from subsequent strategy formation; the length of **planning horizons** and purpose of plans; availability of **suitable funding** including schemes/grants/finance; commitment and resources allocated through **owner/manager involvement**; links to **networks** including signposting and brokerage models; **relevant knowledge** on the part of the intermediary; benefits arising from an outside perspective through the **'Eyes of the Tourist'**; and selection of the most **appropriate delivery mode**, for the intervention, which would include engaging with the most suitable provider.

The application of the above factors within the critical mix for business support was considered, within this study, as a key driver for the creation of value from co-production in business support interventions.

However, it could be difficult to assess the suitability, or precise 'fit', of any particular mix of the above elements, for a given business support intervention, as no weighting has been applied to these. Furthermore, only one or two negative, or unsuited elements, could result in a significant impact on value creation, both in terms of perceptions in the co-production process itself, and later, in use, when strategies are deployed.

In order to create a 'best fit' between the needs of the small enterprise, and the precise nature of the intervention, a pre-qualification process, to test whether the critical mix is right for the situation, could therefore be developed and applied.

The answer to Research Question 2 addresses Objectives *1 & 4 (see Section 1.5).*

3. Considering the advisor-owner/manager relationship, how does this affect strategy formation, taking into account policy changes and availability of business support?

The findings demonstrated that business support was used roughly equally for both strategy formation and in tackling operational issues, but this did not seem to overly affect the co-production relationship, other than in perhaps the frequency of visits and length of the overall intervention. What did seem to be the case was that the use of business support for strategy formation was very much linked to owner/manager aspirations and the business characteristics of the small enterprise. Whilst there were indicators that strategic support did indeed add value (in terms of planning and growth), there was less of a case that value was added through purely operational support - as such, to take into account policy changes and availability of business support, and to maximise growth, there may be justification for business support provision to be targeted specifically at small enterprises where growth orientation is demonstrated at the outset and where strategy formation is sought.

Although not arising within the research questions themselves, there were clear indications that current policy was not fully addressing business support requirements, and that a number changes in policy could potentially be made. The changes in business support, in terms of both availability and policy, from the outset of this study in 2010, and in particularly the period from 2012 to 2017, have been significant. The most notable changes were in the closure of the Business Link network and the Regional Development Agencies that funded them, and the subsequent emergence of Local Enterprise Partnerships and, later, the Growth Hubs – as a result, whilst the quality of Business Support in Dorset was still strong, the availability of support, and the number of active interventions, appeared to have declined significantly and there were also issues around sustainability in the programmes that had been introduced since 2012.

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The quantitative data indicated that those small enterprises, which engaged with business support, were more likely to engage in planning activities and to, therefore, undertake strategy formation. This finding was supported by data from the 2013 BIS Analysis Paper, which focussed on business success, and presented a strong case for government interventions (BIS 2013). In line with the empirical data, the BIS paper also found a positive link between levels of engagement in business support and in planning, subsequently leading to growth. This case for government intervention also lends further support to the messages arising from the respondents via the qualitative data – that new policies were needed to address shortfalls in business support provision.

The answer to Research Question 3 addresses Objectives *4 & 5 (see Section 1.5).*

10.4 Contributions to Theory

This study has made a number of key contributions to theory:

1. **This study has responded to the call to extend co-production research into other areas outside of public services (Voorberg et al. 2014), and has subsequently linked the themes of business support and strategy formation to co-production and value creation:**

   To the author's knowledge, this is the first study to link co-production theory to regional business support for small enterprises. Previous co-production literature had tended to focus on public services (Parks et al. 1981; Brudney and England 1983) and, of the limited co-production work related to business support, this had focussed specifically on support within business incubators (Rice 2002; Ahmad and Ingle 2011) which has limited similarity to the more generalised business support considered within the present study, and which often involves public funding. Whilst these previous studies have been useful in defining the key components of co-production, although added value was often acknowledged, there has been limited work on exactly how and where this value is added, and none that consider this in terms of co-production in wider business support.

   The study has resulted in a new conceptual framework that considered the key factors of co-production in business support, taking account of the intended outcomes from support interventions and the creation of value through the critical mix (Brudney and England 1983), and the factors that contributed to that critical mix in business support. This conceptual framework provides a basis for understanding the key components of co-production in business support. The work addresses the call, for further research, from Voorberg et al. (2014) as the study has been located outside of public services for citizens, which is the usual domain for co-production literature.

2. **This study identifies where value is added in co-production business support interventions, through the development of the critical mix:**

The early co-creation work from Parks et al. (1981) resulted in the development of an equation for co-production, based on economic theory, which was essentially a conceptual framework. However, this only considered the outputs as being the product of the individual inputs from the consumer producer (the owner/manager) and the regular producer (the intermediary), albeit with output elasticities which did take into account certain external factors. However, these output elasticities could only be applied to each of the two single inputs (i.e. the inputs of the owner/manager and the intermediary) and did not consider the overlap between the inputs of the two parties.

The consideration of synergy, in which the '*whole is more than the sum of the parts'* raised the question that, if value was to be added, there must be some additional factor that explained where, and how, this value was actually arising. Brudney and England (1983) developed the notion of the Critical Mix, where value was created in the overlap between the inputs of regular producer and the consumer producer i.e. the intermediary and the owner/manager, however there was little indication of which factors, within the overlap, could actually add value.

In order to identify where value was added through co-production, specifically in business support, there was a need to consider the critical mix against elements arising from the original co-production equation. The factors that make up the critical mix for business support were subsequently identified throughout the analysis sections of the present study and were further evaluated to provide twelve key factors, which were also broken down into sub-categories (Table 9.1). The final version of the conceptual framework, developed throughout the study, includes these twelve factors as key components in the outputs that lead to value creation (Figure 9.1)

3. **This study makes a methodological contribution by identifying the need for triangulation of a wide range of perceptions, arising from the owner/manager, where the small enterprise is effectively an extension of the owner/manager:**

   Numerous studies have attempted to make associations between business support and small enterprise performance (Harrington et al. 1991; Bryson et al. 1997; Butler and Durkin 1998; Robson and Bennett 2000; Ramsden and Bennett 2005; Bennett 2007; Bennett and Ramsden 2007; Mole and Keogh 2009; Mole et al. 2009 etc.). However, these have typically used a range of 'hard' and 'soft' measures that could each be considered flawed, when used independently (Chrisman and McCullan 2002). This suggested there were limited means to get a true picture of performance. Even when a range of so-called 'hard' measures were presented, there could be no direct relationship (or causal link) to actual performance (Robson and Bennett 2000).

   Moreover, several authors (Chandler and Hanks 1994; Deacon and Corp 2004; Wang et al. 2007) noted that strong association between the owner/manager and the enterprise itself, which, particularly in smaller companies, meant the small enterprise was essentially an extension of the owner/manager who would have significant insight into the enterprise's performance. Rather than relying on a small range of unreliable measures, the alternative was to triangulate a wider range of findings (Dewson et al. 2000; Chrisman and McCullan 2002) to provide an overall indication of outcomes and leading to better indicators of added value.

   In this case the insight from the owner/manager, arising from a range of 'soft' outcomes, along with their perceptions of 'hard' outcomes, could potentially provide a good indication of added-value.

Any study that relies on hard financial and performance data alone is therefore potentially flawed, unless it is possible to prove a direct causal link between business support interventions and small enterprise performance. For these reasons, this study concludes that the only reliable way of measuring changes in performance, resulting from business support interventions, is through triangulation of a wide range of perceptions, arising from the owner/manager's unique insight, which relate to a range of largely 'soft' outcomes and, to their perceptions of general trends that relate to 'hard' outcomes.

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10.5 Limitations

All research has its limitations and the following have been identified for this study:

1. **The quantitative survey was effectively a snapshot of business support provision, in Dorset, in 2011. There have been significant changes between 2012 and 2017:**

   The quantitative survey was carried out in 2011, which was arguably at the peak of business support activity in Dorset. Whilst this survey provided a valuable insight into activity at that time, there have since been substantial changes in business support provision, and a similar survey carried out in the present climate would have provided further data on the effects of the changing situation. Nonetheless, the survey still provided valuable baseline data that has informed the analysis and provided triangulation to the qualitative empirical findings, and the findings of surveys available through secondary sources.

2. **The qualitative data collection was limited to 12 respondents, albeit chosen through 'purposeful sampling' (Patton 2002):**

   The time and resources available meant the breadth of the qualitative data collection was limited to 6 companies and 6 intermediaries, but were chosen through 'purposeful sampling' (Patton 2002) to provide rich results, which was indeed the case, as each was able to provide a very strong insight into their organisation and their use of business support. The limitation, in terms of the small enterprises included was, in many ways, addressed through the inclusion of the intermediary group who, between them, had supported hundreds of small enterprises and who were able to provide numerous examples to provide added rigour. Furthermore, both sets of interviews were developed into a series of twelve profiles (vignettes) which included a significant amount of research material that included financial data, documentation, websites, experience (from previous projects), and networks – all of which further informed the research process.

3. **Value could generally only be determined through a series of perceptions, mostly relating to 'soft' (and some 'hard') outcomes, arising from owner/managers and intermediaries:**

   The study has identified that added value was created through the critical mix in co-production, and this has been determined through a series of mostly soft and, to a lesser extent, hard outcomes - but this data was almost entirely based on the perceptions of owner/managers and intermediaries. Whilst there have been numerous attempts in the literature to make more use of hard outcomes, no clear causal links, between improvements in performance and business support interventions, were identified. Furthermore, even where added value was evident, there were no measurable figures available. The study therefore relies heavily on the notion that certain perceived outcomes can appear insignificant in isolation, but when considered as a set of multiple positive outcomes, can result in an overall outcome demonstrates added value (Dewson et al. 2000). In other words, the findings rely heavily on 'overwhelming circumstantial evidence' – but, with so many factors affecting enterprise performance there appears to be no other reliable way to collect such data.

4. **Efforts were made to provide good geographical/sector coverage, but this was limited by the resources available within the study:**

   Whilst considerable efforts were made to ensure the owner/manager and intermediary study groups provided a good geographical and sector coverage, and included representation from a range of support providers, the Dorset LEP area has a wide range of regional and sectoral differences which could never be fully represented in a study of this size. For example, there were one or two examples of small enterprises operating in rural areas, on the edge of Dorset, which could be considered as being in 'the periphery' and were experience unique problems. This implies that further research, using a wider data set, which goes beyond one county and addresses a wider set of sectors and support agencies, may be useful in providing generalisation of the findings in this study. There may also be scope for research which compares small enterprises in rural and non-rural areas. Nonetheless, this study is fundamental in that it is among the first to investigate the value added through co-production in business support and strategy formation.

5. **The nature of purposeful sampling meant all respondents were chosen due to their level of involvement in business support, so the sample was not entirely random:**

   The sample used for the qualitative research was purposeful – i.e. they had been chosen on the basis of previous/current engagement in business support. So certain questions about patterns of business support adoption could not otherwise have been addressed. For example, it was not possible to gain any understanding about small enterprises that had chosen not to engage with business support. This issue was, in some part, addressed by the inclusion of the quantitative survey and the inclusion of the intermediary group, who had wider experience of business support.

10.6 Implications / Recommendations for Practitioners

As part of the overall conclusions of the study, the following implications have been identified for practitioners involved in the provision, and funding, of business support for small enterprises, resulting in a set recommendations relating largely to business support policy:

1. **There is a need for increased sustainability in business support funding and programmes:**

   Having worked against a very changeable business support environment for the duration of the study, there was still considerable change going on. At the time of writing (mid 2017), yet another new initiative had recently been launched, namely the Dorset Business Alliance, which aimed to provide a platform to represent the views of the Dorset business community to the Dorset Local Enterprise Partnership (LEP). However, with increasing uncertainties arising from the looming departure from the European Union, and continual changes in funding streams and government policy, sustainability was still an issue. For the long term success of business support in Dorset, there is a need for policies that include commitment to sustainable programmes that can, not only be delivered within their own timeframes, but are provided with the resources and foresight to develop, thus providing longer term, sustainable support that goes beyond the initial funded period.

2. **Given the reduction in funding and levels of provision, support could be more targeted to firms demonstrating growth potential:**

   The study identified that the resources for business support provision, in Dorset (and across England), had declined considerably since 2012, and this was a cause of significant concern amongst the respondents.

Whilst the quality of programmes was not in dispute, the indications were that the number of companies receiving support had decreased dramatically. Small enterprises accounted for 98% of businesses in Dorset (Dorset County Council 2017) and therefore play a major part in the local economy (Rae 2007) - growth in small enterprises can be considered as a key driver for wider economic growth. However, with such limited provision, there may be a case that support could be targeted. Given that 'growth orientation' and 'entrepreneurial orientation' were positively related to growth in small enterprises (Bracker and Pearson 1986; Wang et al. 2007; Eggers et al. 2013), then business support interventions, where strategy formation and growth is the aim, could perhaps be targeted towards small enterprises that can demonstrate growth/ entrepreneurial orientation. Or, in other words, given the limited availability of business support for strategy formation in Dorset, policy regarding future programmes should perhaps move towards targeting the small enterprises that demonstrate the highest potential for growth.

3. **Elements of the critical mix, in business support, could be matched to small enterprises to ensure provision is suited to exact needs:**

The empirical data demonstrated that value is only added, in co-production relationships in business support, when the Critical Mix is right. Just small issues, such as a lack of trust, a mis-matched intermediary or lack or owner/manager commitment could make a difference to what would otherwise be a successful intervention, and where value could be added. There are also issues with rural vs. non-rural areas, and across different industries. The current study also identified key differences in the way support was delivered for strategic vs. operational issues. It could therefore be an important consideration, for future programmes, to have a mechanism in place to match the most appropriate support provisions to the intended outcomes of the proposed interventions, using elements of the proposed critical mix for business support. Policies should therefore include provision for making the best match between delivery and the needs of the small enterprise being supported.

4. **There is a need for increased awareness of business support brands and the location of a single point of contact:**

   A recurring theme throughout the empirical research was the need for a clear single point of contact. There were several examples of confusion with owner/managers not knowing where to go for support and this was backed up by the 2015 Small Business Survey (BIS 2015). The former Business Link brand had provided a well-known first point of contact and, whilst this still existed to some extent, with the Dorset Growth Hub, both the empirical data and the Small Business Survey demonstrated that awareness was very low, resulting in a reduced level of enquiries. Policies should therefore address the need to further develop and promote the details of the most appropriate point of contact so that small enterprises in Dorset are clear about where to start when seeking business support. Local authorities, through their Economic Development function, may be a suitable (and sustainable) point of contact for initial enquiries and could perhaps be developed and promoted to attract small enterprises.

5. **The role of the Dorset Mentoring programme could be further developed:**

   The Dorset Mentoring programme has shown significant growth in the period since Business Link was closed and reaches around 170 small enterprises through almost 100 volunteer mentors. The programme is highly regarded and has a range of local partners and funding through various local authorities. Despite this, it only has the capacity to reach a small fraction of the small enterprises across Dorset. Given the organisation's existing involvement with local authorities, then perhaps future policies could address the success of the programme and investigate ways to develop the offering to reach a significantly wider set of clients.

6. **Further development of Regional Innovation Systems:**

   Regional Innovation Systems (RIS) have emerged on the back of UK Government policy which aims to promote research excellence in the universities through knowledge transfer and business engagement, which results in economic benefits (Hewitt-Dundas 2012). These university–industry–government networks are considered as the 'triple helix' which includes a dynamic process of interaction and interdependence (Leydesdorff and Etzkowitz, 2001; Etzkowitz, 2003) and generally involves innovation, technology, and physical location. However, despite there being evidence RIS activity in Dorset, there was very little evidence of impact arising from the empirical data. This may therefore be an area for further research, but there could be a case for the development of policies which address the potential for improved links between universities and local business.

10.7 Recommendations for Future Research

Throughout the study, a number of areas were identified where further research could be undertaken to widen knowledge around co-production, business support and strategy formation in small enterprises:

1. **Efforts to measure business support have been inconsistent, and are often flawed (Chrisman and McCullan 2002). A consistent method for measuring outcomes is required:**

   Having considered the extant literature that attempted to assess the benefits arising from business support interventions, it was noted that each method was effectively flawed in some way (Chrisman and McCullan 2002) and there was a need to triangulate a range of findings to gain a true indication of outcomes (Dewson et al. 2000; Chrisman and McCullan 2002). Numerous studies have resulted in variable findings, using a range measures that have provided inconsistent results and also made it difficult to make comparisons across studies.

The recommendation is therefore for research into, and subsequent development of, a widely agreed set of measures that could be used to assess the impact of business support interventions in future studies. However, this would be potentially very challenging and would require significant ‘buy-in’ from a suitably ‘qualified’ set of stakeholders in order to create an appropriate level of adoption across programmes.

2. **Further research could identify how to match the requirements of firms with elements of the critical mix, and to maximise value creation:**

The elements of the Critical Mix (identified in Table 9.1) have not been presented in any particular order, nor have they been ranked according to importance. This is partly because, with many small enterprises essentially being an extension of the owner/manager, and the unique characteristics of each firm and the industries/locations in which they operate, the precise factors that create the most appropriate Critical Mix will vary between different firms. Point 3 in the previous section (10.6) suggested some form of matching could be undertaken, between the business support provision and the needs of the enterprise, however further research could be undertaken to determine the most appropriate way to make such a match and, indeed, whether such ‘matched’ interventions could result in improved outcomes and increased impact on the regional economy.

3. **The original co-production equation from Parks et al. (1981) could be further developed to take account of value being added through the Critical Mix (Brudney and England 1983):**

Parks et al. (1981) developed the equation for co-production, but this was a linear representation, based on economic theory, and did not consider how the added value arising from interventions was created. Considering generic co-production theory outside of business support, and having identified that value is added through the overlap between the inputs of the regular and consumer producers, further research could be undertaken to develop the equation to take account of value being added through the critical mix.

4. **Further quantitative data collection could study the impact of business support interventions before and after changes from 2011:**

   The quantitative study, from 2011, provided a valuable 'snapshot' of business support activity at the peak of activity, in terms of business support in Dorset – this was essential in the early stages of the current study, in reaction the closures announced in 2010. Since this time, provision has reduced significantly, both in the number of small enterprises being reached, and (for some programmes) in the intensity of support being provided. A further quantitative study comparing issues such as planning and growth between small enterprises, that engaged in support prior to 2012, to those that have engaged with the generally 'lighter touch' interventions, which were available at time of writing, may therefore provide further evidence of the impact of changes to business support provision. The 2015 Small Business Survey (BIS 2015) did go some way towards achieving this, by targeting firms that had engaged in previous surveys and comparing their results. However, such research would be time dependent, given that comparisons would need to be made in performance dating back over 6-8 years at minimum.

5. **Further work could be undertaken to identify the benefits of local knowledge, expertise and networks in business support provision:**

   Bennett and Smith (2003) carried out research into the spatial factors of business support, using geographical data to determine regional variations in support provision. For example, the current study found variations in both support and business infrastructure in peripheral rural areas. However, their paper did not consider the added value arising from tailored local provision and the expertise of the intermediaries themselves i.e. though local knowledge, experience, networks and contacts. Indeed, the knowledge, experience and connections of business support intermediaries were demonstrated consistently throughout the present study. Further work, into the value being added by this localised expertise and tailored provision, could form the basis for further research.

10.8 Summary of Findings, Contributions, Limitations and Recommendations

1. *What value is added to the strategy formation process through co-production in the relationship between the business advisor and the small enterprise owner/manager?*	2. *What are the key elements of business support that lead to effective handling of strategy formation in small enterprises?*	3. *Considering the advisor-owner/manager relationship, how does this affect strategy formation, taking into account policy changes and availability of business support?*
• Value was added through the co-production relationship, arising through triangulation of multiple owner/manager, and intermediary, perceptions which, when considered together provided an overall positive outcome (Dewson et al. 2000; Chrisman and McCullan 2002). • Owner/manager perceptions were linked to the assumption that a small enterprise is an extension of the owner/manager (Chandler and Hanks 1994; Deacon and Corp 2004; Wang et al. 2007). • Reported value creation was mainly through the co-production business support intervention itself (Vargo and Lusch 2004). • Value through use (consumption) was generally determined by the perceptions of owner/managers and intermediaries, rather than through hard data.	• Key drivers for strategy formation, leading to the creation of value from co-production in support interventions can be considered as elements of the Critical Mix (Brudney and England 1983) for business support, and have included: • Aspirations • Business Characteristics • Trust / Rapport • Realistic Goals • Planning Horizon • Suitable Funding • Owner/Manager Engagement • Networks • Relevant Knowledge • 'Eyes of the Tourist' • Appropriate Delivery Mode • However, it could be difficult to assess the suitability, or precise 'fit', of any particular mix of the above elements, for a given business support intervention.	• Business support was delivered roughly equally for both strategy formation and for tackling operational issues. • Business support for strategy formation was generally linked to owner/manager aspirations and business characteristics. • Small enterprises, which engaged with business support, were more likely to plan ahead and undertake strategy formation. • Changes (from 2010-2017) in business support were significant and resulted in reduced engagement: o Reduced funding o Lack of sustainable programmes o Closure of Business Link / RDAs o Lack of awareness towards support o Emergence of LEPs o Development of Growth Hubs o Increased availability of mentors

Table 10.1: Research Questions - Summary of Main Findings

Contributions to Theory:	Limitations:	Implications / Recommendations:	
		For Practitioners	For Future Research
1. This study has responded to the call to extend co-production research into other areas outside of public services (Voorberg et al. 2014).	1. The quantitative survey was effectively a snapshot of business support provision, in Dorset, in 2011.	1. There is a need for forward thinking policies to develop sustain-ability in business support programmes and in their funding.	1. Efforts to measure business support have been inconsistent, and are often flawed (Chrisman and McCullan 2002). A consistent method for measuring outcomes is required.
2. This study identifies where value is added in co-production business support interventions, through the development of the critical mix.	2. The qualitative data collection was limited to 12 respondents, albeit chosen through 'purposeful sampling' (Patton 2002).	2. Given the reduction in funding and provision, policies could target support towards support towards firms demonstrating growth potential.	2. Further research could identify how to match the requirements of firms with elements of the critical mix, and to maximise value creation.
3. This study makes a methodological contribution by identifying the need for triangulation of a wide range of perceptions, arising from the owner/manager.	3. Value could only be determined through a series of perceptions, arising from owner/managers and intermediaries.	3. Elements of the critical mix, in business support, could be matched to small enterprises to ensure provision is suited to exact needs.	3. The original co-production equation from Parks et al. (1981) could be further developed to take account of value being added through the Critical Mix (Brudney and England 1983).
	4. Efforts were made to provide good geographical/sector coverage, but this was limited by the resources available within the study.	4. There is a need for polices that lead to increased awareness of business support brands and the location of a single point of contact.	4. Further quantitative data collection could study the impact of business support interventions before and after the changes from 2011 onwards.
	5. The nature of purposeful sampling meant all respondents were chosen due to their level of involvement in business support, so the sample was not entirely random.	5. The role of the Dorset Mentoring Programme could be further developed.	5. Further work could be undertaken to identify the benefits of local knowledge, expertise and networks in business support provision.
		6. Regional Innovation Systems are not reaching full potential in Dorset and policy should address this.	

Table 10.2: Summary of Contributions, Limitations and Implications / Recommendations

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Appendix 1 – Company Profiles

Profile 1: Company A

Interviewee: Managing Director - Hearing Solutions (Healthcare)

Background

Company A was a well-established small enterprise in the audiology sector, operating across two Dorset towns. The company offered a range of hearing solutions, including the latest digital hearing aids, through three distinct channels: their own retail outlets; a small number of concession style partnerships; and through their website.

The main focus was service-centered - offering high quality patient care, quality products and expertise, along with good aftercare. This approach resulted in key strengths in the product and service offering. The retail units, or audiology centres, as they were known, were equipped with the latest equipment/ technology. The company prided itself on being able to offer accurate assessments of hearing loss requirements, resulting in the most appropriate hearing solutions for the client. The retail side of company had grown at a reasonable rate, and had become fairly well consolidated at its current level.

However, the company was keen to explore new, albeit related, business opportunities and, with the support of a business advisor / consultant, had made progress towards entering a particular new market. This opportunity was based around the Control of Noise at Work Regulations (2005), which requires certain employers to take measures to reduce and monitor the exposure of employees to high levels of noise in the workplace. Although, this project was on hold, the company was considering a future investment in the provision of tailored work based assessments, where, through a contract with such employers, their workforce would be able to access certain monitoring, assessment and possible treatment through work based assessments.

In terms of the new venture, there was direct competition from a range of national providers, but very little local competition. Competition for the core business was more clear cut – this included various local specialist providers, hearing specialists in national chains (such as Boots and Specsavers), and the NHS (through GP referrals, and audiology centres).

The company operated out of two local centres. These were well established and, in recent years, there had generally been very little change in the private sector business landscape. Private sector services accounted for somewhere between 5% and 10% of the UK market. Larger operators, such as SpecSavers and Boots had a much greater share.

The company had been running since 2009 and had three directors and a further four employees. The company had been growing year on year, and was proud to be able to demonstrate average annual growth of over 10%. This figure has been achieved through differentiation – for example, providing more specialised staff, specialist service and aftercare, along with up-to-date equipment and innovative solutions. There were no immediate plans for physical expansion, but to continue with modest growth through differentiation. Such growth was seen as being steady and was expected to be funded from cash flow, rather than through borrowing. However, as with many small enterprises, there was difficulty in striking the correct balance between planning for growth and managing the company on a day-to-day basis.

Strategy

Whilst the company had no formalised business strategy, there were certainly valid informal plans to develop the company to a point where there could be a viable future buy-out. Without formal business plans, management accounts were seen as the most suitable way to support forward planning, using this data as an indication of past / future performance. The company was usually able to stick to its longer term plans, but not always to a pre-defined timeframe. Typically, the company had a rough idea of where it was going, over a period of around five years. The directors tended to know what they wanted to achieve and, so far, the underlying business environment had not adversely affected their plans.

> *"We'll discuss what has happened, what is happening, and what we want to happen on a fairly regular basis, but we don't have a formalised document."*

In terms of business support, the company was a member of the Federation of Small Business (FSB). There was also thought to be strong support from the industry itself, in terms of the supply chains and the governing body - the British Society of Hearing Aid Audiologists (BHSAA), both of which were beneficial in helping to achieve company goals.

> *"The governing body have people we can talk to if we want to talk through plans - you know, "we are thinking of doing this – who else has done it, what's the best way of achieving it" that sort of thing. They are quite good for that."*

However, despite recognising the benefits of certain, localised support and events, there was often difficulty in finding time to attend, when considering the more pressing day-to-day business needs.

> *"The difficulty I've got here is that I am very busy developing the business although there are often things that I think I ought to go along to, such as that FSB meeting, or I get the odd invitation to the Growth Accelerator and those sorts of things. It's really about fitting it all in, as I am out of the business when I do these things."*

In terms of events put on by the various business support agencies, the relevance of the content, when balanced against the time it would take to attend, was always an issue.

> *"When I am looking for support, I'd much rather it was to do something specific that I want to do myself, rather than attending something that has been put on for the general working population."*

A further interesting point arose, that backs up literature (Robson and Bennett 2000) that suggests a negative effect of business support, due to companies only requesting it, when in need.

> *"If I felt the business was in trouble, then obviously I would feel a greater need to have to attend some of these things."*

However, with increased competition in mainstream products, on both the High Street and from the NHS, opportunities for growth were seen to exist through more niche activities.

> *"We're continuing to develop our business to make it more of a specialist centre, so we do stuff you can't get at either SpecSavers or Boots because they are our main competitors, and certainly not through the NHS."*

The company was keen to investigate new revenue streams and, for this reason brought in the services of an experienced consultant to work together in developing new strategies.

> *"We have done a couple of things with him [the consultant] really putting feelers out to other areas of the market where there may be some potential for us to either add to services or revenue for the business."*

There had been some involvement with Business Link in a previous business, but there had never been a need for such support in this particular venture. However, the type of support used in this case was always to achieve specific goals, rather than relying on regular, on-going business support.

> *"This was to look at an opportunity that I didn't have time to look at myself. It gave us the opportunity to investigate something we wouldn't have had the chance to otherwise."*

Co-Production

On a practical level, the relationship worked on the basis of regular face-to-face meetings. This was backed up by the use of telephone / email as required.

> *"This would be more face-to-face – yes, we would have a meeting here."*

The discussions were generally about:

1. Strategy for the business in general;
2. Exploring new business opportunities / revenue streams; and
3. Planning ahead for possible future buy out.

In terms of co-production, it was thought to be important that there was mutual understanding of the business model. Working together was perceived to add value in terms of both bringing in new perspectives and in bringing in other resources, such as access to financial, academic and technical specialists through networks. In practice, this included specific advice, industry recommendations and qualified assistance. Overall, the contacts provided were highly valued and had proven to be beneficial.

> *"I am very comfortable with the people that we meet, you know, if I have had a meeting with someone that isn't on my wave length then I won't waste time trying to do that again. So it is very important that, if you are looking for business support, that the person you talk to understands the business and can relate to you on a personal level."*

Issues that were considered to have worked well together:

- Developing an understanding of the new regulations;
- Identification of the potential for new business; and
- Links to external 'experts'.

Issues that had not worked so well:

- Can be hard to grasp specific detail - about Employment Law, for example; and
- Working together can involve a lot of elapsed time.

There was a feeling that working together with advisors did add value, particularly in terms of a different viewpoint.

> *"All of these things will help you look at the business from an angle that you may not have considered otherwise. Someone normally brings something to the party that you hadn't considered or would have done in a different way that may not have been as efficient….. also, it gives access to other resources."*

The relationship worked best when there was a clear list of topics for discussion and each would then be chosen, and discussed in detail. This structured approach to co-production worked better than reacting to random calls or emails, for example. When asked whether a clearer business support offering might have been useful in the early stages, it was felt this could have been useful, but there was limited time to fit this in.

> *"In the early days we might have done, but I was so busy at that time, it's really difficult …. It's then finding time to fit all that in."*

However, a key point was the need for clear benefits to be achieved, thus resulting in value for money. Access to networks was seen as a useful benefit from the support offered by the industry body with links to services such as enhancing company websites and specialist services. This was similar to the situation with the consultant, who was considered to have further useful contacts.

> *"We had conversations along the lines of 'if we want to do this with the business, who should we be talking to?' - and he has given us details of, you know, people who would be sensible to talk to about that."*

Whilst the company was very happy with the personal contact, and the business relationship with their own consultant, other forms of business support were felt to be less tailored to their specific needs.

> *"General business support needs to be more personal. Much of the contact we have seems to be too generic to be relevant."*

Discussion / Conclusion

Company A had a clear direction and was able achieve modest growth without the need for extensive support and/or additional finance. They had achieved this through careful, focussed management and a strategy to only expand into niche markets, thus avoiding the threat of the larger players. Making careful use of ad-hoc business support from the industry body, suppliers, engagement in local events (where possible) and through working with a consultant, were perceived to have been beneficial in achieving these goals.

Availability of time for the owner/manager was a key issue throughout, and the careful use of business support helped provide insight into key strategic areas that may not have been otherwise possible, due to these constraints.

The business had grown steadily since launch in 2009, and this was still continuing without the need for extensive investment. However, the aspirations of the interviewee, and the directors, were to develop the business to a point where it could be sold as a going concern. As such, business support tended to be for more specific tasks, rather than focussing on long term strategy.

Profile 2: Company B

Interviewee: Former Managing Director - Springs and Pressings (Engineering)

Background

Company B was a private limited manufacturing company, based on the edge of Dorset, that provided a range of small mechanical components, tooling, and design services. Customers came from a wide range of industries including military, aviation, construction, medical and electronics. The main products were springs and pressings, but this had been expanded to include a design service, bespoke components and specialist tooling.

The main interview was carried out with a former Managing Director and covered the historic period in which the company received UK government funded support, and up to mid-2015 - so the views presented in the profile may not be representative of the company in its current form.

The company was established by two partners in 1947, and had subsequently been run as a family business for many years. Following retirement, one of the original founders appointed the Works Manager, who was a skilled design engineer, as Managing Director (MD) in the late 1980s and he continued in this role for over 25 years.

The new MD had originally joined the company in the early 1970s and gained vast experience across the operational side of the business. However, despite considerable experience in engineering and operations, there was very limited experience that supported working as a Managing Director.

> *"When I became Managing Director, I didn't have a clue about being a director – certainly not a managing director. As Works Manager, which I was, I knew about buying steel, I knew about organising the workforce, I knew about quoting customers for the components …. and seeing the day-to-day running of the company. I was thrown in at the deep end."*

With both a lack of specific experience in running a business, and indications that the company was not running as well as it could, the new MD was quick to recognise the need for external support.

> *"Several different indicators were showing the company wasn't running right, at all, in a variety of ways. Then I saw, on television, something called the DTI Market Initiative Scheme …. 'If you are running a business and are not happy with the way it is going then contact us'. "*

The 'Market Initiative Scheme' (MIS), which ran from 1989, and into the mid-1990s, was available to UK SMEs with fewer than 500 employees (Wren and Storey 1998). Following a successful application, the work began with a business review, of up to two days, with a Department of Trade and Industry (DTI) appointed 'Enterprise Counsellor'. Subject to suitability, companies in the scheme were provided with a grant for access to a private consultant for a period of between 5 and 15 days. The grant meant companies received the first five days of consultancy at zero cost, and then only paid 50% of the remaining cost of this service at fair market rates approved by the scheme.

According to Wren and Storey (1998), an evaluation covering the Midlands, South Wales and the South West, found that around 79% of companies, participating in the scheme received the full 15 days of subsidised support. The evaluation concluded that there were measurable, beneficial effects for SMEs, which was dependent on company size with a 2-5% improvement in survival rates, and a growth rate increased by 9%, in terms of turnover and employment. The self-selection of participants brought in some doubts about the effect of possible bias in the sample. However, the main finding was that this scheme had raised levels of competitiveness in SMEs.

Having identified a clear requirement for ongoing support and coaching, the MIS programme resulted in the support of a consultant that would maintain a working relationship with the company for several years.

> *"He [the consultant] was a retired army major who had gone into business with a company who made navigational aids. He had been basically again shoved in at the deep end to understand corporate accountancy and marketing. And that man had made that his life's cause and he had become extremely well qualified, not necessarily by actual examination but by the life skills he acquired. He taught me, one-to-one, for the next six years …. he became a non-executive director with us. He gave to me six years of training in marketing and corporate accountancy – spread sheets, business planning, all sorts of things and that man was the single most important person - and he came from a Government business support scheme."*

After six years of working together, the relationship came to a natural conclusion when the company no longer required such intense support. The company then began working with Business Link which involved periodic reviews of the company. The reviews, which were provided at a subsidised cost of around £400, initially took place every four years an included an in-depth analysis of how the company was performing at that point in time. The relationship with Business Link continued until their closure in 2012.

Towards the end of the working relationship with Business Link, it was felt that the MD's skills had developed to a point where he felt something could be 'given back' to benefit others. Based on his own experiences, along with the extensive input from various business advisors, the MD subsequently developed his own *'Five Points of Business'* tool that he is keen to promote, and indeed has presented to the local business community.

Strategy

Leading up to the change of management in 1989, the company had been quite limited in its equipment – all required manual operation and, although available at the time, CNC (Computer Numerical Control) machinery had not been adopted. Having specialised in one type of spring component, enquiries were coming in for a pressed products, so a decision was made to expand operations. This involved expanding the company from one to three departments. During this period, the main aspirations for the company were to increase the use of available production from 40% capacity to 100%, and to grow without significantly increasing margins.

The company tended to plan ahead by monitoring the marketplace; developing product families; and considering new technologies. This resulted in one, three and five year plans:

The **one year plan** was about knowledge of immediate factors that could affect the industry and understanding key market trends.

> *"The one year plan was from known factors that you could see, you know, they were trends that you got from customers, you look back over the sales of something in the last three years and you could see if the graph is going up or down."*

The **three year plan** was more about incorporating new technologies and subsequently settings funds aside towards deposits on new equipment. Marketing also came within this plan.

> *"Three years ahead, you were looking at new technology and where you might be buying…. What I would then do for the three year plan is I'm looking at marketing."*

The **five year plan** was more aspirational – about what they wanted to achieve in the longer term. This was considered as more of a guide, to where they wanted to be, rather than an actual plan, and covered issues around expected financial position and HR.

> *"It's more aspirational - what would you like to have achieved, where do you want to set your hopeful turnover and margins at, and what do you think you might be doing by way of losing people and gaining people who might be retiring, you know, who might you need to recruit, how do you fund them. So the five year plan is very much HR sort of leaning."*

This resulted in formal, written plans that included carefully developed forecasts. The plans were still considered to be fluid and so were subject to change as the market and/or technology moved on. This was particularly the case with the longer term plans. Whilst every effort was made to stick to plans, there were sometimes factors arising that made this difficult - this included changes with customers, for example. Furthermore, the longer term plans tended to be more fluid.

> *"All plans should be living …. and we also, you know, with the best will in the world you try to keep your clients but now and again you do lose some because sometimes they convert from mechanical means to electronic perhaps, or you gain people. So I always did forecast and actual."*

Co-Production

The company's experience of support fell into two categories:

1. Specific business support / adviser – this came from external providers , namely DTI and Business Link, and was delivered regularly until 2012.

The company worked with three business advisers over a period of 23 years, so strong working relationships were established.

2. Professional services, such as accountants, which was continual over many years.

> *"I had an ongoing friendly relationship with our company firm of accountants, and that was throughout the whole of my 25 years as managing director. And then the only other support I had was from Business Link and, prior to that, the DTI."*

The main aspects of the regular support, initially provided by the MIS scheme, included developing the business and management skills of the Managing Director; guiding the overall direction of the company; support with financial issues; and links to more specialised external support with issues such as marketing and technology. This was an intense business relationship that started with regular meetings, but developed into the consultant being appointed as a non-executive director. Once the funding ended, the consultant continued to work with the company at their own cost.

One key lesson for the MD, whose previous focus had been on the engineering and operations side of the business, was the importance of finance.

> *"I mean he laid it on the line to me, you know, blow everything else, money, money, money. You know, you've got to be making it otherwise there's no point in talking about anything else because the company won't exist. So it was financial."*

The later support from Business Link, included in-depth reviews of plans resulting in approval to take these plans forward and giving piece of mind. These reviews, which took place every four years, also provided guidance on the different directions in which the company should be heading. As such, these periodic plans, developed with the advisers, fed into the company's own longer term plans. Over a period approaching 17 years, long term working relationships were developed with two Business Link advisors who, therefore, had a significant insight into the company.

The Business Link support had also resulted in links to external organistions / specialists. This had included contract experts, computing and marketing specialists. The provision of business and technical expertise had tended to work well, but the marketing support had been less successful.

The type of relationship with the business adviser was an important issue, and it was felt that having a friendship compared to perhaps a more formal relationship could make a difference in the way interactions work.

> *"People you've never met before are just cut, cold, black and white, whereas when you're friendly I think you get supported in a different sort of way. So getting people in from Business Link who you didn't know and they come in, no axe to grind, I think that is a difference so support you get from people you don't know."*

As well as benefits to the company, this was seen externally as an example of good practice, and a promotional video was developed.

> *"They actually did a film of me, they got [the business advisor] and I at the company talking about the input, it was almost like a commercial for Business Link and it ran for about 15 minutes. We were in the actual premises talking in our boardroom, talking about machines and then they interviewed me about the support that Business Link had given us."*

The support received, which was seen as a form of mentoring, had been crucial to developing the MD's skills and to the success of the company. It was clearly considered that this would not have been possible without such support.

> *"I did make it, I mean I didn't set [the company] alight and turn it into a £50 million global business but I kept it going and it was a hugely improved business when I left from when I started."*

The Importance of Business support

All of the advisers and professionals that the company had worked with, in terms of support, had *"brought something to the table".* There was a definite feeling that the support added value and that, without such support, the company could become "narrow minded".

> *"I am a great believer in the support that the government can give, but no longer does."*

The MD, who had received on-going support from Business Link right up to the time of their closure, was disappointed when this support ended. It was thought there could be improvements in support provision. Business Link had been very useful for the company and it was thought to be a shame it did not continue. In particular, the MD felt that they may not have survived without the extensive support they received.

> *"You can become slightly narrow minded in your field of knowledge and the people that you deal with. So they brought in an element of the outside world that you possibly didn't get to see. And I was very sad when it stopped, very sad indeed… It's a total positive thing. I have nothing but admiration for what I gained from the DTI and Business Link."*

Having trust in the organisation providing the support was significant for the MD. There was a feeling of greater confidence when support came through a government scheme, when compared to a private consultant for example.

> *"If there's a government body you tend to trust it, if there are people within that government body that come to you presumably having had their credentials validated, then you automatically feel you can use them. One of the things that worries me about consultants is that it's very easy to say, I'm a consultant …. but do you know really that they are? In other words are they really any good?"*

Another important aspect of the support from Business Link had been the links to external expertise.

> *"One of the things that Business Link did do was to put us in contact with some external experts... computer doctor was one of them ... who had been known to*

> *and whose qualifications had been verified by Business Link so they were able to give me contacts. I had confidence because they'd come from them."*

However, the links given did not always result in the best people being recommended. This was in part due to rules that meant there were no preferences towards specific companies, on the part of Business Link.

> *"To tell you the truth there was once when we had about five marketing people, Business Link got in five different marketing companies that were found to assist the company in marketing. None of those five people, or companies, were able to offer me what I felt I needed. I thought three of them were charlatans."*

Discussion / Conclusion

The former Managing Director of Company B was passionate about the company, having worked there for 45 years. After being *"thrown in at the deep end"* when appointed as MD in 1989, he realised that he needed help to develop his own skills, and to develop strategies to take the company forward.

Using various government programmes, the company was able to tap into low cost, support from the DTI's Market Initiative Scheme , and later from Business Link. This subsidised support was also backed up by regular support from the professional services such as accountants.

The MD was quite clear that the business was struggling when he took it on, and that it may not have survived without the support it received. However, with the business support provided and, the personal/professional development this resulted in, the company was able to grow into new markets and was able to maximise production capacity.

The benefits of engaging in business support were strongly felt and, indeed, there was disappointment that such schemes were thought to be no longer available. Whilst it is correct that the regional business support offering has changed, the lack of knowledge about new schemes (such as Growth Hubs, for example) suggests the 'message' around current support offerings may not be fully getting through to companies.

Profile 3: Company C

Interviewee: Chief Executive Officer - Software Development (I.T.)

Background

Company C was a software house, located in central Bournemouth. The types of software products they developed covered a broad range of areas including financial services; price comparison sites; digital marketing; and fashion retail. The company was started in 2011, and taken over by the current directors in 2013. The directors had been involved in numerous start-ups so brought in a lot of experience and knowledge, but these skills needed to be adapted to manage the day-to-day running of a business, and strategic planning, rather than being limited to handling issues specific to new ventures.

The company considered itself to be innovative and had a flexible approach to working, involving an enjoyable working environment, which included time allowances for a range of leisure activities for the workforce. They were situated in period style premises with large open work areas, and gardens that created a positive working environment.

> *"We're excited by innovation, we're dedicated to success and we're growing. We're focused on numbers, make changes diligently and we're passionate about detail. We like cake, long lunches and laughing. And we still find time to knock off early and go for a surf or a sail now and again when the weather's right."* **Source: Company Website**

At the time of writing, their financial services comparison product had attracted 60 million users. The company founders had worked for a venture capital group, and had started up a number of companies, but decided this particular company showed potential and they decided to take it over.

> *"We used to work for a venture firm, starting new businesses for them …. I started thirteen companies for them over that ten years, and the thirteenth was [Company C]. We really liked the business and so we bought it in a management buyout."*

One example of innovation was a website that, using artificial intelligence and machine learning technologies, could detect when a user was losing interest, and it would then refresh the page to provide more interesting/tailored content to try to keep the user engaged.

Strategy

There was not a great deal of longer term strategic planning, as this was still a relatively new company. Initially the company only tended to look 3-6 months ahead, and this had grown to perhaps 12 months ahead. However, since engaging with business support through mentoring, a requirement had arisen for more formal business planning - this had resulted in plans looking 3-5 years ahead.

> *"We're still a fairly young company so strategic planning isn't something that we've done a huge amount of. We're, at the moment, planning twelve months in advance but it's actually since we had some business support in place that we've started to plan like that. So we started off just planning for three months, then six months, and grew it to twelve months. And now we're looking to build the business plan for the next three to five years."*

In terms of financial planning, this involved an understanding of the market; an understanding of the current financial situation; and analysis of targets. The result was a budget that included a target for turnover, looking 12 months ahead.

> *"The way that we plan is to do financial planning, so we have a sort of financial model. So basically it starts with an analysis of the market, and a percentage of the market we currently occupy. And then that sort of trickles down, cascades down into drawing on our current management accounts and then we get sort of financial targets out the back of that."*

The more detailed planning took a very different approach. Using a small notebook, pages of ideas were jotted down as a start point. With experience of over a dozen start-ups, the director's idea was to attempt to behave like a small start-up in order to grow faster. The initial ideas would then be developed to include detailed objectives. These might include marketing goals, PR strategies such as awards, personnel objectives. These initial ideas could then be reviewed to explore how this could affect market position.

> *"Our broad strategy is we've grown most significantly when we act like a start-up. So we find that, if we ask in a quite naive way, if we're quite bullish, we're fearless, and if we just try really hard and just take small incremental steps rather than try to act like a big company where we apply a lot of budget and brute force and a lot of manpower."*

> *"We've got a personnel strategy which is to stay small and tight-knit, so that culturally we're all very similar."*

Through working with a mentor, the approach to planning became more formal. It was up to the CEO to keep the strategy in place and commit time to develop it – this involved constantly evolving and updating the strategy, whilst also keeping to deadlines.

> *"This is something that's been introduced partly by my mentor …. Certainly that top down approach of looking at the market and the percentage of the market that you occupy and then setting targets around how much market share you want and then cascading that down to financial plan."*

The venture had initially received support from an adviser during start-up. As the company developed, the directors then approached a local agency for mentoring support. Apart from a nominal annual administration fee, this provided virtually free support, and had been running successfully for about one year.

The company had tried various different ways to access low cost business, but this had proven difficult. There was an expectation that the type of tailored support they were looking for, to cover specific areas of the business, would be in the region of £500-£2,000 per month, depending on the amount of time required. The company still thought of itself as a start-up, having been trading for about three years, so there was still a need for careful financial control. Cost was therefore a factor and the mentoring scheme had fitted well, and was well suited.

> *"We're still, for all intents and purposes, a start-up in spite of our reasonable revenue that we make every year, and there are months that we don't make any money so that £2,000 is a lot to us. So the fact that we get mentoring support for free is exceptional."*

Previously, the company had used professional business advice from consultants. This had been particularly beneficial for the financial aspects during the recent management buy-out. It was also useful for more practical issues such as VAT advice.

In addition to the mentoring, the company also had ties with Bournemouth University (BU) and took in students on sandwich courses, and interns, which often led to full time roles. Around two-thirds of the workforce had attended Bournemouth University (BU) at some point. They were also interested in the various schemes and potential access to grants that were sometimes available, by linking up with BU. The company also liked to keep engaged with local / business events such as BU's Festival of Learning.

Co-Production

The CEO met regularly with the mentor, usually for 2-3 hours, about 10 times per year. The relationship operated rather like a series of board meetings. A formal update report would be written up two days before the meeting took place. This would include a general report of performance, management accounts etc. The report provided detail of the overall strategy but did not go down to the detail of covering more specific issues such as HR and marketing.

> *"This was a professional, rather than an emotional arrangement."*

The CEO raised an important point about the distinction between an advisor and a mentor, with the main difference considered to be that the role of the mentor was more about making suggestions or raising new ideas, with the actual decisions still being left to the company to decide on how to take these ideas forward. Therefore, the support took the form of suggested ideas that could be explored further, rather than as direct advice.

> *"He isn't an advisor, he's a mentor. So he can't actually give us advice. There's a sort of, a distinction … he asks questions and puts me on the spot a little bit. And makes suggestions of things that we could do that would give us better visibility or help us make better decisions."*

Due to the success of the mentoring arrangement, the company was also looking for additional support in other areas of the business – these would be 'domain experts' who would be likely to operate as non-executive directors.

> *"We're sort of coming up to a year of working with [the mentor] - we've started to try and extend our network to find some formal advisors to come on board."*

In terms of adding value, there was thought to be a sense of occasion about the meeting – the perception was that having an 'audience' would improve performance levels, so the CEO felt that he 'raised his own game' to deal with the mentor at an appropriate professional level.

Value came from the conversations themselves through the benefits of experience and reflections. Having come from a very different business background, added value came from this outside perspective which was described as *'the eyes of the tourist'*. However, the mentor was not *"along for the ride"* and did not have a vested interest so the outcomes were thought to be impartial.

It was felt that the use of mentoring had helped the company to focus on planning. Whilst it was acknowledged that guidance books and the Internet could provide useful pointers, having this done in person was considered to be much better. Whilst the mentor had no specific domain expertise the plans developed had a strong insight. Even though the service had been virtually free, the company still felt it had huge value and would have been happy to pay.

Business Support Availability

In terms of accessing business support, the business had not been running long enough to have a huge awareness of the local offerings, other than through the mentoring scheme, in which they were already participating.

Whilst not considered entirely as business support, business clusters and associated networks were seen as being a useful resource. Bournemouth and the surrounding area was often seen as a cluster for digital media companies. Indeed a number of networking clusters such as 'Silicon South' and 'Meet Draw' provided useful local networks for the industry. The software company engaged with these networks and considered membership to be beneficial to the business, mainly through developing networks and contacts that could lead to future working partnerships.

> *"I think it's useful for the team to be able to go and mix with other people from other businesses. I was really sceptical to start off with about it being a way of easily poaching staff. But it's not like that in reality. So that's certainly a good networking thing. I don't know how much support we get from it though."*

There were few pitfalls, but perhaps having a non-specialist mentor, rather than a domain expert meant that certain specialist advice needed to be sought elsewhere, usually at a cost. This had been a particular issue when there was a minor financial issue and help had been needed.

> *"We made a loss, recently, for the first time ever …. so we had to put sort of an emergency rescue plan together and stuff that we were going to do really quickly to turn the business around, and then stuff that we're going to do over the longer term to get the company growing again. The mentor really couldn't offer us any perspective on that."*

Discussion

Company C was a recent start-up and was still establishing itself, so this sometimes resulted in certain issues not applicable to the other five case studies in this study – for example, short term cash flow issues and occasional challenges arising through rapid growth. Low cost mentoring was therefore a very appropriate means of accessing support.

The co-production relationship, which was unusually very formal in nature, worked well, and a set format had been established for the meetings and associated actions arising. It was of particular interest that the meetings were not seen as a source of advice, and the feeling arising was that this had been understood from the outset. When the company did need specialist help during a difficult period, this was put down to lack of domain expertise, rather than being related to mentoring.

As well as mentoring the company had connected with the University and also local clusters and networks, both of which had proven useful and looked set to continue. Due to the age of the company, there was limited knowledge about the changes in the local business support landscape. The business did not have any particular difficulties in engaging with local business support, but the next challenge would be in finding paid for support with particular domain expertise, albeit with on-going mentoring support.

Profile 4: Company D

Interviewee: Managing Director - Digital Marketing and Design (Digital Media)

Background

Company D was a branding, marketing and web-design company located in Poundbury, Dorchester. The company was established in 2001, as a partnership, but had recently changed its status to a limited company, after the departure of one of the partners.

The work covered a broad range of activities to promote businesses – this included branding, website design, print design, development of online videos, direct mailing, email marketing, XML publishing, social media, exhibition stands and point of sale promotions (Source: Company Website).

The work was built on the concept of developing strong, and ongoing, relationships with clients – often achieved through one-to-one meetings with clients in which an integrated communications strategy was developed.

The company operated from low-cost managed office space provided by The Enterprise Connection which was linked to Weymouth College. This provided a range of services, support, and facilities to SMEs, particularly recent start-ups. The package included utilities, on-site support, 24 hour access, parking, signage, telephone, internet, photocopiers, use of general facilities and meeting rooms. (Source: Enterprise Connection website).

With a base in central Dorset, the main focus was on the more western parts of the county, which were seen as having greater potential, rather than the conurbations of Bournemouth & Poole, where there was already thought to be a saturated market.

> *"I tend not to associate with Bournemouth because there are lot of agencies around there and it seems like a very flooded market, so I tend to look more westwards, because there's more opportunity there."*

However, it was acknowledged that involvement in the digital media networks operating in the Bournemouth area, and local universities could be a consideration for the future.

> *"I sometimes wonder if I should get more involved in it, certainly because universities are quite big in that area, and they can be quite supportive."*

Strategy

The owner/manager had a series of plans/visions – this included plans for one, three and five years, although the dynamic market meant it was not always easy to stick to these plans. There was also an aspirational 10 year vision of where they wanted to be.

The shorter term plans tended to be formal, in that they were written down, but less formal in actual style. These essentially took the form of an over-arching guide and were written with advisors / mentors. The latest plan had been recently written with the help of a 'business coach' but was already subject to review.

> *"Long term, you know, up to 10 years. I tend to do a one year plan, three years, five years and ten years. I don't think I've ever successfully stuck to any of them, and it's only a relatively recent thing as well, it's as a result of some of the business advice I've had."*

The company had taken advantage of a number of funded schemes in recent years:

> ***Superfast for Business*** – this provided a grant for fast fibre broadband, considered to be essential for this type of business. Operating from certain parts of Dorset could be problematic in terms of broadband access (Dorset County Council 2017) so considerable investment was being made, and was co-ordinated by Dorset LEP. The scheme had included the costs associated with connection, but had also included access to advice on cloud/online storage and more generalised advice. This scheme facilitated access to two consultations – one with a technical expert, and the other with a business mentor.
>
> ***Business Coaching*** – this involved an 'Action Coach' registered with the Growth Accelerator. Although this was funded, it was thought to be expensive and had been problematic for Company D.
>
> ***Volunteer Business Mentoring*** – the company had been using localised business mentoring, co-ordinated by a well-known local provider, for the last six months. The owner/manager was already benefitting from this service.

There had been mixed results in the success of business support. The business plan that was in place, had been written with a previous business coach, and was no longer thought to be entirely suitable for the business. The plan had, perhaps, been too ambitious, and had not taken full account of the underlying foundations needed (in terms of planning and resources). This plan was therefore under review with the new mentor, who was helping to guide the strategy into a more realistic direction.

> *"I've got a bit of a chequered history with advisors and mentors, some good, some bad, so my current plan was written by a business coach that I had. I'm currently with a [different] mentor but we're reviewing things, so my current plan doesn't relate to what my mentor and I discuss."*

The company was looking to expand, and potentially take on more employees. However, with a base in low cost premises, with little additional space, the business model had been developed to facilitate home working, which fitted well when working with clients across the county.

Co-Production

The initial relationship with a business coach had been set up through the Growth Accelerator programme, which ran from 2012 to 2015. This was an expensive arrangement, but the cost of the coach was met entirely through the programme. However, there was a feeling that ambitions were high and too much was trying to be covered in a short time, possibly to make full use of the money available. As a result, much of the plan was unrealistic and difficult to achieve.

The involvement with the coach eventually came to a close when the funding allocation had been used up in the space of six months, which was a shorter period than had been anticipated.

> *"Because I'm a small business, and it's just me on the strategic side, I couldn't keep up with what he was trying to do. So we burnt through my funding in about six months, and I'd rather it had been spread over the time, the length of time it should have done …. It's a shame, because I thought the Growth Accelerator scheme was great."*

Once the new volunteer mentor was on board, the arrangement became much more about developing realistic and achievable plans. The mentor was considered to be a 'sounding board' for new ideas and directions. The mentor was not an expert in this particular field, but this was not considered to be a disadvantage as the issues were often seen from a different perspective, thus adding value. The arrangement was fairly formal and brought in the strategic and business strengths that complemented the more specialised skills of the owner/manager.

One aspect valued by the owner/manager, was the vast experience of his mentor, but he did acknowledge that success could be variable depending on who is allocated to the role.

> *"I guess it depends on your mentor, my particular mentor has an OBE, he seems to have achieved quite a lot …. he likes to give something back, and he seems to have a lot of mentees and has done over the years."*

The mentor was always available by phone, but would come in for regular meetings – usually once or twice per month, as required. As well as jointly developing the revised plan, which included an overall business plan and a marketing plan, the meetings would result in a set of actionable points with deadline dates associated with them. The format of the meetings was fairly formal and sometimes included advice from professionals, such as accountants and marketing specialists who would sit in on the meetings.

> *"We try and meet once or twice a month. We generally work to his plan, where he'll lead the discussion. At the moment we're trying to work out a business plan and a marketing plan, and he will usually come up with a set of actionable points."*

Consideration had been given to the style of the mentoring meetings, and how this compared to the role of a consultant perhaps, which involved giving direct advice, as well as acting as a sounding board. However, in this case, this style of delivery appeared to work well.

> *"Mentoring is supposed to be different to consultancy, but my mentor does act quite consultatively if you like, which I think is the best way to do it …. The reality is that they do [give advice] and it's much appreciated."*

Networking was a useful benefit of working with the mentor, and a number of relevant leads had been given for professional contacts.

The relationship gave a completely different perspective on the key issues, and this was considered to add value. The 'bigger picture' could be viewed without becoming lost in the details. The experience of other business areas also brought in new ideas, and in developing new and different ways of thinking.

Despite the relatively short timescale for developing the business plan with the mentor, there was also thought to be a need for longer term help and it was hoped this working relationship could develop. The cost of the scheme was very low (around £100 a year), and the value for money was therefore thought to be very good.

As well as the mentoring, professional services also played a role in business support and advice.

> *"My accountant is invaluable. He probably should charge me more than he does for the advice, but I pay him enough once a year for the accounts."*

Business Support Availability

In terms of accessing business support, the company was well established and had noticed changes, acknowledging that it had become more difficult to access support locally. Whilst it was accepted that support was still out there, more efforts were needed to locate and understand local provision. With Business Link and the Growth Accelerator no longer available, it was not entirely clear how support was funded, nor where to look. However, whilst funding could be difficult to find through the expected channels, the owner/manager had good contacts that helped to find funding, when available.

> *"I must say now, increasingly it's just harder to find. I guess the barriers are just where do you look? …. I have a friend who seems to know whenever there's a grant or anything, he knows about it. I don't know how he knows, but whenever I say about something, he goes, "Ooh, you can get a grant for that"."*

Despite the difficulties in accessing certain support, schemes such as the mentoring programme and funding for rural high-speed broadband were considered to be very good.

Overall, the business support offering was thought to have declined in the during the preceding five year period. A lot of good schemes had closed and there was notably less funding, with support becoming harder to access. On top of this, there were more administration and taxation issues to deal with, resulting in a greater need for support.

There were thought to be certain pitfalls with business support – companies could, perhaps, become too reliant on it. From their own experience, getting external recommendations for business support meant they didn't always get the most suitable advisers. It was also thought to be difficult to measure the quality of support.

Conclusions / Discussion

Company D had aspirations for modest and controlled expansion, which they hoped to achieve with minimal impact on overheads. In developing expansion plans, the owner/manager had enlisted the help of business advisors, which had mixed results.

The first experience, with a professional business coach, resulted in plans that were developed too quickly and were too ambitious, and with a lack of trust. The more recent experience, with a volunteer mentor from a well-known local scheme, had been much more successful, resulting in more realistic plans and achievable goals. One notable measure of this success was the company's hope that this particular relationship could continue longer term.

The company had made good use of the various funding available, and was keen to take up funding opportunities when available. One of the main issues was that, as far as they were aware, there was no longer a clear, single point of contact for finding out about business support.

Profile 5: Company E

Interviewee: Chief Executive Officer - Shutter Blinds (Home Décor)

Background

Company E was located in a suburb of Bournemouth and provided a sales and installation service for internal household shutters, which were offered across the South of England. These bespoke products were available in a range of designs, aimed towards the higher end of the market for internal blinds and shutters.

Having been trading for around 10 years, the brand was well established, both locally, and further afield through franchising and advertising/marketing. A total of 12 people were employed, which included directors, sales staff, and the installation team. Additionally, there were a total of 10 franchises operating in the UK. There were two separate companies, one for the local operation, and another for the larger group that included the franchise operation.

The company offered a made-to-measure service. Following an initial home visit, the chosen product was custom made at a factory in China, and shipped to the UK for installation. This process typically took 6-8 weeks.

Whilst the product itself was important, the company considered themselves to be a primarily sales and marketing operation. The sales and marketing side of the business was therefore the main area of focus in developing their trading position.

> *"For us, we are principally a sales and marketing company. We do need to be good at operations and administration in these orders ... and, of course, we have to be able to install the product."*

The company had engaged with local business support, from a range of providers, which tended to vary with their growth cycle. This had ranged from support from Business Link, during start up, through to privately arranged mentoring and through working with other business people. The company had also had useful links with marketing academics at Bournemouth University.

Strategy

Planning was seen as an important aspect of the business and there was a practical plan in place, looking three years ahead. There was also a more strategic six-year plan which provided a longer term vision. Although these plans were not written up in a formal style, there was a clear understanding of goals and timescales. These were sometimes written up in contracts, which included targets, and were usually developed through meetings with professional services e.g. accountants, legal advisers, but not banking.

Whilst there were occasional meetings with the bank, these were usually for account reviews, rather than providing help with strategic direction. However, having contact with the bank, as well as with companies in the supply chain, did often provide useful information.

> *"The bank is a useful reference source, as would be suppliers - suppliers would be another really useful reference source. Go and have a chat, go and have a beer with a supplier. You know, go and spend a bit of time!"*

The recognition of the importance of planning resulted in regular reviews, particularly in terms of addressing the more immediate business issues. These shorter term plans resulted in a set of clear and achievable goals.

> *"I feel that we are well focused at the moment - we've got very clear goals. And we know how to achieve those goals. And in many ways it's us just getting our head down, getting stuck in and travelling the path that we're on."*

Looking further into the future, to perhaps ten years ahead, was thought to have limited clarity, but would possibly involve an exit/succession plan. However, despite still needing development, the longer term vision was thought to be very important as it related directly to the overall goals and purpose of the present company growth. In terms of support for longer term thinking, it was suggested that government policy was only focussed on short term goals, and did not look far enough ahead.

> *"I think in business you do need to look three, six, ten years ahead. And you know, although the ten year one would be a bit of a fuzzy idea, the ten year one may be an exit strategy. You know, what am I growing this business for, am I looking for an income for my family, for my children to come into, or am I looking to sell the business and put it into my retirement pot …. what the Government is doing is they're looking too short term."*

Co-Production

In developing goals, the owner/manager worked closely with a private mentor along with his own management team, the accountants and legal advisors.

> *"I've always liked working with mentors - business people that I respect and people that I can share my ideas and thoughts with, and look for their feedback. So they would quite often be individuals. In the early days we did use Business Link, we did find the service very useful and we did use their knowledge and advice particularly in the early start up days - they were a really good source."*

As well as the value gained from the mentoring, a good Marketing Manager and the addition of a new Business Manager, who came from outside of the industry, were also perceived to be strong providing benefits.

> *"I do bring in that knowledge from outside with our marketing manager and with our business manager we've taken on last year who comes from outside of the industry very much but brings some real gravitas."*

Discussions with the mentor were usually held somewhere quiet and comfortable, in an informal, but professional, manner. The conversations often involved monthly sales figures, mapping key expenditure against budgets. There was then a review of the current position against the strategic plan. This involved discussions around key challenges, notable successes and the resources that are in place, and those required. The discussions would result in action point notes, and mind maps. These typically would include five key challenges to be addressed in the shorter term.

The owner/manager would then take the ideas and/or action points away for personal consideration before being sharing with other staff members for further input. Once agreed, the selected plans were quickly put into place and work would begin to address the individual actions. Mind-maps, which were used during the discussions, were thought to relate more to the creative side and were considered a very strong resource.

> *"I've always found [Mind-Maps] very useful. I probably don't use the full depth of them but I find that if somebody, for instance, says to you to tell me your top five challenges, your brain's trying to do two things, a) it's trying to think of top five challenges but, b) it's also trying to order those….. it frees up your creative side. And I would use mind maps for lots of things in life not just for business."*

When considering the relationship with the business mentor, the feeling was that 'chemistry' was very important and, when this was right, the opportunities for strong achievements was maximised.

> *"I think chemistry is vital in many aspects of life and I think that goes from relationships at home to relationships at work. And when you get that chemistry right you can walk on water. And when you get it wrong, you know, it's very easy for something great not to achieve its potential."*

The owner/manager welcomed input from those with strong views even when the advice received was not necessarily agreed with, or followed through. There was a preference for clear, unambiguous comment, and this was something that could then form a basis for debate.

> *"I like a positive strength and I think sometimes mentoring and things like that can be all a bit too woolly and a bit airy fairy. So I will tend to react with people who have an opinion and are prepared to debate that opinion with me."*

The meetings tended to sit somewhere between being formal and informal. It was felt that less formal meetings gave more opportunities for creative thinking. The rigid nature of more formal meetings meant the emphasis was on the agenda, and the meeting itself, rather than providing a platform for new ideas.

Access to Business Support

Having made use of Business Link in the early days of trading, and particularly during the start-up process, the owner/manager was aware of the service offered and valued it strongly. It was felt that it was now much more difficult to access low cost, regional business support.

> *"I think the structured support is poorer and weaker."*

As well as the obvious benefits of business support, in terms of developing strategic direction, the increases in the regulations for SMEs, e.g. health and safety, rules for equipment, meant that advice on regulations was another valuable service that had been lost.

> *"I think the loss of Business Link is a real shame, I think it's a great pity, I think they did a great job and particularly where you've got, if you like, the British culture of the starting of the business. I think that [support] with the amount of red tape, the amount of regulation …. it was worth its weight in gold."*

> *"I think, if you're not careful, you turn an entrepreneur into a rule follower."*

Having had involvement from Business Link at the early stages of development, the services accessed had included support around taxation and VAT; health & safety; employment law; partnerships with professional services; and working with banks. The convenience of a 'one-stop' source of support on these matters was missed, although it was acknowledged that they had adapted to manage these issue themselves.

> *"I do miss Business Link and I do miss it for some of the regulatory structure that it gave and some of the early and more difficult what if questions and they can be around tax and VAT, they can be health and safety, they can be employment law, there can be a whole myriad of structural things around that which is really useful in the early days."*

Whilst the shutter company had become well established, the benefits to other start-ups, for those that engage with a start-up programmes, was considered to be significant, particularly in terms of survival rates.

> *"For the start-ups and thinking of a few start-ups I know, it would be a massive benefit. It would make the difference between maybe 30% succeeding and 50% succeeding."*

The owner/manager acknowledged the benefits of mentoring, but there was also a feeling that some mentors could lack the drive or energy that an entrepreneur may have (through a vested interest) for developing their own business. However, this could be partly addressed through carefully managing the relationship with the mentor and keeping this fairly informal.

> *"I think a pitfall with business development could be that the mentor clearly has been there, seen it and done it all, which is great. But I think they have done it and not necessarily doing it and that in the early days whilst you need structure you also need to be an entrepreneur you also need energy, you need passion, you need belief and sometimes mentors probably used to have that but they're in a different phase of their knowledge base and if you do have too formal a structured relationship I think you can lose some of the passion."*

Conclusions/Discussion

Over ten years, the company had grown from a start-up to a successful small enterprise, with a well-established local brand, employing twelve people, plus a wider franchise operation. With sales and marketing at the core, the company was continuing to grow and develop. Having worked with Business Link during start-up, and then with private mentors, university expertise and professional services, the benefits of external support were clear.

Considering co-production, the company had achieved a good balance between the more ‘rigid’ limitations of working together on formal strategic planning and the more ‘creative’ aspects arising from a less formal approach, using methods such as mind-mapping and brain-storming. Whilst the subsequent plans were fairly informal, this resulted in a set of achievable goals. The relationships, with mentors and other forms of support, appear to add value through the inclusion of outside influences, a creative approach and then through careful consideration before implementation. With the addition of links to external networks, through suppliers and professional services, this relates well to the co-production framework for business support (Chapter 2, Figure 2.8).

The changes in the availability of business support had been noted and, in particular, the need for support for start-ups was highlighted. The company had also found support useful when it related to regulations. However, it was interesting that, when support was not offered, that the company felt they had been able to tackle the issues themselves.

Profile 6: Company F

Interviewee: Owner/Manager **(**Partner) - Bespoke Cabinet Makers (Manufacturing) – with some additional input from the other Partner.

Background

Company F was a small enterprise, based in Shaftesbury, a North Dorset market town. The company marketed and manufactured premium, bespoke, kitchen cabinets for installation in exclusive developments, mainly in London. The products were designed and manufactured by skilled craftsmen, to a high standard.

The owners, a husband and wife partnership, took over the company in 2009, having had no previous experience of running a business, nor with any experience of cabinet making. One of the partners had come from a career in the oil & gas industry, while the other partner had previous worked in health and fitness. However, despite the limited small business experience, the company had been profitable in each trading year. In 2013, the company changed its name as part of a re-launch to strengthen, and refresh, their brand image.

Most of the work was for the UK market, but products had been occasionally been shipped, in flat-pack form, to overseas clients – in Europe, and further afield including the Middle East and Australia. As well as a newly developed, professional website, the company had advertised in specialist magazines and worked with a network of over two hundred and seventy designers.

For a period of around five years, the company had received regular business support through an ongoing working relationship with a volunteer business mentor, organised through a Dorset agency. This resulted in low cost support that had mainly focused on managing and maintaining the order book. The mentoring was provided for a nominal charge of £100 per annum.

Strategy

The company's forward planning had tended to be based around the order book, or *"the pipeline"* as it was referred to by the owner/managers. This was normally a three month plan for scheduled work, and production planning/capacity would be organised around this. There was a regular influx of work, so the three month plan helped them manage the supply, production and logistics processes efficiently.

The company had good working relationships with other local carpentry companies, which resulted in a fairly informal business network. This involved meeting, usually over coffee, sharing local industry information and *"bouncing ideas around"* with each other. These relationships would sometimes lead to sub-contract work when their own capacity was limited, or if it was more economical to do so. A small amount of work also came into the company, in a similar manner. To maintain quality control and the premium brand image, the policy was that all work was undertaken in the UK.

Longer term, the company had no particular plans to expand further, and the current operating plan seemed to be about right for the owners.

> *"Longer term we don't really want to expand the business, we have varied in terms of employees between up from about three to five but we figure that where we are at the moment is kind of optimum on the personnel front."*

In addition to the owners' aspirations, there were difficulties in recruiting and retaining skilled staff in the area, which had influenced longer term plans. Training of new staff, including apprenticeships, had not been particularly successful with most leaving before completion which, again, had created staffing issues.

> *"It's very difficult to get people in this area. It's very difficult to get enthusiastic apprentices and it's difficult to retain those apprentices if and when they start. Very difficult. We've approached the local schools / colleges on various occasions. And we've probably had, I don't know, about ten apprentices start but not come to fruition. It's quite disheartening."*

Whilst the owners were satisfied in the way the company was running, they recognised that a succession plan was needed for the future. This was as issue to be addressed but possibilities included developing an existing employee, or using an agency to help bring in someone who the owners could work with, and who could eventually take over the company.

> *"We've got three different agencies looking at the moment for people -we've advertised once or twice for that. And it would be great to have somebody on board now with a view to succession plan, but it's proving quite difficult to identify somebody to take it on …. somebody that had an appetite to run his or her own business."*

Succession planning was a key concern, but there was still no urgency with this, and a ten year time scale seemed realistic, although there were thought to be too many unknowns to be thinking further than perhaps five years ahead for most other matters.

In terms of forward planning for capacity, along with the 'pipeline planning', the other areas, in which the company looked ahead, were very practical – including procuring new machinery when required; acquiring updated technologies - for example, computer aided design (CAD) software; and being able to adapt to new technical and regulatory requirements.

Most of the work was repeat business and, the way the company planned ahead, involved managing relationships with their existing client base. The work tended to be for commercial, rather than private customers. There was also a need to manage new contacts arising through the company website which, although it resulted in fewer orders than commercial work, was still important to maintain demand. One of the main reasons for the preference for commercial work, was increased repeat business.

> *"Our plans are that we nurture the relationships that we have with existing clients, and we are constantly looking for new sources of work and activity via the*

> *internet so we're contacting other designers and developers, we predominantly go for commercial work rather than private work. And our thinking there is the commercial work is hopefully repeat business."*

Co-Production

In terms of business support, the partners were keen to point out that the support they had received had been in the form of unbiased mentoring, rather than as direct business advice.

Other than their involvement with the mentoring service, business support had been fairly limited and had mainly involved attendance at local business support seminars which were not thought to have been particularly helpful.

> *"We've been to various breakfast network gatherings but really don't find them particularly helpful at all. In our experience, our view on those would be that they're very much a source of networking …. None of them have shown us actually any type of roads into potential ... or really any support either, any sort of business support. So we've kind of, frankly, steered away from them. Don't waste time with them."*

There were a number of reasons for lack of support. Firstly, the company had been in touch with Business Link close to the time of their closure so had been referred to the mentoring organisation. Secondly, there was a lack of awareness of available business support – for example, they had never heard of the Dorset Growth Hub, which had, by some parties, been considered as a logical successor to Business Link, but was considered under-resourced (Culkin 2016). This was reflected in the 2015 Small Business Survey (BIS), which reported that only 14% of small enterprise owner/managers were aware of Growth Hubs, although this may well have improved in subsequent years.

> *"Growth Hub? ….. I've never heard of it"*

> *"There doesn't seem to be that much out there, I mean we're not getting emails from the Government saying, the Government is offering this strategy to all small businesses, there's nothing like that coming through."*

However, whilst information about local business support may not have been getting through, the owners acknowledged that were not actively seeking support at that time.

> *"I think in reality, in fairness, we're quite independent people by nature so we wouldn't necessarily go out and look."*

Even after five years, and with the option to switch mentors, the working relationship had always worked well with the same mentor, and the partners were happy with this. Indeed, there was a feeling that there was a strong personal and professional connection. The owners could see certain benefits in switching to other mentors to get a different perspective, but still felt they were getting value from the existing mentor.

The meetings took place every six weeks on the company premises, and usually lasted for one-two hours. The business owners worked together with the mentor, and the meetings were quite informal, with no agenda. The sessions usually started with a summary of the current situation, which would form the basis of the main discussion, and normally focussed around the 'pipeline' of work. This allowed them to review and re-focus and was, in some ways, a form of capacity planning.

As well as this capacity planning, there were also other 'themes' chosen for the meetings, such as marketing, branding etc. At times, some more specific issues had been addressed – for example examining aspects of the working relationship between the married owners.

> *"Because we're a husband and wife team and we'd never worked together there were some issues with our working relationship. And we, as a guidance, [the mentor] commented that we might be able to look at this ... what's the name of it ... you find out what kind of personality you are."* ***- Partner 1***
>
> *"Yes, you find out how you work and what your different strengths and weaknesses are and then how you can approach a certain individual."*
> ***– Partner 2***

In addition to the mentoring, there were also annual meetings with the accountant and more regular contact with the book-keeper. Whilst the mentoring tended not to result in actual advice, the meetings with the accountant were more formal and did sometimes result in specific business advice being provided.

The mentor had no previous involvement with the cabinet making industry and had come from a corporate position within a large airline, which was provided a very different perspective. There was no 'pre judging' and the focus was always purely around investigating key business issues.

The company felt that the fact that someone who was willing to give up their own time, and offer their expertise at no cost, was a positive.

> *"If someone's offering their own free time then they've actually got something to offer, because why would they do it? So I think it actually says a lot about the people that are offering that service."*

Whilst links to outside networks are seen as a key part of the co-production process (Rice 2002), in this case there was little evidence of referrals to the outside networks of the mentor.

Discussion / Conclusion

The owners of Company F were clear on their aspirations, in which they were comfortable with the way the business was running and they did not wish for significant growth. This was for both personal and practical reasons. Their main, longer term challenges were around succession planning, which was still a fair way off, but was already being addressed.

Having a mentor on board had been very useful in terms of 'pipeline', or capacity, planning – the sessions had helped them develop their own ideas, think in different ways and had also helped them consider new approaches. With no specific plans for long term growth, the relationship with the mentor had been focussed on optimising shorter term performance, both in terms of maintaining a strong order book, and in ensuring that the workload was managed efficiently and profitably.

The working relationship appeared to add value through encouraging new ways of thinking, and through keeping a regular assessment of the business, which could otherwise have been overlooked due to the demands of running the business on a day-to-day basis.

Despite the mentoring scheme being a very low-cost service, the owners could see the strong benefits this gave them and valued it highly. Indeed, they would have been happy to pay a larger amount for such a service.

> *"If someone was to ask what are the keys to success in this business, I would probably say that having a mentor was probably ... if I had to make a list of bullet points as to what those keys to success were I would say the mentoring would be probably within the top six points, and so I value it really highly."*

Appendix 2 – Intermediary Profiles

Profile 7: Intermediary A

Interviewee: Director of Business Support/Network Company – Retired Bank Manager

Background

Intermediary A was a director of a private limited company offering a range of business support services. The organisation aimed to work with any company in the Wessex region, covering the South West, including Dorset.

According to the organisation's website, there were approximately 850 members with representation from micro-businesses, SMEs, PLCs, public sector and charities. The membership was based around a confidential database of members, similar to a social network. The organisation charged a subscription for network services, and took a further commission, based on the value of any deals set up through the network (Organisation website 2016). In addition, the organisation offered direct business support, hosted a series of events and ran an online forum for members.

The types of company, that the organisation worked with, was variable. The interviewee had personally worked with a range of companies and recent work had included a cyber-security start-up, a ferry company, a green energy company and property companies.

The organisation was owned and run by four key personal (Companies House 2016) with considerable experience in banking, commercial finance, armed forces, engineering/telecommunications, sports and business. (Organisation website 2016)

Approach to Business Support Strategy

The organisation offered support to any type of business, but each of the advisors had certain expertise, based on their own experience and personal preference - for example green energy, property, finance etc. Visits would be usually be monthly, and sometimes weekly by telephone, dependent on the requirements and/or affordability.

> *"We can go in on a weekly or a monthly basis and we can do various challenging sessions and various aspects of running a business or the four of us have all got non-executive directorships with other businesses. So we actually sit alongside the board and give advice from our point of view. It's what's right for the company because many of them can't afford too much, especially if they are a start-up .... If they are good people and it's a good project you tend to give a bit more time to it than you otherwise should do, but that's human nature."*

The members paid a monthly fee for business support, which covered the regular face-to-face visits and also telephone support, as and when required. The clients tended to pay for the support out of their own funds, but it was perceived that around thirty percent of companies gained some form of external funding towards the cost of support. This relatively low figure was partly down to difficulties in gaining approval for funding, which could arise from limited eligibility, lack of suitable funds, or from competition.

> *"I would say probably more would try to go for funding but they don't always get it. Probably 70% would fund it themselves, or try to, and the other 30% would probably try to go to an agency."*

The level of planning in companies was thought to vary significantly, from no planning at all, to over planning, in which plans could perhaps be over complex and unrealistic. However, it was acknowledged that, 'normally', companies do tend to look ahead, to perhaps one year, although this may be a little different for companies struggling to survive.

> *"Well most companies, and this is a very sweeping statement to make, don't have a strategy. They're in survival mode, especially small companies …. from the word go."*

> *"I suppose the spectrums are no planning at all, seat of the pants job which often works for the loud, pushy, arrogant sort of entrepreneur and, at the other end, there are people who over plan."*

> *"I suppose they would plan ... it's the same old story, a business plan is dynamic, it can be changed, you know, you could set it supposedly in concrete or in stone and the next day something comes along and you think, ah, got to do that. But normally people would plan for a year ahead."*

Co-Production

Meetings would normally take place on the client's premises. This was thought to provide greater insight into the company and was perceived to make people more 'open'. This also allowed access to employees and an overall feel of the atmosphere of the company. The need to get an understanding of the people in the business was an important factor for the advisors.

> *"We look at all aspects of businesses. But our focus is different from many others in that we focus firstly on the people and then the business. So many business advisors focus on the business first and then the people and so if somebody says they want to send us a business plan we will say fine but we want to meet you first."*

For potential new clients, the first meeting was free, and was an opportunity to get a feel for the client and to set out potential costs. The type of advice given was much more about developing a clear strategy than acting as a sounding board, or as a broker to external services. This clear business advice would not always be suitable for the clients and the relationship could sometimes stall at the onset.

> *"You go to a business sometimes and they want to tell you what they're going to do so you have to turn the conversation around and say, well, this is what we think you should do. This is what we feel is realistic, the reaction you get is either good or bad. If they don't want to listen, well, we don't spend any more time with them."*

The organisation did not produce formal business plans, but gave the support and advice required for their clients to formulate their own plans. The meetings would often lead to new ways of thinking, particularly when approaching the more established companies.

> *"We will help formulate a business plan for them to write."*

> *"We can bring new ideas that we see in a totally different business to the one we're talking to."*

The meetings were based on building relationships and developing trust. When expertise was limited, and there was a need to bring a third party, there would often be a three way discussion which would then still involve the business advisor in decision making.

> *"We don't pretend to be experts on everything, if we can .... we will put them in touch with people who know."*

Sometimes, the advice was not always positive, but providing an honest opinion was usually in the best interest of the client. One example was a sportswear product that a client had become very passionate about; yet, from a more objective viewpoint, the outlook was less positive. In this case, the adviser brought in an external specialist, from his networks, to evaluate the product/market and this confirmed the initial doubts about the product's potential. Networks were therefore a useful resource to draw on, particularly when specialist expertise was required.

> *"They had got themselves locked into this product and they could see that it was going to compete with the likes of Nike and all the other big players and they were insistent that it would work. And they were most miffed when we said we don't think it will so, again, pulling on the network we found a guy that used to work for one of the major players and said, will you talk to these people. And that was the end of that. They would have been slaughtered if they'd tried to put their money, but in this case other people's money into a project that was obviously doomed from the word go."*

Networking was also an important issue in terms of links with other local intermediary organisations – the team had strong contacts with the key people involved.

The Changing Landscape of Business Support

There was some concern raised that, despite the importance of SMEs to the UK economy, there was still a distinct lack of understanding of the needs of SMEs on the part of both the government, and large organisations. One example given was the threat of cyber-attacks to SMEs – this was thought to be of particular concern because an SME could be in the supply chain of a larger organisation, including military and public service, and a breach could have a significant knock-on effect.

As a retired banker, involved in business support, the traditional benefits of businesses working closely with banks were still recognised. One idea, being pushed forward by the interviewee, was that of a local bank for business. If successful, this would take the form of a community bank with a clear focus on local business. Reasons for this idea included a need for business support to be linked to finance, the need to address the significant reduction in the personal approach to support and to provide support with issues such as export.

> *"If we're going to have a decent advisory service it's got to have money attached to it and that's why a couple of other people and myself are trying to revive the Bournemouth Bank, but on a Dorset basis. That was sadly scrapped by Bournemouth Council for various reasons. But to have a local bank, a county wide bank, which is helping business, but is also helping those businesses to export."*

Whilst the banks did still provide a business support service, this was not often at the personal level that had been available in the past. The support, often by telephone, meant it was difficult to develop relationships and to have the personal touch and flexibility that was once available.

> *"Gone are the days when a business customer would walk into the branch of any bank, whether it was Lloyds, Barclays or anything and they'd say, I've got a short term problem, such and such a client has told me that I'm only going to be paid in two weeks' time, rather than one week, can you cover it? And the answer was, in most cases, yes …. Now you have to go through compliance."*

There was a feeling that the demise of personal support and the working relationships that arose from this, through organisations such as Business Link and the banks, was detrimental to business. Whilst Internet based support could be useful, it was not a substitute for one-to-one support.

> *"The challenge for the Government is that they think everything can be done over the Internet and it can't. It's the personal interaction that makes business and the country is effectively being strangled."*

Having had experience with funded schemes, such as SMART Awards and the Growth Accelerator fund, there was disappointment that some of these schemes had ended. For example, the UK Government spending review (2015) included an announcement of a 17% spending cut for the Department for Business, Innovation and Skills (BIS). This cut resulted in the closure of the Business Growth Service which included services such as the Growth Accelerator fund. According to the Guardian (2015), the Business Growth Service, offered business coaching and match-funded services to over 18,000 SMEs, and helped to raise in excess of £100m in finance, with a 94% approval rating from its participants.

> *"The growth accelerator fund where you had grant money available, where you had soft loans available, but especially you had somebody who could mentor the company. That was an excellent programme but it was scrapped in the middle of November last year – Disaster!"*

A further issue was the Government policy that business should be self-supporting. Whilst there were Government supported schemes, these had low levels of funding and were expected to become self-sufficient. However, the resultant effect on funding was creating risky situations with peer-to-peer lending and crowd funding.

"The next big disaster is peer-to-peer lending. The Government has gone big into that, they've supported Funding Circle and some of the other big crowd funders and that's starting to show cracks now. And they're regretting they ever did it."

Location was an important factor for SMEs. There was a feeling that businesses located towards the west of Dorset often had much lower running costs than those of Bournemouth, for example, particularly in engineering. According to the 2014 Annual Survey of Hours and Earnings, average earnings in West Dorset were £25,867, compared to £29,174 in Christchurch.

"If you go west, staff costs start to drop, an engineering company in Bridport can be a lot more profitable because of its local labour costs than one in Bournemouth. I've seen some very nice engineering companies hidden away in the most inaccessible places."

When asked about the issues with current availability of low cost business support, the answer was clear – that this had not been a good thing. The issues were thought to be partly down to the reduction in the number of bank branches and personal service, the closure of Business Link, and the limitations of services offered by the local authorities

"Lack of it. It is a disaster, it really is a disaster. And the Government just doesn't understand. "

"The local authorities claim to do it. But, again, the local authorities are local authorities, they have no understanding."

Although there were thought to be benefits arising from current local authority offerings, funding was tight and led to limitations in what could be offered. Through its Competitive Dorset element within the 'Enabling Economic Growth' document (2013), Dorset County Council has set out its vision for developing business in the region.

"The objective of Competitive Dorset is to unleash the potential of existing businesses, encourage the creation of new ones and attract investment. Dorset businesses are increasingly operating in a competitive trading and investment environment, both within the UK and overseas. Moving businesses up the value chain to enable them to be more productive and competitive remains a key challenge. Dorset County Council will collaborate and co-ordinate with partners to make the area more competitive in various ways."

Source: 'Enabling Economic Growth' 2015-2020 (Dorset)

However, across the thirteen elements within the Competitive Dorset charter, many of which had direct relevance to business support, there was some ambiguity about which of the elements would actually receive direct funding, and which ones would "depend on requiring additional resources".

Another important factor in providing business support was 'flexibility', which was often needed in more difficult situations where companies needed help to raise funding for issues such as expansion, and product development. The strict delivery guidelines, for services such as Business Link, meant the required flexibility was not always available.

> *"To me, Business Link was good because it was a really good focus of everything and you had good people down there - but I couldn't bend the rules, phone up Business Link and say, "what can you fit around this?" "*

When a more flexible approach was needed, it was often the individuals that mattered - in this example, an officer involved in local authority economic development, could sometimes help bring together a number of parties to enable business projects to go ahead. With the interviewee having already expressed concerns about the limited effect of the local authorities, this provided an example of how such limitations could be overcome with good people and their networks, combined with suitable funding – all of which could make a difference to local businesses. Unfortunately, changes in local authority practices, meant that this level of flexibility was no longer quite so achievable.

> *"If I had somebody who I thought was a good bet and I couldn't make it fit ….. we had a very progressive guy in [a local authority] …. And I'd give him a ring, and they had basically a slush fund at one point and he was always very helpful. So a small firms loan guarantee, second mortgage on the family home and a bit of money through the council, set up many businesses."*

Discussion / Conclusions

Intermediary A represents an organisation that perhaps fills a gap in business support that has been left by the closure of programmes such as Business Link and the reductions in funding for business support.

The service provides a useful networking and business support offering, but at a cost to companies. This service will therefore be of limited appeal and affordability, possibly because many companies could not afford this type of support on a regular basis. With a very low cost mentoring service already available in Dorset, the service differentiates itself with greater emphasis on the people, direct strategic advice and in bringing in finance.

One particular aspect of the support offering was the benefit of the networks involved – this included both the benefits to companies of being in the overall network of over 850 companies, but also in enabling the advisor to draw on outside expertise. This included industry specialists, access to finance and reaching key people within other local intermediary organisations.

With considerable experience of business support, both through many years in banking, and the on-going support role in this organisation, there were clear views presented on the current situation for business support – this included: concerns over the loss of services such as Business Link; the reduction in the number of bank branches and the subsequent loss of personal relationships; a lack of understanding of the needs of SMEs by government and larger organisations; the financial risks of issues such as peer-to-peer lending and crowd funding; and the limited impact of local authorities.

Profile 8: Intermediary B

Interviewee: Private Business Coach and Volunteer Mentor

Background

Intermediary B was a small coaching and mentoring business, established in 2002, with a focus on coaching business people. This was a home based company, operating from Mudeford, near Christchurch. The interviewee, who worked as the principal business coach, had significant business experience in banking, recruitment and consultancy. The business was registered as a private limited company (Source: Companies House 2016).

Business Coaching differs from other business support disciplines, as the focus in very much on developing the individual through observation and feedback. Business Dictionary.com (2016) defines coaching as:

> *Extending traditional training methods to include focus on:*
>
> 1. *An individual's needs and accomplishments;*
> 2. *Close observation; and*
> 3. *Impartial and non-judgmental feedback on performance.*

Furthermore, the International Coach Federation (2016) defines coaching as:

> *Partnering with clients in a thought-provoking and creative process that inspires them to maximise their personal and professional potential, which is particularly important in today's uncertain and complex environment. Coaches honour the client as the expert in his or her life and work and believe every client is creative, resourceful and whole. Standing on this foundation, the coach's responsibility is to:*
>
> - *Discover, clarify, and align with what the client wants to achieve*
> - *Encourage client self-discovery*
> - *Elicit client-generated solutions and strategies*
> - *Hold the client responsible and accountable*

According to the International Coach Federation (2016), the benefits of professional coaching included fresh perspectives on personal challenges; improved skills for decision-making; better interpersonal skills; greater confidence; improved productivity; improved work & life satisfaction; and improvements in the attainment of goals. The *ICF Global Coaching Client Study, undertaken by Pricewaterhouse Coopers (2016), showed an* improvement in performance of 70%, representing a 61% increase in levels of business management and a 51% improvement in team effectiveness. Overall, 86% of respondents agreed that there had been a positive return on investments, and 99% were satisfied with the overall experience.

In addition to the business coaching, the interviewee also worked as a volunteer mentor with a well-known local business mentoring service. Other work included involvement with some large management consultancies and outplacement organisations.

Approach to Business Support Strategy

There was a feeling that many owner-managers of smaller businesses are too busy running the business, to have time to focus on planning.

> *"There are many small businesses that are so busy running their business that any planning is what I call 'emergency back of the cigarette packet type stuff' which can be very hard to get them to understand that they have to make time to be out of the business but working on it rather than in it."*

Despite the general lack of time, it was still thought that, of companies that do plan ahead, that this was usually only in the 6-12 months period, with very few planning further ahead than that. This perception was for local companies generally, and did not take into account company size, for example.

> *"Often you're looking at six to twelve months. Some of them have a two to five year plan but they're in the minority I think from what I've experienced anyway."*

Subsequently, the business support work offered usually involved reinforcing the need for planning and strategy, along with comparisons against actual performance. In practice, this meant there was analysis of what did happen in the preceding six months, compared to what had been planned for that period, and then reviewing the plan, as required. For reasons of ownership, it was considered important that companies developed their own formal business plans, albeit with input from the advisor.

> *"I would always want them to come up with any formal plan. So I will give them support and help and ideas and challenges but anything formal, I would want to come from them as individuals and as a business. Because, if you're imposing your thoughts on somebody, they don't necessarily take ownership of it."*

Payment for support was thought to be an issue for some companies, particularly the smaller ones where funds were limited. Whilst there was funding available for mentoring support and possibly support through enterprise councils, there was sometimes a need for a business to invest their own funds to grow and become successful. Costs would usually be a few thousand pounds, so there would often be a need to develop a tailored, cost effective strategy for delivering coaching, based on the requirements of a particular business.

> *"Often one of the most difficult things for an entrepreneur in a small business whether it's a family business or not is where do they go to get help, a) they can afford, or b) also that is confidential, challenging, open and honest with them?"*

This tailored offering could result in a plan for occasional visits, up to plans that involved several days contact per month. Whilst cost was a barrier to some businesses, there was a perception that 85-90% of businesses received a strong return on their investment, and data was kept to measure performance.

> *"It's no good having data available to you or implementing new ideas if you don't go back and review them to see how effective they were. And keep some data so you can use it as comparison for the next two or three years."*

Timing was raised as a further issue for small business, particularly around the importance of getting business support at an appropriate time. This was especially the case for newer companies and survival rates were thought to be significantly higher for companies that received support from the early stages.

> *"They leave it too late. Whereas if small businesses and start-ups have support from the beginning, or at an early stage, or the first signs that they may not be able to do everything …. then they are 80% more likely to be OK."*

Coaching

Intermediary B worked with a wide range of companies from large corporates down to local SMEs. The coaching service involved interactions at various management levels.

> *"We provide coaching services for both individuals and business, so if you are a director, senior or middle manager seeking to develop or maximise your talents; an HR professional or senior manager taking on greater responsibilities; or an individual seeking personal development, our coaching programmes may be the ideal choice for you."* Source: Company Website (2016)

The rough split in delivery of coaching was thought to be about 50-50 between SMEs and larger companies. The clients were in a wide range of industries and included professional organisations such as accountants and solicitors.

> *"I have some executives I coach, middle managers, entrepreneurs, individuals who come to me, but 90% of that is business based. I do very, very little personal coaching."*

> *"One of the things that I have encountered with small businesses is that they will often not acknowledge that some of their key employees need development."*

A key aspect of the coaching work was about the development of strong relationships and mutual understanding, along with the willingness of the client to provide a suitable level of input i.e. co-production.

> *"It's all about relationships, trust and relationships. And open mindedness on the part of the business, the business owner and myself."*

These strong relationships, and the ability to understand the needs of the individual and the company could be quite rewarding for the coach, as well as the company.

> *"It is a very enlightening and exciting thing to learn about other businesses that you may not previously have had any involvement in. So you are growing your own knowledge all the time."*

Mentoring

Despite running the successful coaching business, there was also felt to be a need to 'give something back', particularly for companies who were less able to pay the full cost of support. Working as a volunteer mentor, for a few days each month was one way of achieving this.

> *"I wanted to give something back and that was important to me. So my three or four days a months, or whatever it happened to be, sometimes only two days a month - I would find that time to go and spend time with my clients."*

With the decline of funded local business support services, there was a feeling that the local mentoring operation had picked up a lot of this work. This service, which received limited funding from the local authority and a minimal contribution from the companies, relied on local business people to volunteer to help start-ups and small enterprises across Dorset.

> *"They otherwise wouldn't be able to afford consultants or coaches, business coaches."*

The flexibility of mentoring was also thought to be a good thing, as there was never the obligation to rely on a single mentor as requirements changed. For example, when a mentoring relationship had perhaps run its course, or a particular branch of expertise was required, then a new mentor could be assigned. However, there were still success stories, where mentors had been in place for periods of up to five years.

> *"We will often introduce another mentor at different times in the relationship, or hand over to somebody else because somebody else may have a better specialisation as to where that business has now got to. "*

> *"I can think of a couple that have been three or four years, five years maybe with one. And those businesses have done well."*

Co-Production

Relationships tended to be with the key decision makers, and would begin with up-front meetings, to find out as much as possible about the business that was being run. This included gathering information about existing operations; goals and aims; strategic plans for growth, and aspirations - such as plans for expansion or remaining in their own niche market. Furthermore, this would include an assessment of what activities had been successful/unsuccessful.

This first meeting sometimes resulted in the provision of initial advice/guidance, but generally resulted in a report and a decision on whether the company could be supported. The establishment of the relationship and rapport/trust were important issues.

> *"If I go to an initial meeting with somebody and I don't feel that there is that rapport there then I will recommend that individual goes to another coach. It's important that there is a trust."*

There would then be a need to meet further key members of staff to get a feel for the whole company. Assuming an arrangement for on-going support was agreed, then the normal mode of support was for monthly meetings, although this was flexible.

> *"I think as far as individual businesses are concerned it would more be me spending time with the decision maker …. and their key employees. But sometimes, if the company is small but close knit, I would involve all of the staff."*

Value was often added through an objective point of view, enabling the internal issues to be considered from a different perspective. When clients already had a plan in place, time would be spent analysing and often challenging that plan, particularly when opinions were very fixed, and perhaps demonstrating an element of risk.

> *"One of the key things is to help the individual pull back and take an objective view. So help them to see their own business but through almost somebody else's eyes, from a different perspective."*

> *"I always try and give good rationale and criteria and evidence for what I'm saying and advising."*

Teamwork was an another important factor in adding value – through having two sets of thinking, and two sets of ideas, meaning 'the sum of whole was often more than the sum of the parts'. Furthermore, this collaborative working was motivational and inspiring for the client.

> *"I believe very strongly in team work and even if that team is a team of two, two minds, two thought processes, two ideas, two challenges, are generally better than one. And just to be able to bounce ideas off somebody in a totally confidential and supportive environment is hugely motivating and can be very inspiring for the individual."*

Brainstorming was a further way that value was added through collaborative working. One reason for this was that the outcomes were often unexpected, and resulted in diverse ways of thinking. Again, the inclusion of someone from an unrelated business, with a different viewpoint, was thought to help create some very different ideas. The coach encouraged brainstorming techniques, both for the regular coaching sessions, but also by bringing in other team members.

> *"You know, right, "let's take a piece of paper or take a flip chart, let's throw all the words down that we can possibly think of that relate to this topic and see where that takes us." It can often take you on connections you hadn't previously even considered."*

One interesting example of success was that of a young and enthusiastic female client. Having taken maternity leave, she later decided to set up her own business, rather than returning to her job. Although, very talented in her own field, she had no experience of setting up a business, nor planning and what resources were needed, so needed guidance. Working with the business coach provided the personal development and business expertise needed to set up and run what turned out to be a successful business. Although challenging at times, the experience had proven rewarding for both parties.

> *"She had lots of ideas and wanted to rush out and do them but the structure wasn't there. So, yes, challenging at times, frustrating, but also hugely exciting to work with somebody like that."*

The Changing Landscape of Business Support

One of the key changes noticed was that business support had become fragmented and less coherent across Dorset which was making it more difficult for local businesses in terms of knowing where to go for support.

> *"The impacts and the changes, for me, are that it's becoming more varied and fragmented, the support, from different avenues and different areas which in many respects is good because it gives you a much broader aspect to come from whereas perhaps Business Link was slightly more organised and had set processes."*

Companies not only needed to be able to locate support, but also needed encouragement to recognise when they needed support.

> *"I think one of the biggest things for me about small businesses, local small businesses is this encouraging them to go and get support."*

Following the demise of the Business Link service, there was perceived to be a growing demand for support and attempts to pick some of this up had been made by local chambers of commerce and particular the volunteer mentoring service, which was thought to have grown over the previous five years.

Coaching was also a growth area, but this was considered to be a world-wide trend, so did relate directly to local provision. However, the closure of certain services was only thought of as an 'instigator', which was outweighed by the benefits arising from using alternative services.

> *"I think there's an element of that as an instigation, but I believe that these are growing because they work. And because they're thoroughly enjoyable for the individuals in them who contribute and who receive that help. So they grow everybody, that's the key to it."*

Another good example of the changes in businesses support was arising from companies forming their own working groups, which were essentially informal business networks. Networks, in general, were thought to be a good thing, even if only loosely related to the business.

> *"People are open to mentor other businesses in a reciprocal type of way …. business groups are so successful because once a month maybe eight to ten, twelve business people get together and share their own individual issues and concerns."*

> *"You need to build in some networking, some business activity with other likeminded people. Even if that's the local luncheon club, the women in business club, the local Chamber of Commerce and any of these things."*

Along with these fairly informal networking groups, there were examples of similar arrangements on a more formal and organised level, which were more suited to larger companies.

> *"There are some businesses, they're called boardroom booths where the CEOs or MDs or owners of businesses get together once a month …. it's a structured business event for two or three hours."*

Whilst there were already regular business events in the area, the number of these had dropped off, and there was thought to be a requirement for more free or low-cost events that could develop knowledge and bring businesses together.

Whilst most discussions about awareness of local business support consider the business trying to find support for themselves, a very interesting point was raised about whether business support intermediaries could identify businesses that need support. This different perspective touched on the difficulties in locating data about new start-ups and the general activities of SMEs.

> *"I think some more awareness, raising awareness of all the different types of support that are out there, so whenever you perhaps register a new business in a county if there was some way in which that local business support can realise that's a new business in our area, let's get them out this leaflet, or there's a website that says, these are the facilities available to you as a new business in Dorset."*

The local university was thought to be a 'powerful entity' and a very good way to reach businesses, particularly through students with entrepreneurial potential. The business coach sponsored a coaching and mentoring award for students. Some good business events had been attended, and the university was certainly reaching businesses, but the attendance, and perhaps awareness was thought to perhaps need improvement.

> *"I'm a great supporter of the University, and I've sponsored a student development award for the last five years - I sponsor the Excellence in Coaching and Mentoring award. The University is a very powerful entity locally and has created a lot of success. They've put on some good events – but are enough businesses aware that that happens?"*

There were thought to be some pitfalls around business support. One potential issue involved the aspirations and levels of engagement of owner/managers, who could have very closed ideas and principles, which could perhaps lead to unsuccessful interventions.

> *"I think this open mindedness on both sides is very important so if you're a closed minded small business then it's possible that it's not going to be as successful as you'd like because you are already in the tramlines."*

Discussion / Conclusions

Intermediary B was a very experienced business woman with strong skills in business coaching and mentoring, built on a background in business and management. Each of these disciplines required different skill sets and the approach was quite different for each. However, in terms of co-production, the way that value was added, through working collaboratively was quite similar. In particular, value was added through developing the individual, the objective view of an outsider, through using creative 'tools' such as brain storming, and through involving additional members of a workforce.

Having the time and resources to plan ahead was seen as an important issue for small business, and the need for business support to develop individuals, their skills, and their ability to challenge themselves and help them to develop new ideas was paramount. Forward planning was one way to achieve this.

The value of having the right business support, was a point that arose several times. It was important to have someone with both the right range of knowledge and expertise, but also for the relationship to be right in terms of rapport, trust, mutual understanding and a willingness for participation on both sides. For both mentoring and coaching, the ability to be able to change the individual providing support was an important factor for longer term success.

Local business support provision was noted to have become fragmented and it appeared too difficult for both businesses to easily find the support they needed, but also for the support organisations to locate the businesses. These issues suggest a possible need for better signposting to support provision. Despite difficulties in locating information, there was a perception that some organisations offering support had grown in recent years.

Profile 9: Intermediary C

Interviewee: Former Business Link Advisor / Consultant

Background

Intermediary C was an experienced provider of business support and advice in the Dorset area. The latest role was as a Business Development Manager, developing relationships between industry and a higher education establishment. He had previously worked in customer relationships with Business Link Wessex, based in Poole, for several years. This role was similar to that of a business advisor but involved a formalised 'information, diagnosis and brokerage' model. He also had experience working as a private consultant, bank manager, financial advisor and in the joint running of a family business. There was around eleven years' experience of working in business support – all in the Dorset area.

Having jointly run a local business that employed up to twelve people, and with additional private ventures, there was a lot of practical personal experience to draw upon, which complemented the skills in business support.

> *"I'd like to feel that I've got quite a good awareness of starting and running a business, both as an advisor but also directly trying out things for myself and learning from my own mistakes, so I do draw on that quite a bit."*

Approach to Business Support Strategy

The Small Business Service (SBS), which managed and funded the Business Link brand until it was passed to the Regional Development Agencies in April 2005, developed the 'National Business Link Framework' (National Audit Office 2006). This framework, which specified the level of service that was available to businesses in England, defined the Business Link support offering as an Information, Diagnosis and Brokerage (IDB) service as opposed to directly delivering business support. This IDB model was implemented in 2006 (SLIM 2008).

> *"Government has a key role to play in helping businesses to navigate the complexities of the market, through the provision of high quality, independent and easily accessed brokerage services. These help employers identify and source the most appropriate solutions for improved business success. The role of brokerage is therefore to help the market for these services to work more efficiently. Brokers have market knowledge and can co-ordinate the sellers and buyers of training, recruitment and other business support services."*
>
> Source: SLIM - A Review of the Integration of Brokerage Services in the South West (2008)

The move to operating the IDB service, made a significant change to the Business Link offering, which had previously involved close working relationships with companies, and the offering of direct advice through a network of Personal Business Advisors. The interviewee provided business support to a significant number of businesses, using the IDB model, until Business Link closed in 2012.

> *"I joined right at the time when it was switching to this brokerage model and it was about information, diagnostic and brokerage …. and then signposting."*

Intermediary C tended to work with start-ups and smaller SMEs in his current role in business development and liaison for an educational organisation. Whilst at Business Link, the focus had been more on established companies, especially those with high growth potential.

Co-Production

During his time at Business Link, the diagnostic process changed significantly. This initially involved the development of a formal review document, at a cost of £400. This was a very structured report, based on material provided by the client, with a series of distinct sections and charts. Over time, the reviews were simplified and they developed into less formal, one-page, action plans with the focus on brokerage and clearly defined outputs.

The simplified review plans were offered at no cost, but there was still a need for a detailed understanding of the company, particularly when figures were needed around Gross Value Added (GVA). This requirement to demonstrate GVA also provided challenges when companies would not always have the data easily available to calculate this.

> *"You had to collect GVA at that stage and that was quite an interesting one because that was perhaps the main brake on just 'churning out' actions plans."*

One measure of the impact of Business Link's interventions, was comparing the annual increase in GVA across local Business Link customers with the national increase in GVA across all UK companies.

The earlier, more formal reviews had involved several visits, speaking to several key people, and would include background information such as financial data. This helped to get a detailed insight into the business and often involved a series of observations and judgements that would influence the report. Companies were also encouraged to develop their own formal business plans, based on actions arising from the review.

> *"The review might take two or three visits, you might talk to a number of key people within the business, they would need to share three years' accounts."*

Staff were sometimes required to provide scores against key indicators, and this could provide challenges.

> *"And if you did the charts where staff would score the business that was very... you know, that was quite a personal thing where staff were scoring the business on various things, and so going back and giving that sort of feedback, required quite a meaty and strategic report."*

There would usually be a need to follow-up on the agreed actions, although there were no specific rules to make this obligatory, nor was there any formal monitoring of the completion of these plans. However, in practice, there would usually be a further visit up-to a year later. This approach tended to demonstrate any impact on strategy and planning, and also helped with planning in subsequent years.

> *"Once I'd gone in and done my diagnostic and come up with the action plan, that was it. Obviously then next year you had your targets all over again so it was potty to then try and start again so, you know, it just made sense to keep in touch with those businesses."*

The relationship was thought to add value through a number of factors, including tailoring the delivery of support to the needs of the business.

> *"The thing about the whole business support arena is that every business owner and every business needs different things and wants to work in a different way, so the way I worked suited certain businesses."*

> *"If I established that a business was looking for assistance in a format I couldn't provide, I would either signpost to another colleague …. or signpost externally to another business support organisation."*

There were thought to be variations in the level/quality/style of support offered to companies through Business Link – both through the regions across England, which were served by different franchisees, and by the nature of individual advisors. Some advisors, who may have been used to giving direct advice as a Personal Business Advisor, were not always comfortable with the IDB brokering model.

> *"And I guess that a strength and a weakness of Business Link, was that sort of variance …..people tended to work in the way that they wanted to."*

> *"A lot of advisors had this issue about, you know, "We're advisors and I don't like the diagnostic brokerage, I want to give advice…" and so were continually sort of grappling against the IDB model, especially if they'd worked previously as a PBA [Personal Business Advisor] and so were used to giving real hands-on consultancy."*

Often, the different approaches to delivering support could help meet certain needs, particularly when the advisors had their own specialisms.

> *"It was interesting how everyone worked in different ways; certain advisors had certain 'informal' specialisms. One advisor, for instance, was very, very good on financials ... so he probably spent a lot more time with businesses looking at numbers, number crunching, that side of things."*

For those that joined Business Link after the introduction of the IDB model, this was less of an issue, and the model was perceived to have some benefits, especially in developing longer term working relationships.

> *"I enjoyed understanding the business... "What do you want to do as a business?"; "What are your issues, what are your challenges?"; "Right, how can I help put you in touch with the right people.?" "*

Having good networks of people helped greatly. For example, if a business wanted help with exporting, they would instead be put in touch with a suitable organisation, such as UK Trade and Investment, which would provide the exact information required, often with the involvement the BL advisor at meetings. These meetings would often flag up certain issues that could later be dealt with at subsequent reviews. Knowing that each client had been linked up with suitable specialist support, and that those links were helping to push the businesses forward, was seen as a sign of personal success.

> *"They felt relatively relaxed and comfortable they weren't missing out on stuff because I was keeping them up to date, and if they had a question or a query or an issue they knew that they could ring me, no matter what it was about, and I would quite happily try and answer it for them or come back to them."*

This willingness to help the businesses often went beyond dealing with the formal business reviews. Less formal ad-hoc telephone support was also given - providing help with a range of business issues including, for example, information about grants and background details about new people in the industry.

> *"And that's what I do now in this role, I don't care what a business rings me up or emails me about, as long as it's related to business, even if it's not directly related to my current role I'll still try and help."*

The Changing Landscape of Business Support

The amount of grant funding for business had become very limited. Innovate UK, which offers matched funding support from £35,000 upwards, for product developments and feasibility studies (BIS 2016), were considered to be one of only a few grants that Intermediary C knew were still available. There were some smaller grants towards cyber security audits, but these were quite specialised.

Some companies were still prepared to pay for business support themselves, where they could see value being added - examples were given where local companies would pay several hundred pounds per month, to belong to certain business networking groups and peer-to-peer learning groups.

> *"They're not cheap but businesses are quite prepared to pay for support if they feel there's going to be value in it."*

The profile of business in Dorset was also developing. Along with the establishment of Bournemouth and Poole as a major financial area, there were other specialisms in Dorset, including marine, food and, more recently the emergence of Bournemouth as a digital hub, which was of particular interest.

> *"I think it is important …. Bournemouth as a digital hub, I think that's a case in point that, for quite a while we've known, within the area, that we've got a load of expertise around digital and creative. We've got the University, we've got some great companies locally."*

For Intermediary C, one of the major downsides of the demise of Business Link had been loss of a single point of contact for a range of business support issues. However, it was felt that some of this might have been picked up by the Growth Hubs which, in some ways were a natural successor to Business Link.

> *"Well the main change of course has been the loss of the Business Link brand because the biggest strength of Business Link was the fact that generally businesses knew that if they did have a query they could just contact Business Link and so it was a starting point …. I think the big impact has been that businesses haven't known where to go for help."*

> *"They made a huge difference to business and it was such a shame when it went."*

Furthermore, one of the key benefits, when contacting Business Link for signposting was their knowledge of local and national support intermediaries, and their ability to match these with the needs of a business, effectively pre-qualifying the business, which usually resulting in an efficient referral to the most suitable contact.

> *"Without that Business Link conduit there's no reason to suppose that all these other support agents aren't still getting the leads, but ... they're not being filtered and pre-qualified, so someone somewhere is wasting time. And that was a real strength of Business Link."*

More recently, the Growth Hubs were seen as a good point to begin the business support process, as they were willing to work with a wide range of businesses. Another local operation, called Outset, was a further useful contact, which provided funded support to start-ups, particularly for people from less advantaged backgrounds.

> *"So I tend to signpost pre-starts and start-ups to Outset and to the Growth Hub and they can then pick them up from there. Even if there are no grants or funding available, these organisations are still keen to try and help as they are required to reach and support a certain number of businesses."*

Volunteer mentoring, in the area, was seen as being very valuable. The offering in Dorset was thought to have grown significantly from being limited to fairly rural areas to covering a much wider area. As well as involvement through his business support roles, the interviewee had used a mentor to support his own personal business venture, which required a very niche level of expertise. The ability to match a business with a mentor that had specialist expertise was thought to be important.

"I wanted to know if they had a mentor with the particular sector experience I was looking for - and they did. And so to access... you know, for £100 to have the opportunity to meet someone that's got... We only met probably four or five times over the year but just to tap into that... And they put me in touch with some of their contacts – worth every penny."

Despite the recent limitations of funding and grant availability, one aspect where there was a key strength was in how the local business support intermediaries interacted, thus creating an informal local network.

"That works really well in Dorset generally, I think, and it has come up in meetings before, in Dorset, the business support organisations, I think it is a strength of the area that we do all work really well together …. there's a number of advisors locally, that have been around a long time."

Although these could not be considered as formal business support networks, these connections were thought to be strong. Furthermore, the interviewee had inclusion in steering groups which would, for example, bring together representation from higher education, Growth Hubs, UK Trade and Investment, the Manufacturing Advisory Service, and local authorities.

One of the main areas where the local offering could be improved was in developing a new brand to replace the Business Link brand, which had become well established in local business. It was thought, the main way this could be achieved was through consistency and allowing time for the brands of the new local services to develop.

"You know, the thing about Business Link - that brand was around so long that just over time everyone just knew to contact Business Link, and I guess we've just got to give this current structure time so that more and more people get to know the brand."

When asked about the potential pitfalls of business support, one key point related to the amount of knowledge and trust that may have been developed with a single advisor, and the risk of losing the benefits of that relationship if that person were to move on. In this situation, the IDB model could mean that more knowledge is retained, rather the personal business advisor model, where there is a stronger reliance on the individual advisor.

"So I think a real challenge for business support is the succession, maintaining that sort of relationship with the business and the support organisation to make sure it carries on regardless of who is there at either organisation."

When asked about the place of search engines for companies looking for local support, it was unclear how well the newer local business support offerings fared in the rankings. The interviewee therefore did a quick test using the terms 'Business Support Dorset'. The results showed that the Dorset County Council's (2016) *dorsetforyou.com* information service was highest, followed by Dorset LEP, and with the Dorset Growth Hub further down the rankings in 6^{th} position and Dorset Business Mentoring in 7^{th} position.

> *"What I don't know is if I'd never heard of the Growth Hub what a business owner would do ... If they typed in 'Business Support Dorset' …. Well let's do it, it'll be interesting, won't it? Here you are, 'Business Support Dorset', what comes up? 'Business support and advice', 'dorsetforyou.com', 'dorsetforyou.com', 'Dorset LEP', 'Dorset Growth Hub' …. How interesting. So this is something I can perhaps raise at the next steering group meeting."*

The key message, from the top ranking result being that support is available through Government websites and locally through local authorities, local chambers of commerce and the Federation of Small Businesses (FSB). This was clearly missing any mention of newer services, such as the Growth Hub for example. The interviewee expressed some surprise at the results, which were not as expected, and did not appear to provide links to suitable services.

> *"Business support and advice is available nationally through the new GOV.UK – Business website that replaces the Business Link website. In Dorset, support and advice is also available from the local authority Economic Development teams and other organisations such as chambers of commerce and Federation of Small Businesses (FSB)."*
>
> Source: dorsetforyou.gov.uk – Business Support and Advice

Discussion / Conclusions

Intermediary C had considerable experience of working in business support, across Dorset, combined with a strong background in banking, finance and family business. This wide ranging skill-set provided relevant experience and knowledge to deliver support and guidance to many SMEs across the Dorset region.

The Information, Diagnosis and Brokerage model, adopted by Business Link did not suit all of the business advisors, but the interviewee found it had benefits, including: the development of clear action plans; potentially long term working relationships; satisfaction (in terms of understanding the business and their challenges); and reduced risk of losing knowledge.

Signposting had been an important part of Business Link's role in the region. There was some concern that it was no longer so easy for a company to know where to get advice on issues such as business support and grant availability.

It was hoped that the 'brands' of newer services, such as Dorset Growth Hub, would develop over time. However, testing this out on the search engines gave questionable results.

Profile 10: Intermediary D

Interviewee: Business Support Consultant and Former Business Link Advisor

Background

Intermediary D was a private Management Consultant, based in Dorset. Previous experience of business support included working as a corporate manager in a major bank, in business support/advice at Business Link and with two other regional agencies. In total there was around 16-17 years of experience in business support.

Most of the work was in Dorset and Hampshire, but sometimes covered the South West (excluding Cornwall) and parts of the South East. The business support work involved a wide range of companies from start-ups through to established SMEs, either micro, small sized or medium, including those looking for exit / succession.

> *"The start-ups are the bit I'm working quite a lot with at the moment because of the link with innovation and IP [intellectual property] and so forth, but a range."*

Although the support had tended to be on a generic strategic business level, there had been some specialism in previous roles including biomedical (medical devices, food technology, and bio-med sector companies) and in environmental technology (low-carbon goods and services).

Approach to Business Support Strategy

The approach mainly involved one-to-one working with face-to-face visits and phone contact. This extended to assistance at meetings that may have been brokered / set-up for the client. Sometimes the work involved collaboration with their existing professional advisors including bankers; accountants; patent attorneys; health and safety; and any other specialist advisors.

There was variety in the way the relationships worked – some involved long term relationships and others involved shorter term objectives. For example, there were recent projects involving start-ups collaborating with larger partners, and getting them involved in networks with 'blue chip' companies and research bodies. This included construction, micro-electronics, and the sports / leisure sector.

There were some similarities between the current role as a Management Consultant and previous work as a Business Link Advisor. However, in the current role, there was more focus on project management towards specific goals - for example, helping getting new products to market for start-ups. In the Business Link role, the work was more about longer term relationships with the clients and financial reviews, resulting in more strategic action plans.

> *"In Business Link we had a framework where we did of a review of the finance. You'd start by looking at three years' worth of accounts and coming back with*

> *some observations about past performance, which was actually very useful from the point of view of getting a conversation going and building some rapport and some credibility that you were there to be able to help them take the business forward."*

Having joined Business Link in 2004, the initial work allowed flexibility in how the relationship developed, and how support was delivered. In 2007, this changed to the Information, Diagnoses and Brokerage (IDB) model (Yorkshire Forward 2010), which effectively resulted in a 'framework' for business support, the working relationships became more formalised.

> *"When I first joined in 2004, you were able to collaborate more openly with other organisations. They then changed to go down this information diagnostic brokerage where you had to look at providing at least three names of say, a supplier."*

In the role of a private consultant, the interactions usually resulted in a short formal plan. Following a company visit, a client report was written that includes a set of actions. This was a dynamic document based on an iterative process that would include input from the client. Once the report was agreed, the action points would be met. As the working relationship developed, then these plans would gradually develop towards a formal business plan which provided a reference point, and could help secure funding.

> *"I like to evidence my time spent with the company both from my own PI requirements as well as from the point of view of wanting a document we can refer to ongoing."*

The experience was that a lot of companies had a business plan, but it had usually been developed some time previously, perhaps to raise finance, and was not dynamic. The consultant felt that a business plan should be a working document and needed to be in a workable, succinct format that highlighted the key areas for action. The clients would often be working towards investments, so time was spent critiquing an existing business plan / model with a view towards pitching to investors.

Co-Production

The relationships often involved developing 'rapport', but also needed a framework/structure in place for the meetings and the ongoing collaborative working. Sometimes, if more involvement was required in a project, then there could be an appointment as a Non-Executive Director – this would allow the consultant to work beyond the role as a client's advisor or broker, and would allow a more hands on approach.

> *"It's great fun. I find it challenging on occasion but it's also very exhilarating and exciting on occasions. Working with them, you've got to get a rapport. It's got to be that you can get along as it were and you can really have that open but challenging relationship on occasions if you're really going to make a difference to the project."*

The actual framework used had evolved over a number years and was adapted it to each particular case to make it bespoke, thus meeting the requirements of the particular task.

> *"There was a fundamental way of thinking about how I work with the company. It deviates on occasion dependent upon the nature of the assignment. Probably before with Business Link, it was very general whereas the role I'm now doing is as I said more focused."*

For projects involving specific outputs, such as getting a project to market, the timeframe for the period of support would vary from a few months upwards. In one particular example, it had taken about four months to get into discussions with retailers, and the plan was looking a further six months ahead, in terms of milestones. There was hope that the client would have grown, as a result, over the following one to two years.

More established businesses were thought to plan further ahead, and examples were given of plans that covered a three year period which were, perhaps, more strategic in terms of market positioning; position in the supply chain; or in succession planning. There was also thought to be more cases of longer term planning when companies had reached a certain size, this was particularly evident when working with companies through Business Link.

> *"In Business Link terms, it seemed to be that, when businesses got to about ten or eleven staff, whereas up to that time they've been maybe a single MD working, that's when they needed another layer of management …. I think when they get to that size they have to have some sort of structure. And I think then they tend to be looking longer term."*

However, there were still cases when much smaller companies could have long term plans, although perhaps more aspirational.

> *"That said, I can think of a one man band, but he's got a very interesting idea and he's very focused on where he thinks the company should be in the market in five years' time …. he does have a vision as to where he wants it to be."*

Personal engagement was important and sometimes involved very informal working sessions. A good example was given of a sole trader who already operated a successful business in a particular sector. He came up with a new idea which had been developed over a period of 18 months. Following an informal brainstorming session between the consultant and the entrepreneur, which involved some internet searching, two unexpected, but very strong ideas arose which are now being pursued by both parties.

> *"That's the bit I really enjoy, when you have that type of engagement because it's fun and something does fall out that's really useful."*

Sometimes, particularly at Business Link, the more structured approach to working was not always successful. A set of action plans could be agreed, for example, but the lack of regular co-creation meant the company was on its own in taking the actions forward, and sometimes demonstrated very little progress. The reasons for this were unclear but thought to perhaps stem from limited engagement with the advisor and a limited time commitment from the owner/manager.

Value was thought to be added in a number of ways - this included the introduction of new ways of thinking and the project management (in terms of ensuring actions are met). Working alongside existing advisors was also thought to add value, through collaboration.

> *"As I say to all of the companies I'm working with, I'm going to sit alongside your existing advisors. I'm not here to cut across what they're doing. I'm here to add to what you are already doing and maybe I can bring something different on top of that. It's that project management growing it together, that's the bit where I see my bit of value coming in."*

Value was also added when co-workers were brought together as a group for specific tasks. An example of this was given, in which a firm of professional services needed help to try to draw them together as a small group of five. Although they got on well and were passionate about their projects, they did not have a way of bringing themselves together to sit down and talk about the business. This was a case of allocating the time and having someone to organise it. A brainstorming session was set up around the website and what their thoughts were on how the site might evolve. Working with each other, and through the consultant, they were able to come up with useful contacts and a range of new thoughts and ideas.

The Changing Landscape of Business Support

Business Link had become well established, with most businesses being aware of it what it was, in part due to the strength of the brand. Since the closure of Business Link there was thought to have been a significant change in the business support arena and that it had become very fragmented. The later loss of the national Business Link website was a further issue, due to it providing a range of useful resources.

> *"Business Link had been around for quite a long time, businesses were aware of it. Some used it a lot, others didn't use it all and it varied from county to county etc. But it was there and it was a source of support."*

> *"I was lucky enough to see, as a Business Link employee, how much effort really went into promoting and protecting that brand and sadly, it went overnight and the website was a fantastic source of information and links."*

The main impacts was thought to be confusion in companies about what support actually is available, where it is located and how to find it – this had been made more difficult through the loss of the 'single point of contact' that Business Link provided. Subsequently, it had also been difficult for companies to locate and apply for funding.

> *"I do that role on occasions for companies - spend some time researching how they can apply for some funding or apply for support, whatever. It is quite a long process now …. I just question whether they would have the appetite to carry it on."*

The work with Business Link had included a business review, which included sitting down with the owner/manager and other management, meeting staff, a staff questionnaire, a review of their financials which would usually lead to a summary report. This service cost in the region of £500, but was valued at around £3,500. This later changed to a fully funded business model in which a less detailed review was offered at zero cost to the company.

Since then, there was thought to have been an array of different pots of funding to support business support which included 'Innovate UK', growth services, innovation vouchers, links with the University and sector specific support. However, it was acknowledged that funding had become limited and the limitations of some companies, in terms of being able to afford paid business support.

> *"I think there's a bit of a dearth at the moment of those type of nationally funded programmes. So at the moment, my working with the companies I'm working with is done entirely on a private basis"*

> *"Yes, with start-ups and smaller companies, you have to be mindful of [cost], certainly in terms of the pricing and perhaps the way you are going to structure it going forward. There is an element of having to be flexible towards them, and if you can pick up on [funded] opportunities."*

Despite limitations in funding availability, the consultant considered that it was still possible to put together a 'package', from perhaps three or four funding sources, that could raise around £15k-£20K for start-up and small businesses, which would usually be enough to launch a new business project. However, with certain funds having recently closed, such as the Growth Accelerator fund, then this was becoming more challenging.

> *"If you do want to tap into some advice and some support, you probably got to look at quite an array of where that might be. That is where I have tried to position my services in terms of pulling some of that together."*

Alternative schemes, such as the local volunteer mentoring service, were acknowledged and it was considered that they had been doing a very good job across the region. One area of interest was how there could be some sort of handover to private support, once the mentoring process had reached a logical conclusion with a company.

> *"I was just intrigued, as it's raised an expectation in a business to a certain level, how is it taken forward? And I have never really understood that."*

Discussion / Conclusions

With considerable experience in funded and private business support and a background in corporate finance, Intermediary D was well placed to provide advice and guidance to his clients.

Through Business Link, this had often resulted in long term relationships but, for private consultancy, the relationships were more about providing support for a certain task – this represents an important difference in how business support is provided. One useful point raised was about how longer term business support, perhaps from a mentor which could be strategic in nature, could be adapted for actual practical delivery. This could perhaps be seen as one of the key differences between a business consultant and a business advisor.

Having worked in both a very formal way, using Business Link's IDB model, and also in a more flexible way, there appeared to be a preference for the latter, as it allowed the development of a 'rapport' and a change to get more involved in a project and the associated challenges.

The work was with a wide range of companies of different sizes, although most of those worked with appeared to undertake some level of planning. It was pointed out that there was thought to be a marked difference in longer term thinking when a company reached a certain size – in this case that was thought to be 10 or 11 employees.

Perceived value was added in a number of ways including the view of an outsider, new ways of thinking, collaborations with other advisors and through bringing together co-workers.

The business support offering in the region was thought to have become fragmented, which was largely down to the loss of Business Link and the confusion this caused companies, both in terms of locating support, but also in accessing relevant online business resources and information about funding opportunities / applying for funds.

Funding had become an issue for companies looking for support – with funding being relatively scarce, and what was available being difficult to locate and secure, this was seen as an opportunity to help companies bring together a small package of support to take ideas forward.

Profile 11: Intermediary E

Interviewee: Programme Manager – Mentoring Agency

Background

Intermediary E was the Programme Manager of a well-known agency providing access to volunteer business mentors across Dorset, and had been in this role for over ten years. The agency provided mentoring support to small businesses on a one-to-one basis. There were about 170 clients at any one time, supported by a team of 95 volunteer mentors. Since its inception in 2005, over 1,200 SMEs had been supported. (Agency Website 2016).

Intermediary E had previously spent eight years working as the local Area Manager for the Prince's Trust, which provided start-up support, mentoring and career development for under 30s. It was acknowledged that the success of the mentoring aspect of the Prince's Trust programme had been a key component in the foundation and development of the current mentoring service.

The mentors gave their time and expertise completely voluntarily, and were all experienced business professionals. Each had followed a recognised mentor training programme, approved by the Small Firms Enterprise Development Initiative (SFEDI), and mentoring skills were maintained with regular personal development.

The clients tended to be local SMEs, with the majority being sole traders and small partnerships, but mentors had also supported not-for-profit groups including social enterprises, community groups, and charities. The work covered a wide range of sectors.

> *"You name it and we can probably find an example of it amongst our clients - whether it be a businesses connected with the marine industry, or artists and craft businesses, right through to the manufacturing, high-tech, website design, plumbers and decorators, I mean just every possible sector you can imagine."*

Approach to Business Support Strategy

Mentoring was considered as a two-way relationship where the mentors, who were experienced professionals, could help develop enterprises through co-production, but without offering direct advice. The following definition of mentoring is taken from the organisation's website.

> *"Mentoring is a relationship between two parties, where one (the mentor) gives the other (the client) guidance and support to achieve agreed objectives. Mentors cannot work miracles but they can use their business experience to help clients review their operations and future plans, and act as a sounding board. They can also provide encouragement and support to help clients achieve those plans. However, they do not provide business advice or consultancy."* Source: Organisation Website

> *"The mentoring relationship is voluntary for both parties and, although it is usually designed for a set period of sessions, it may be ended at any time by either the mentee or mentor."* (MentorsMe, 2016)

As part of the SFEDI standard for business mentors, all of the volunteers would follow a development process including formal application and interview; induction programme; Continuing Professional Development (CPD) opportunities; and sign-up to the a code of standards and ethics. Additionally, there were regular surveys of the interventions to identify good practice and highlight areas for attention.

The programme had been set-up through a partnership that included local authorities, public & private sector agencies, private sector institutions and educational providers. This was a not-for-profit organisation with funding sources that included the European Union ('LEADER' fund), local authorities, modest administrative fees from clients and further voluntary contributions from clients. Funding had previously come through the South West Regional Development Agency (SWRDA), prior to its closure in 2012. This was thought to be the only business support scheme in Dorset, which received this level of commitment from local authorities.

> *"They pay £100 for up to a year's mentoring. It's a nominal charge to help cover some of our costs, the majority of which are covered by the local authorities and we have some European funding as well."*

> *"All the local authorities in Dorset support us …. I think it's the only business support project in the county that everybody supports."*

Businesses were often referred to the scheme by regional business support agencies, but they could also apply directly. The organisation would then try to match the applicant with the most suitable mentor with availability.

> *"We're a sort of matching agency where people come to us wanting a mentor and we try and link them up with the best possible match of mentor."*

However, mentoring was not always the answer to a potential client's needs, so sometimes alternative solutions were suggested, such as training, consultancy, or specialist advisors.

> *"Clients apply for support, we then talk to them and to understand exactly what support they're looking for and decide with them whether a mentor can help them or not - because there are occasions when somebody's asked for mentoring when perhaps they really need training or they need an advisor."*

Although there was no formal monitoring of how each intervention was working out, an annual survey allowed clients to report on how mentoring had helped, or otherwise. Whilst some unpublished PhD research, evaluating the scheme, had taken place at Winchester Business School, it was thought to be difficult to gather anything other than anecdotal evidence relating to performance.

> *"It's one of those holy grails, there is, as you'll see on our website, there is masses of anecdotal evidence that mentoring is the best thing since sliced bread - but actually coming up with some numbers that proves it?"*

Until 2011, mentoring had been offered to small enterprises as a completely free service. When the introduction of a small annual charge had been considered, there had been feedback from existing clients, suggesting they may not have engaged if they had had to pay. This response was unexpected, but a charge had to be introduced but was kept as low as possible at £100. In practice this charge did not appear to deter new clients, and possibly had an advantage in that it helped ensure that enquiries were serious.

> *"It's also had a slight benefit in some ways in that we used to get one or two clients who, I think, were trying it on a bit in the past, you can imagine, if there's no cost involved there's no reason not to try it. And so occasionally we had situations with mentors going to a first meeting with a client who really hadn't got a business there at all, was just sort of wanting a free meeting with somebody to discuss a particular issue."*

Co-Production

Assuming, that a mentoring arrangement was deemed to be appropriate, the agency would then try to understand as much as they could about the business, and what help they needed, and would match them up with the best possible mentor. Consideration would be given to the skills of the mentors, geographical issues, and perhaps 'chemistry' in finding someone who would be most suited to the client. If the chosen mentor was in agreement, then the two would have an initial meeting to determine whether the arrangement could progress.

The mentoring contracts initially ran for a year, but that could be extended if both parties were agreeable. Most clients and mentors did tend to stick together, largely because most mentors were generalists so a wide range of topics could be dealt with during the overall intervention.

Although there was perhaps a common misconception that mentoring was about providing business advice, this was not the case, and the mentors were very much there to help the clients find their own solutions and use their own business background and experience to help the client grow and develop by asking the right questions. This might involve exploring options that may otherwise have not been considered.

> *"We very much emphasise in the training of mentors that no matter how expert they are in their jobs, past or present, you know, they must resist the temptation to go in and advise - and not saying, "well, if I were you, I'd think you need to …." - because that is going way beyond the brief of a mentor."*

The mentors all had a set of general business skills, but some had specialist skills including finance, marketing, sales, human resources, and legal expertise. When a mentor identified a need for specific expertise, a second mentor with relevant expertise, could be brought in to sit on meetings. This had the advantage of leaving the main mentor to help carry forward the wider actions.

Very few companies were thought to have formal business plans or planned in the longer term, so the principal area in which mentors worked was in developing strategies. Clients would often report a series of ‘symptoms’ which equated to them needing strategic support. Plans did not need to be complex, especially if the business was relatively simple, but getting the plan written down was seen as a way to focus on the strategic issues, and the mentor could help with this.

> *“Clients come to us with all sorts of symptoms, the thing that’s triggered them to ask for a mentor. But when you talk to them - very often it's really what they’re saying is, you know, I need help with my strategy.”*

Each client was quite different, so the co-production approach would vary. However, a common start-point was to look at where the company was heading, and where they wanted to be, and how the client thought that might be achieved. Usually, a mentor would find that this was something that still needed to be worked on, so would work closely with the owner/manager to develop a strategic vision.

The mentors had received basic training, but were recruited because of their business skills and business backgrounds, so had already been involved in developing strategies and understood the key components of a business plan. There were also a set of tools and templates on the website which could be tailored to the needs of each client, and would feed into the plans.

In terms of value, the evidence and feedback from clients suggested they did get significant benefits from working with mentors. In particular, value was added by having someone who could help them to see the business in a different way. A large majority of mentoring arrangements had worked very well, and some had been exceptional in turning businesses around. Indeed, there were numerous success stories from clients, presented on the organisation’s website. There were thought to be very few cases where the arrangement had not been beneficial.

> *“And if you ever need convincing of the value of a mentor, it won't work in every case and not every client and mentor is successful, but the vast majority are and some just the business changes out of all recognition.”*

The Changing Landscape of Business Support

The biggest impact had been felt through the closure of Business Link and SWRDA. Business Link Wessex, had undoubtedly provided a very strong support mechanism for the mentoring agency. Although the Growth Hubs now covered similar ground, these were much smaller organisations with limited funding, but they did still provide very well targeted support.

In recent years, it was thought to have become much more difficult for a business to access support and this was, perhaps, why the mentoring programme had grown in size and demand. Around five years earlier, there had been around 40-50 mentors, but numbers had doubled since then, although actual client numbers remained fairly consistent. Many referrals had previously come through Business

Link who were thought of as one of their *"great champions"*, but businesses were now finding out about the services themselves, and would apply directly.

> *"There are fewer people around now to hold small businesses' hands than there used to be."*

Access to funding generally, across Dorset, was a further area in which a significant change had been noticed.

> *"There were various grants available to small business in the past and loans, and I think that's becoming much more difficult to get those now."*

Funding was still an issue for the mentoring agency itself. Funding was considered adequate, but there were some opportunities for different projects, so there were ongoing applications for modest levels of funding. However, there were enough mentors available that, when needed, more clients could still be supported within existing levels of funding.

In terms of improving the business support offering locally, it was though that business support organisations, needed to be more 'solid' and sustainable. For example, agencies have to continually re-apply for funding, even though they were demonstrating impact, so they had no long-term continuity. This affected staffing, where short term contracts were needed, and this was considered as a difficult way to operate. A government backed mentoring scheme, was perhaps one way that this could be addressed, but did not appear likely.

Whilst there were many positives to business support, the one particular area where there was perhaps a pitfall was in building dependency in the companies.

> *"You know, there's a danger that some people will feel there's always somebody there to help them out of a hole they'll take advantage of that. But I think the advantages far outweigh the disadvantages."*

Furthermore, there was the practical issue around ensuring value for money and evaluating whether support had been successful or not in the businesses, particularly when tax-payers' money had been used to fund support. There was thought to be a need to develop clever monitoring techniques to ensure money was spent in the right place, in the right way and with good returns on investment.

Locating business support services was not thought to be particularly difficult. The organisation was thought to come up fairly highly in search results, along with other agencies. The local agencies had strong links with each other, so would work together in a network resulting in referrals, in various directions, being commonplace.

> *"We all try to network and link together so no matter where somebody comes into the system they will get pointed at the appropriate organisation."*

Discussion / Conclusions

Intermediary E represented a very well respected agency offering virtually free mentoring support to a wide range of SMEs across Dorset. With strong support from local authorities and access to EU funding, the organisation had grown significantly in the previous five years, which was partly due to the demise of other forms of local support, such as Business Link and the reductions in the availability of other funds, but also down to the quality and scope of the programme itself.

The organisation had been around for over ten years so the offering was well established and followed recognised guidelines for delivery. This resulted in clearly defined working relationships and a good understanding of what needed to be achieved, through co-production, between the mentor and the owner/managers they worked with.

A significant issue raised was about the role of a mentor in offering support and guidance, but not formal business advice. This issue was clearly defined and formed a part of the training and agreements signed by the mentors. It was difficult to ascertain how this worked in practice as the style of support given could often be down to the individual and the nature of the co-production relationship.

Although it was acknowledged as being difficult to formally evaluate the overall value of the scheme, the results of the annual monitoring survey appeared to show that the vast majority of the mentoring relationships resulted in positive outcomes. There are a number of case studies available on the organisation's website and, again these all appeared to show benefits for the companies. Furthermore, two of the company case studies, in Chapter 5, had very good reports on the perceived benefits of this programme.

The changing business support environment may have had a positive impact on this organisation, through indirectly enabling its growth. Support, more generally, was thought to be harder to come by and continuity of funding for other agencies was an issue that resulted in uncertainty for the future of local business support.

Profile 12: Intermediary F

Interviewee: Business Support Manager / Partnership Manager – Business Support Agency

Background

Intermediary F had two roles, one of which was the Manager of a well-known Dorset business growth programme, which formed part of a national business growth and support scheme. The second role was as Partnership Manager for the company that held the franchise for delivery of the growth programme itself. The interviewee had a range of experience in the private and public sector in areas including employment, local authorities, running a business, running a networking group and as senior member of a local chamber of commerce. She had been in the current role(s) for two and half years.

The growth programme, which was one of 39 across the UK, covered the same geographic area as the Dorset Local Enterprise Partnership (LEP) which included all of Dorset, including the conurbations of Bournemouth and Poole. The programme had been established to support businesses with aspirations for growth; to improve employment; increase competitiveness; and to encourage inward investment to Dorset (Organisation Website 2016). Businesses were supported through provision of information to help with starting and growing businesses. This included finance, skills, links to a range of business support schemes and support services. Up-to-date information was also made available for local networks, training, and seminar events. Growth support was offered through: investment; innovation; inception; and acting as a 'one-stop-shop' for support enquiries.

> *"There were a number of initiatives aimed at communicating the [growth programme] as the new go-to institution for local business support."*
> Source: Lancaster University 2016

On a national basis, the growth programme had reached over 67,000 SMEs and included the creation of over 4,000 jobs by 2017, against original targets of 2,500 jobs. Over £66 million of private sector funding had been raised against £30 million of public sector funds that had initially been invested in SMEs. (Lancaster University 2016)

One theme that arose from Lancaster University's evaluation of the national scheme was that *'one size did not fit all'* and, subsequently, the importance of the local context and historical / economic differentiation. Local delivery was therefore critical and would help to provide a valuable localised offering, rather than providing a generic business support service. Through a local offering, such as that available in Dorset, activities could to be tailored meet the needs of local businesses and match the local business context. Each local team could therefore design their service offering around market requirements and known gaps in support. Additionally support could be developed to help meet the aims and objectives of local Strategic Economic Plans. (Lancaster University 2016)

Approach to Business Support Strategy

Having launched in May 2014, the growth programme was still relatively new but, whilst there was perhaps more work to do on developing the brand and developing awareness across businesses, the number of businesses already reached in a two year period was considered quite reasonable.

> *"In the last couple of years, we have light touched, or navigated, with a business navigator, who has dealt with over a thousand businesses in Dorset, so that's not a bad stat. And we have intensively supported over three hundred, so I think we are starting to get there."*

The remit of the Dorset growth programme was to work with SMEs of between 5 and 250 employees, and all sectors were eligible for the main service offering. However, there were some non-eligible sectors for the more intensive support – these sectors included agriculture (already covered by Defra), and also retail, which already received limited support. Certain business sectors could also have quite diverse business support needs, such as hospitality.

> *"Rural and accommodation based business support is incredibly different, as well, so it's managing how you get the messages out to those business communities."*

Micro SMEs, with fewer than five employees, especially pre-starts were normally referred on to a local partner who would be able to offer more appropriate support. Although these groups were not explicitly excluded, the nature of business support offered tended to be inappropriate for smaller enterprises and more specialised support was usually available through partner organisations.

> *"The pre-start-ups for example … if you have got somebody that is not trading, that doesn't have any trading history, you know, it is very difficult to find investment for those companies so we would look to sort of go back to basics and that's why we refer them on."*

The organisation mainly focussed on 'middle ground' companies that demonstrated growth potential, but were not necessarily categorised as 'high growth'. Support for high-growth clients would often involve working with external organisations such as UK Trade & Industry (UKTI) and a range of local organisations which sometimes had access to funding: for example the South West Growth Fund.

> *"We are sort of tied into all the other people that deliver both ends of the spectrum and we are sort of in the middle, looking after that customer journey."*

Funding, which had initially been provided by Government through the Regional Development Fund, was variable. In the first year, there had been around £1.5 million, of which almost £1 million was grant funding, and the remainder was operational funding. This enabled 43 companies to be supported and helped to create 220 jobs. By year two, there was only operational funding, which had reduced to £250,000, and no further grant funding. A further reduction was made in year three so there had subsequently been some cutbacks in the team, but the core service delivery remained the same.

At the time of the initial interview, bids were pending for new funding from the European Regional Development Fund (ERDF) and, two months after the interview, there had been some success. In September 2016, £2.6m of funding was secured for the Local Manufacturing Advisory Programme (LMAP). This programme was part-funded from the ERDF fund through its European Structural and Investment Funds Growth Programme. This was expected to result in over 70 Dorset manufacturing SMES receiving support and advice for growth and job creation over three years. The programme was to be delivered by SWMAS (South West Manufacturing Advisory Service), working with the growth programme and the enterprise (Daily Echo, October 2016).

As well as the growth programme, the franchise company, that delivered it, were also responsible for a range of other business support and signposting projects in Dorset. These projects related to issues including: high speed broadband; getting women more involved in digital business; developing general digital capability; information on European issues; and support for start-ups in deprived areas. Prior to 2012, the holders of the operating franchise had also delivered the Business Link programme across Dorset and the Wessex region.

Co-Production

Initial access to the service was through a telephone advisor, often via the web-portal through a 'call-back' service. The portal had been available for two years, and had received over 21,000 unique visitors. As well as providing a point of contact, the site contained a range of additional content including diagnostic tools and local/national business support information.

The telephone advisor would carry out an initial scoping discussion to identify areas in which support could be provided. This would determine whether the company could meet with a 'business navigator'. These meetings would be held at the company premises and would last up to three hours, during which their needs would be assessed, and signposting would be given for further support. This signposting would lead to other business support offerings or to organisational partners, rather than the private referrals previously offered by Business Link, for example.

> *"They will see a company for up to three hours and that is on a one-to-one basis and, again, that is more scoping and signposting than it is advice, it is more where are you at the moment, what, you know, these organisations can help you."*

Sometimes a company would be referred to a 'webinar', which the growth programme delivered around marketing and finance. Following on from the participation in the webinar, a business navigator could then visit the company to assess their exact needs.

For companies identified as needing investment, these would be provided with up-to eight hours access to an *'investment specialist'* at no charge. This would include cash-flow projections; help to get them investment ready; and help to secure investment from a range of sources.

> *"That's more of a longer, more intensive journey."*

The navigators were very firm about giving businesses some structure so a business plan template was one of the key offerings. A significant number of companies were thought to not have plans. Often a company would get in touch with particular issues or with certain barriers to growth, and this was thought to be partly due to them not having a business plan. Part of the navigator's role was to work through a company's issues and to identify their needs – a business plan helped provide a suitable framework.

With the growth programme being impartial, the business plan still needed to be written by the owner/managers themselves, or they would be unaccountable for the content. Furthermore, it was not the role of the navigator to give specific advice on business plans, but the responsibility was with the company, and writing it themselves developed ownership.

> *"We wouldn't do that anyway, regardless of how much funding we had, because that's more of a consultancy and that's not what we are here to do - we are impartial."*

> *"We are not advisors, and we are not really mentors either, we are more sign-posters and referrers and sounding boards, we are not there to instruct a business."*

However, the navigator could still go through a written business plan with a company and then ask about specific areas. For example, they might consider competitor research and ask how well they understood their market. This 'light review' might then result in some action points for the business which could then be the trigger for an investment specialist to become involved. As well as the obvious financial benefits, this was also a good way to get companies focussed on thinking further ahead.

> *"The good thing about the investment grants that we gave out was that we had quite comprehensive project milestone plans so they had to, in order to sort of leave that grant as being eligible, they had to comply with their project milestones so we were able to monitor their progress and they were more proactive. But I don't think, without an incentive, that businesses are looking too far ahead because they don't know what's going on."*

There were various diagnostic tools that could be used with the business navigator. These included: an 'access to finance' tool, which helped them to locate relevant grant funding; 'Res Web', which was a check for how resilient they were to external threats, and what contingency planning was in place; and a marketing package, which checked if they were capitalising on new opportunities.

Due to funding coming from Government, there was a need for information to be reported back. Notes were taken for all interventions and were logged on a CRM system, with each entry graded across seven levels of involvement. Subsequently, there was evidence of GVA (Gross Value Added) and safeguarded jobs, that were related to the support.

Value, through co-creation between the business navigator and the owner/manager, was thought to be added in a number of ways:

- The service was free and impartial, which made the interactions simpler than that of involvement with a private consultant, for example. The impartial nature of the support meant that the solution would be in the best interests of the client.

> *"We are absolutely able to ascertain the best solution for the business as opposed to for us. So that is where the value is really and having knowledge of the business support landscape because it is a confusing place, businesses don't have time to sit and figure it all out."*

- All of the support staff were considered to be well connected with business support networks. For example, one client company had reported an increase of 150% in turnover, over a period of six months, which had been attributed to impartial information provided by a business navigator.

- The navigators' extensive knowledge of the business landscape meant that businesses could be helped to find the exact information they needed, thus saving time and reducing confusion.

> *"I went to see a guy who is incredibly astute and a really successful business man and he sat there and he said "I don't understand what everybody does, it's just bonkers, you know, you couldn't figure it out, you could sit on Google for a week and not know who does what" - so that's what we know and that is what we help businesses with."*

Other than the three hour sessions with the business navigator and/or the eight hours with an investment specialist, then there was very little scope for further involvement, due to the funding not extending to ongoing support. However, the success of the recent ERDF funding bid would potentially allow ongoing funding and support for eligible manufacturing enterprises.

> *"We are not funded to continue their support any further really, with £200k for a year."*

The Changing Landscape of Business Support

The business and political situation was considered to have changed a lot in recent years and had become confusing. For example, for a number of years, a lot of effort and resources had gone into Business Link and it was a well-established brand. Although the growth programme had opened up with a new brand, this brand was still developing along with their reputation. In the 2015 Small Business Survey, 14% of small enterprises were aware of the growth brand in England (BIS 2015). Businesses tended to be confused about what was available, and this confusion extended to include some of the support organisations who were still trying to understand and/or accommodate each other's roles. Furthermore, the contracts for support were output driven, so there were, perhaps, overlaps between business support agencies who were aiming to meet similar targets.

> *"We tend to work with them to say "let's do stuff together and share the outputs" because we would rather do that than, you know, run an event that is the same as theirs or offer the same support. I just think it is very confusing."*

Despite the perceived confusion about what was available, an appropriate level of support was still thought to be on offer, but perhaps needed improved co-ordination.

> *"I think there is enough support but it is awareness, its simplifying the journey and it is working together to allow those other organisations to do what they do best and highlight what they are able to do for the companies that we speak to."*

Other recent changes had included limited access to grant funding; companies having to firefight more; and difficulties in reaching companies.

> *"Given the current economic climate, there are very few grants available to businesses and those that are available are subject to a number of factors which could affect your eligibility for a grant. These factors include for example, the location and size of your business, your industry sector and the purpose of the grant."* Source: Organisation website

Companies were beginning to attend events on a reactive, rather than pro-active basis. For example, recent business growth planning workshops had been held around marketing and finance. These had been well attended and companies were thought to have gained a lot from it, but the events had needed significant marketing effort to ensure good attendance. Too many networking and business support events were thought be creating a saturated market, so there was a need to do something different each time, especially as people could lose up to a third of their working day to attend. This requirement for events to match the needs of companies, and for beneficial outcomes was also reflected in the company profiles (see Chapter 5 and Appendix 1), developed within the overall research.

Reaching new clients was not always easy. Sometimes, a company would have obtained an offer of finance from a bank or investor, and would be looking to match that funding with a grant. A search for *'Grant Funding in Dorset'* would normally bring up the growth programme close to the top of the rankings, so companies might get in touch that way. Another way of reaching out to new clients was through social media and events.

> *"We do an awful lot of marketing, we don't have a marketing budget, obviously with Government funding, but we do an awful lot of creative marketing so we do things like, you know, specific Facebook campaigns and Twitter and we do things on Event Bright …. so that they can log into a webinar and meet people…. So, if we just sat here, I don't think many businesses would come to us really."*

The opportunity to access small grants, for very specific purposes, was another way to entice companies. Some recent projects for local authorities had covered digital capability; access to finance; cyber risk; and digital capability – these proved popular because simple £500 grants were offered, provided the company would match fund. This funding could then perhaps have been used to fund small projects such as videos for crowd funding platforms or for cyber risk issues. These small grants resulted in a more successful way of reaching new clients than perhaps free reviews and HR events, for example, as companies possibly saw these as presenting risk – i.e. could potentially identify unknown issues, that could be expensive to put right.

> *"They don't want to know about problems …. We were saying was we will give you a free review, we had a partner company, come in and have a look what your risks are, but that to them is immediately [additional] costs."*

> *"And it's the same with things like HR, you know, you can't get people, businesses to an HR seminar because they sit there and then you tell them that they should do this and that and that your employees should be doing this and then they think "oh god, this is going to cost me loads of money, and I have got more problems than I had this morning" ".*

> *"To pay £500 to get a grant for £500 to make a crowd funding video for £1,000 - which might potentially raise a business a million pounds, then yes they are going to pay for that."*

With companies sometimes being wary of the possible hidden motives behind free events, this sometimes created difficulties. For example, as members of the 'Better Business for All' scheme, there was a requirement to help business compliancy in regulatory services and trading standards. Asking companies if they were compliant, or telling them they could be fined, might have discouraged them. A different approach was needed in which the offering was pitched more as a service in which useful information and help was offered.

> *"So now we are trying to do more as "do you know what you need" or "can we help you with a free fire alarm check" you know, that kind of thing as opposed to "give us your details and you are going to get a fine" which is essentially what it started off as."*

Government funding, for the growth programme's infrastructure, was in place until 2018 when there was a requirement that the programme would become privately sustainable. This raised the question on how the support could remain fully impartial if it were to be privately funded.

> *"As soon as you have private funding, you can't be impartial. So you have got to find ways of making the [programme] sustainable without jeopardising that impartiality."*

Discussion / Conclusions

Intermediary F was a key member of a well-known business growth programme that was generally considered as the spiritual successor to Business Link, albeit with considerably reduced funding. Despite the limitations on what could be offered within the budgets, there was significant evidence, on both a national and local level, of the success and impact of the programme.

Although the interactions, in terms of co-production, between owner/managers and the business navigators and/or the financial specialists, were relatively brief, these were focussed sessions in which a series of tools and templates were used to help the business focus on key issues and to help them develop their plans and, in which, appropriate sign-posting could be given. Solutions were therefore reached quickly, and with minimum impacts on time and budgets.

The impartial nature of the support, and the business navigators' extensive knowledge of the business landscape and local networks, meant that value was added through finding relevant solutions in an efficient manner, often resulting in outcomes that would have been otherwise difficult to obtain without co-production. Evidence of this added value was shown on both a national level (Lancaster University 2016) and locally, through evaluation data presented on the organisation's website.

The main impacts of the changing business landscape had been in difficulties to engage with companies, who were continually 'fire-fighting', and in funding cuts which affected both general grant availability and direct funding for the growth programme itself. These combined issues sometimes made it difficult to attract new clients to events, some of whom were too busy, others that had become wary of free offerings, and some that needed to see clear benefits to make up for the time given up to attend. Limited marketing budgets were also a factor, but creative use of social media was one way to address that. Subsequently, there was a clear need for events to match the needs of enterprises.

As with many externally funded business support programmes, ongoing funding was a pressing issue. Although there had been recent success in applying for ERDF funds, this only covered a period of three years, and the main Government funding was in place for just two years. Making the growth programme sustainable for the future was therefore important, but there was also a need to maintain the impartial offering, and the added value associated with it.

Appendix 3 – Quantitative Survey

(May 2011)

Section 1: Strategic Planning in Your Company

The questions below explore the levels to which formal Strategic Planning is used in your company.

How would you describe your approach to long term strategic planning?

- ○ Highly structured e.g. you have a formal strategic planning document
- ○ General written policies exist
- ○ No formal planning takes place

How often do you review or change your long term strategic plans?

- ○ Frequently amended
- ○ Amended when circumstances change
- ○ Rarely amended
- ○ Not applicable

What is your time horizon for strategic planning?

	Years
Overall	
Marketing	
Strategy	
Operations	
Staffing	
Finance	

How often do you consult your strategic plan?

- ○ Weekly
- ○ Monthly
- ○ 2-3 times per year
- ○ Annually
- ○ Bi-annually
- ○ Longer than every two years

What prompts you to consult your strategic plan?

Why do you undertake long term strategic planning?

- ☐ For future success
- ☐ To keep ahead of competitors
- ☐ To develop new products/services
- ☐ Survival
- ☐ Planning to expand
- ☐ To secure future finance
- ☐ To manage capacity
- ☐ To manage budgets
- ☐ Other

How are the following included in your plan?

	Included in Detail	Included Briefly	Not Included
Mission/Vision Statement	○	○	○
Business Level Objectives	○	○	○
Departmental Objectives	○	○	○
Profit Targets	○	○	○
Sales Targets	○	○	○
Cost Targets	○	○	○
Output Targets	○	○	○
Building Production/Service Capacity	○	○	○
Investing in New Equipment for Operations	○	○	○
Investment in IT	○	○	○
Market Share Targets	○	○	○
Entering New Markets	○	○	○
Developing New Products/Services	○	○	○
Staff Appraisal	○	○	○
Staff Development	○	○	○
Staff Training	○	○	○
Recruitment	○	○	○

Do you make use of a Mission or Vision Statement

- ○ Used extensively
- ○ Used partly
- ○ never used

If you use this tool, how useful is it?

○ Very Useful	○ Useful	○ Average
○ Of little use	○ Of no use at all	

Which of the above areas of your Strategic Plan is the MOST useful for you?

Please select

Which of the above areas of your Strategic Plan is the LEAST useful for you?

Please select

What formal tools and techniques do you use in your company to help strategic planning?

	Used Frequently	Used Occasionally	Not Used
SWOT Analysis	○	○	○
PEST Analysis	○	○	○
Porter's Five Forces	○	○	○
Value Chain Analysis	○	○	○
Core Capabilities/Competence Analysis	○	○	○
Financial Analysis of Competitors	○	○	○
Financial Analysis of Own Business	○	○	○
Product/Service Portfolio Analysis (Boston Matrix)	○	○	○
Strategic Planning Software	○	○	○
Benchmarking Tools	○	○	○
Organisational Culture Analysis	○	○	○
Human Resources Analysis	○	○	○

Which of the above tools/techniques is the MOST useful to you?

Please select

Which of the above tools/techniques is the LEAST useful to you?

Please select

Have you used any of the following external means of support is strategic planning?

	Used Frequently	Used Occasionally	Not Used
Business Link advisors	○	○	○
Educational establishments e.g. universities/colleges	○	○	○
Consultants	○	○	○
Small Business Advisor in bank	○	○	○
Business advice from accountant	○	○	○
Other external support	○	○	○

Section 2: Some brief details about your company

This section will help us identify patterns in the data e.g. identify whether company size has an effect on levels of strategic planning; and is location a factor

Please provide some basic details about your company to help with our analysis

Approximate number of employees

Approximate annual turnover in pounds.

Approximate annual profit

- ○ < £50,000
- ○ £50,000 - £99,999
- ○ £100,000 - £249,999
- ○ £250,000 - £499,999
- ○ £500,000 - £999,999
- ○ Over £1 million

Please choose the industry sector that is the most appropriate for your company. (List from Business Link: http://www.businesslink.gov.uk/bdotg/action/sectorSiteMap)

[Please select ▾]

Type of company

- ○ Manufacturing
- ○ Service
- ○ Other

If you selected Other, please specify:

[ ]

Is yours a Marine company?

○ Yes ○ No

How important is technology to your company?

- ○ We are a 'Hi-Tech' company
- ○ We are a traditional company
- ○ We are somewhere in the middle

Please indicate your highest education level?

Please select

Please indicate any business courses that you have undertaken

Have you managed any companies prior to this one?

○ Yes ○ No ○ Other

Your company's legal status

○ Sole Trader
○ Partnership
○ Limited Company
○ PLC
○ Company limited by guarantee
○ Charity
○ Other

If you selected Other, please specify:

Please indicate your level within the company

○ Senior Manager / Director
○ Middle Management
○ Non-management

Please indicate your highest education level?

Please select

Please indicate any business courses that you have undertaken

Have you managed any companies prior to this one?

○ Yes ○ No ○ Other

Company Name

Location - please provide postcode prefix e.g. BH1

Many thanks for taking the time to complete this survey, this is greatly appreciated. All information will be held confidentially and anonymously.

If you would like to receive the published outputs of this survey, or have any other questions then please get in touch.

The survey is scheduled to run until 3rd May 2011

Email: tford@bournemouth.ac.ukContact: Tim Ford, Executive Business Centre, Bournemouth University, 89 Holdenhurst Road, Bournemouth, BH8 8EB.

Telephone: +44 (0)1202 968754

Appendix 4 – Statistical Validation

How would you describe your approach to long term strategic planning?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly structured e.g. you have a formal strategic planning document	28	21.9	21.9	21.9
	General written policies exist	56	43.8	43.8	65.6
	No formal planning takes place	44	34.4	34.4	100.0
	Total	128	100.0	100.0	

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How would you describe your ap

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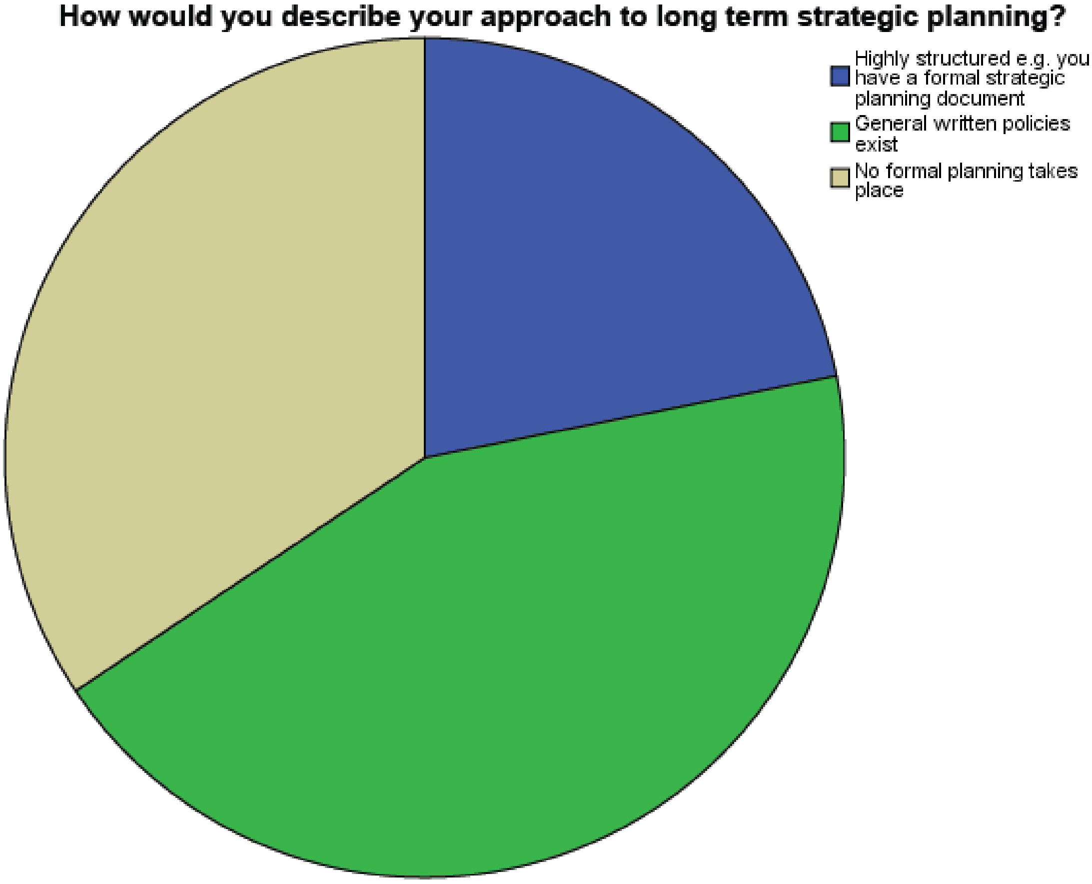
Std. Deviation		.742

How would you describe your approach to long term strategic planning?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly structured e.g. you have a formal strategic planning document	28	21.9	21.9	21.9
	General written policies exist	56	43.8	43.8	65.6
	No formal planning takes place	44	34.4	34.4	100.0
	Total	128	100.0	100.0	

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How would you describe your approach to long term strategic planning?	128	2.13	.742	.066

One-Sample Test

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	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
How would you describe your approach to long term strategic planning?	32.383	127	.000	2.125	2.00	2.25

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One-Sample Test

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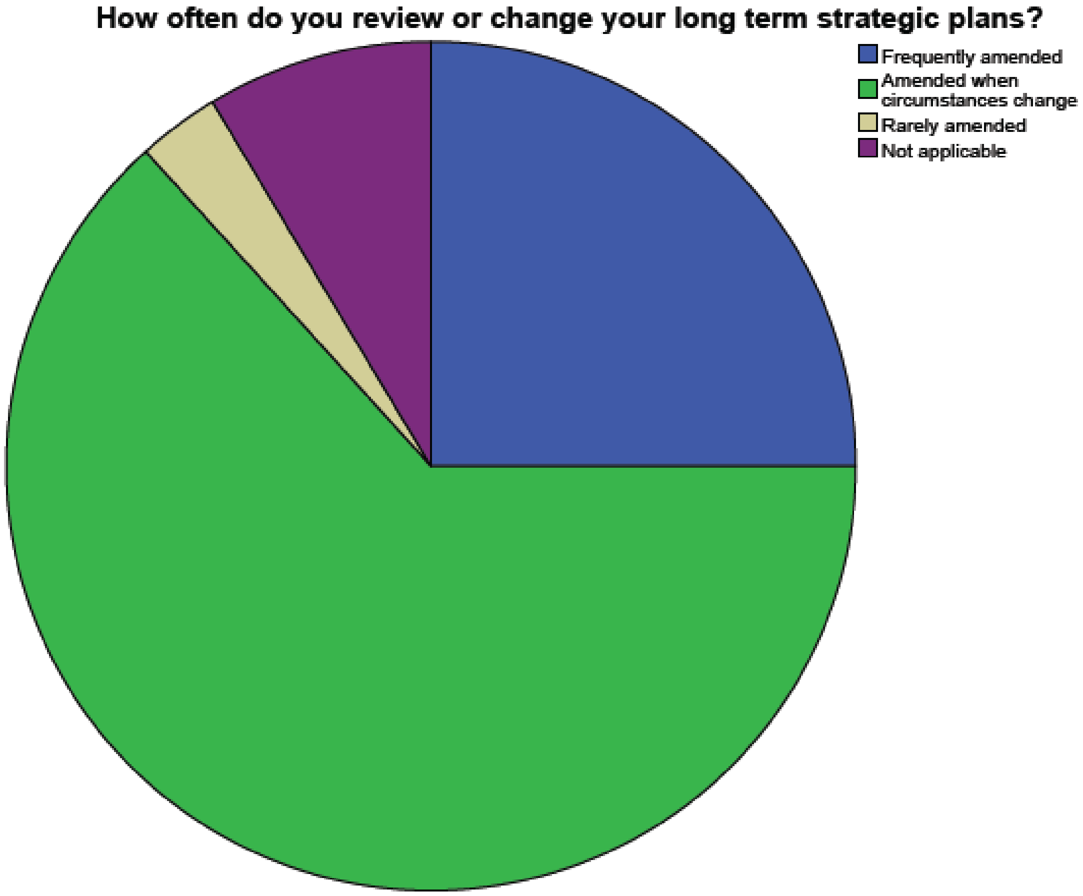
Statistics

How often do you review or chai

N	Valid	128
	Missing	0
Std. Deviation		.792

How often do you review or change your long term strategic plans?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Frequently amended	32	25.0	25.0	25.0
	Amended when circumstances change	81	63.3	63.3	88.3
	Rarely amended	4	3.1	3.1	91.4
	Not applicable	11	8.6	8.6	100.0
	Total	128	100.0	100.0	

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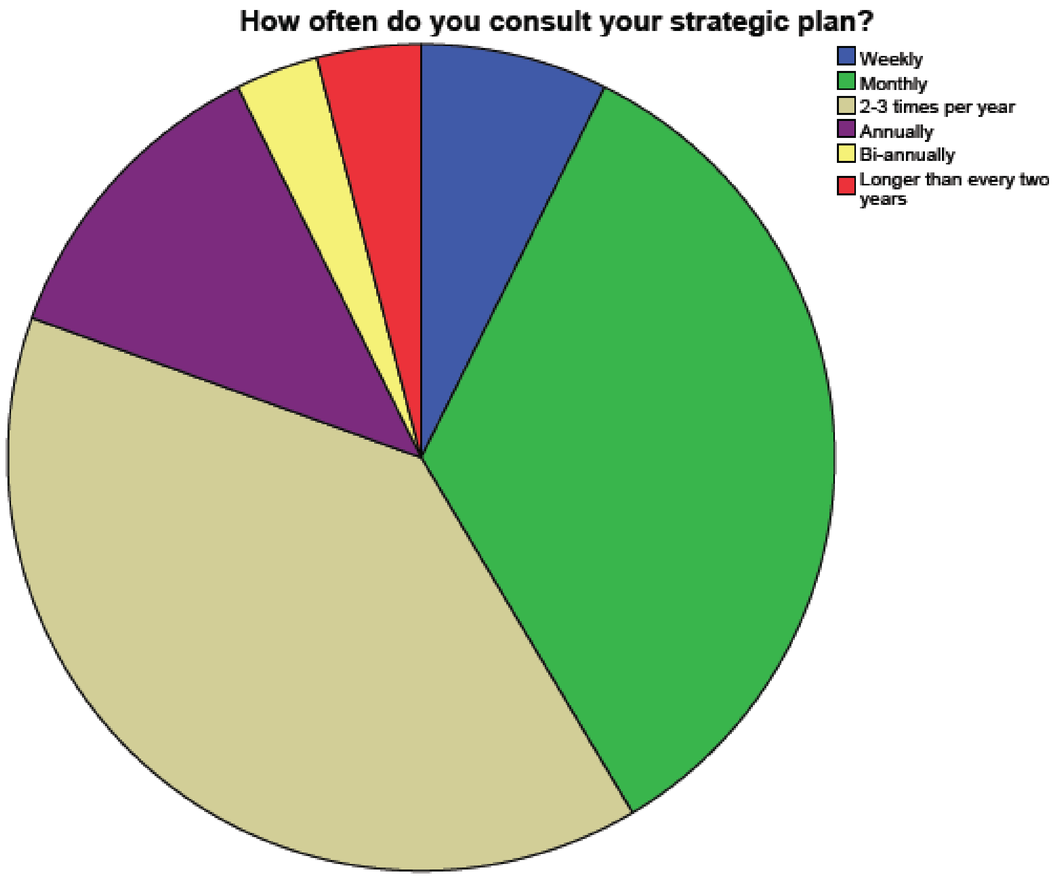
Std. Deviation		1.109

How often do you consult your strategic plan?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Weekly	9	7.0	7.3	7.3
	Monthly	42	32.8	34.1	41.5
	2-3 times per year	48	37.5	39.0	80.5
	Annually	15	11.7	12.2	92.7
	Bi-annually	4	3.1	3.3	95.9
	Longer than every two years	5	3.9	4.1	100.0
	Total	123	96.1	100.0	
Missing	System	5	3.9		
Total		128	100.0		

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	File Label	File created by user 'bos2' at Tue Oct 31 14:22:31 2017
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	128
Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax		T-TEST /TESTVAL=0 /MISSING=ANALYSIS /VARIABLES=Q4 /CRITERIA=CI(.95).
Resources	Processor Time	00:00:00.12
	Elapsed Time	00:00:00.16

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
How often do you consult your strategic plan?	123	2.82	1.109	.100

One-Sample Test

	Test Value = 0					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
How often do you consult your strategic plan?	28.211	122	.000	2.821	2.62	3.02

```
FREQUENCIES VARIABLES=Q14_1_a
  /STATISTICS=STDDEV
  /PIECHART FREQ
  /ORDER=ANALYSIS.
```

Frequencies

Notes

Output Created		31-OCT-2017 14:40:36
Comments		
Input	Data	C: \Downloads\results-for-strategic-pla-2017-10-31-1422.sav
	Active Dataset	DataSet1
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	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	128
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.
Syntax		FREQUENCIES VARIABLES=Q14_1_a /STATISTICS=STDDEV /PIECHART FREQ /ORDER=ANALYSIS.
Resources	Processor Time	00:00:00.41
	Elapsed Time	00:00:00.28

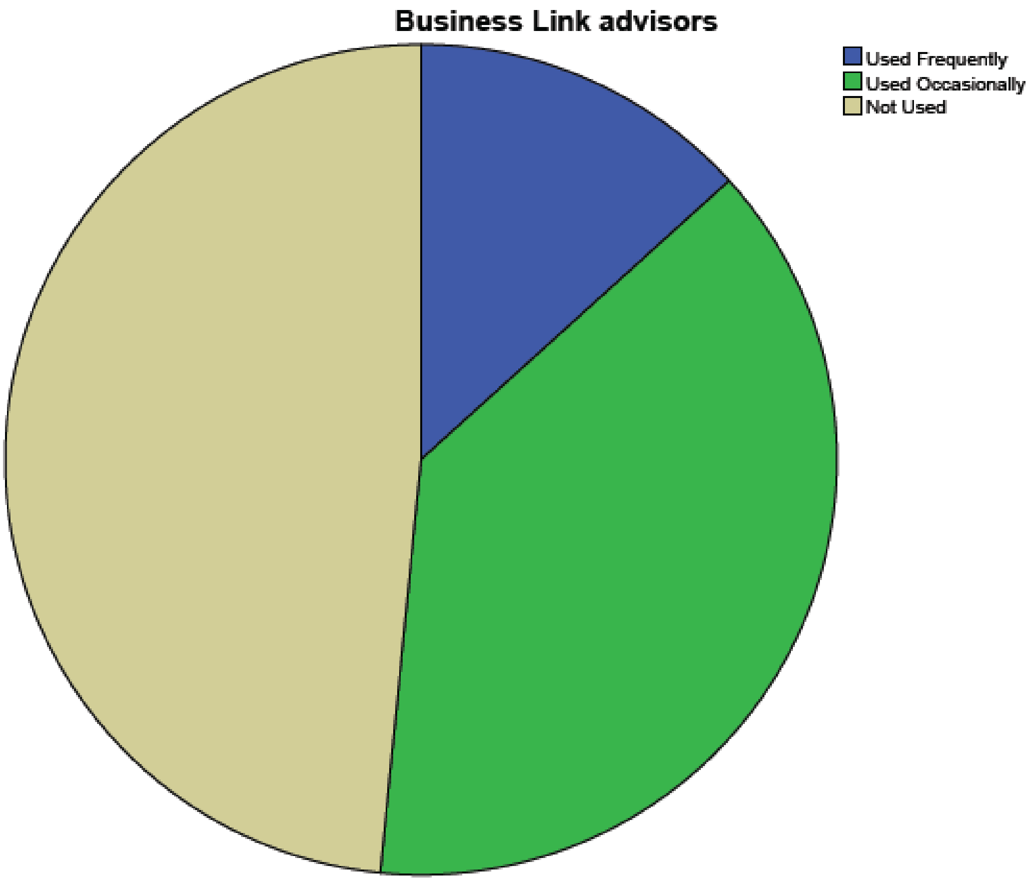
Statistics

Business Link advisors

N	Valid	128
	Missing	0
Std. Deviation		.705

Business Link advisors

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Used Frequently	17	13.3	13.3	13.3
	Used Occasionally	49	38.3	38.3	51.6
	Not Used	62	48.4	48.4	100.0
	Total	128	100.0	100.0	




```
T-TEST
 /TESTVAL=0
 /MISSING=ANALYSIS
 /VARIABLES=Q14_1_a
 /CRITERIA=CI(.95).
```

T-Test

Notes

Output Created		31-OCT-2017 14:41:32
Comments		
Input	Data	C: Downloads\results-for-strategic-pla-2017-10-31-1422.sav
	Active Dataset	DataSet1
	File Label	File created by user 'bos2' at Tue Oct 31 14:22:31 2017
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	128
Missing Value Handling	Definition of Missing	User defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on the cases with no missing or out-of-range data for any variable in the analysis.
Syntax		T-TEST /TESTVAL=0 /MISSING=ANALYSIS / VARIABLES=Q14_1_a /CRITERIA=CI(.95).
Resources	Processor Time	00:00:00.17
	Elapsed Time	00:00:00.17

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Business Link advisors	128	2.35	.705	.062

One-Sample Test

	Test Value = 0					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Business Link advisors	37.720	127	.000	2.352	2.23	2.47

Appendix 5 – Examples of Semi-Structured Interview Questions

<u>Part 1: Small Enterprise Interview Questions</u>

<u>Background Info</u>

Name:

Position:

Company:

Industry Sector:

Location:

Company Size:

Approx. Turnover:

Number of years trading:

<u>Open Questions</u> - please give examples (good and bad) wherever possible.

1. How long do you plan ahead and how do you manage your planning?

2. What sort of formal or informal plans do you have?

3. How do you make use of business support?

4. In what ways does this help you with planning for the future?

5. How have you made use of business support in the past?

6. Thinking specifically of how you work with business advisors, how does this work in practice?

7. Can you explain how you see the working relationship adding value?

8. How is the advice/support given, and how do you work together in practice?

9. How easy is it for your business to access business support in the current climate?

10. What barriers have you experienced in reaching business support?

11. What do you see as the main benefits / pitfalls in relation to business support?

12. How do you feel the business support environment of today compares to what was available perhaps five years ago?

Part 2: Intermediary Interview Questions

Background Info

Name:

Business Support Position(s):

Organisation(s):

Location:

Number of years' experience:

Open Questions Please provide examples wherever possible.

1. What types of company to you typically work with?

2. In what ways do you work with companies to provide business support and advice?

3. What sort of impacts does this work have on developing strategies?

4. What sort of timeframe would normally be involved i.e. How far would companies tend to plan ahead?

5. Would you say your advice and support typically results in formal or informal plans?

6. In what ways do you think working together adds value to the process?

7. How has the support and advice, you have been involved in, typically been funded?

8. What are the main changes in regional business support provision in the last 5 years or so?

9. What have been the main impacts of these changes?

10. What changes could be made to improve business support provision?

11. What do you see as the main benefits / pitfalls in relation to business support?

12. How easy is it for a business to access business support in the current climate?

13. Can small local companies afford regular business advice, or is there a tendency for an 'as needed' service?