



# GROWING YOUR SMALL BUSINESS.

The role of business schools and professional bodies.

September 2015





### Chartered Management Institute (CMI)

CMI is the only chartered professional body in the UK dedicated to promoting the highest standards in management and leadership excellence.

With a member community of over 100,000, CMI has been providing forward-thinking advice and support for more than 60 years. We continue to give managers and leaders, and the organisations they work in, the tools they need to improve their performance and make an impact.

We are a UK awarding body for management and leadership qualifications, and the only body that awards Chartered Manager, the hallmark of any professional manager.

Through in-depth research and policy surveys CMI maintains its position as the premier authority of key management and leadership issues.

Further information is available at [www.managers.org.uk](http://www.managers.org.uk)



### Chartered Association of Business Schools

The Chartered Association of Business Schools is the voice of the UK's business and management education sector. We support our members to maintain world-class standards of teaching and research, and help shape policy and create opportunities through dialogue with business and government.

The UK's business and management education sector represents 1 in 5 university students and contributes £3.25b to the UK economy. Its management students go on to lead global businesses and its entrepreneurs contribute to our dynamic economy. Its research has an impact across society and helps to turn our capacity for invention into viable businesses. Our 150 members include 122 business schools and higher education providers, as well as affiliate stakeholders, corporate members and international partners.

Further information is available at [charteredabs.org](http://charteredabs.org)



### Small Business Charter

The Small Business Charter (SBC) is an award for business schools recognised for their excellence in supporting SMEs. It provides business schools with a framework to deliver nationally recognised business support programmes.

Delivered in partnership with the Chartered Association of Business Schools, and with the support of Lord Young and the Department for Business, Innovation and Skills, the SBC brings business schools and entrepreneurs closer together to deliver support for small businesses and drive local economic growth.

Further information is available at [www.smallbusinesscharter.org](http://www.smallbusinesscharter.org)



### The Supper Club

The Supper Club is a membership club exclusively for fast growth entrepreneurs. Our members join to learn from their peers in the pursuit of business growth. We think it all adds up to a relaxed and confidential environment for founders and CEOs which is all about growing your business in a constructive, collaborative way. The Supper Club is part of Prelude, whose mission is to make Britain the most enterprising nation in the world.

Further information is available at [www.thesupperclub.com](http://www.thesupperclub.com)



### Quality Assurance Agency for Higher Education

The Quality Assurance Agency for Higher Education (QAA) is an independent body, safeguarding the public interest in quality and standard of UK higher education. We check how UK universities and colleges maintain their academic standards and quality. We review and report on how they meet their responsibilities, identify good practice and make recommendations for improvement.

We publish guidelines to help UK universities and colleges develop effective systems to ensure students have the best learning experience.

Further information is available at [www.qaa.ac.uk](http://www.qaa.ac.uk)

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# FOREWORDS

“SME growth is being held back by poor management and leadership.”



**Ann Francke**

Small businesses are a vital part of our economy, employing over 15 million people, with a combined turnover of £1.6 trillion. Yet, as this report shows, their growth is being held back by poor management and leadership. It's the leading reason for business failures.

As the professional home for managers, CMI has an important part to play in changing that and improving the productivity of small business. By working with business schools we provide guidance and resources, networks for small business managers to learn from their peers and can signpost to the expertise offered by business schools. With over 600 publicly-funded support programmes out there, it's a complex and confusing landscape for busy small business managers.

So I'm delighted that we're launching a new online heatmap alongside this report, which will give managers a simple tool to find the support that's available to them.

The heatmap will also show the business schools involved in one of our most exciting new developments, the Chartered Manager Degree Apprenticeship. Launching in autumn 2015, this will be a superb route for developing new managers and leaders, giving small businesses the chance to train graduates on a scale that hasn't been possible before. Small employers have been involved in the programme design and will benefit from specific support measures, including financial subsidy, making it easier for them to develop the managers and leaders they need.

There's real momentum among business schools to help small businesses, not least among those recognised under the Small Business Charter award. It's clear that their expertise can make a huge difference.

For CMI, this report marks the start of a campaign to improve management in small businesses. With innovations like the new Apprenticeship and continued collaboration from professional bodies, business schools and other partners, we can help many more small businesses thrive and grow.

**Ann Francke CCMi FIC CMgr**  
Chief Executive, Chartered Management Institute

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“The evidence shows that small business productivity and survival are greatly improved through the application of business and management education.”



**Anne Kiem**

The UK's business schools are full of world class business expertise and knowledge, and with a business school conveniently located in every region they are perfectly placed to support the growth of small businesses. Some small businesses already benefit greatly from a relationship with their local business school but as this project has shown many more businesses aren't aware of the quality of support they have on their doorstep. Many others, in some regions, are faced by a maze of business support, often poorly signposted, which means some won't find support or the quality they need. Some are so entrenched in their business that they don't even have the time to look but, as many entrepreneurs and small business owners told us, the first critical step is to find the time out of the business to look for help and then take it.

As this report has evidenced, those small businesses that have received support from a business school have received high quality advice and professional development to start, grow or reshape their businesses. While the Government and regional agencies must continue to make the business support landscape more navigable, business schools can also do more to make SMEs aware that there is an open door to a range of services from short programmes to MBAs, from start-up incubators to growth programmes, and from work placements to the new Chartered Manager Degree Apprenticeships.

That is why in 2014, working with Lord Young and the Department for Business, Innovation and Skills, the Chartered Association of Business Schools launched the Small Business Charter. The Small Business Charter award gives business schools recognition for the far-reaching and innovative support they provide to SMEs, and for the impact they have on their local economies. All of the evidence in this report points to small business productivity and survival being greatly improved through the application of business and management education. We therefore look forward to working with the CMI, Government and other key stakeholders to help small businesses connect with business schools through initiatives such as the Small Business Charter and the Chartered Manager Degree Apprenticeships.

**Anne Kiem**

Chief Executive, Chartered Association of Business Schools

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# EXECUTIVE SUMMARY

## BACKGROUND

In 2014, CMI, the Chartered Association of Business Schools (Chartered ABS) and the Quality Assurance Agency (QAA) joined forces to review how the business school curriculum could be enhanced to better equip management graduates with the skills needed to boost their employability. The subsequent White Paper, *21st Century Leaders*, was launched at a full capacity event at the House of Commons in June 2014.

Building on this successful collaboration, CMI has again been working in partnership with the Chartered ABS and the QAA, alongside the Small Business Charter (SBC) and The Supper Club.

The Supper Club is a membership club exclusively for fast growth entrepreneurs, many of whom are featured in the case studies within this report.

We embarked on *Growing Your Small Business* to explore how business schools and professional bodies can successfully engage with and support the growth of SMEs – small and medium enterprises, defined as having up to 250 employees.

In May and June 2015 we hosted 14 regional workshops across the UK for business owners to explore and learn how they can collaborate with business schools and professional institutions in order to improve their capabilities and achieve successful growth. Approximately 1,200 business owners, academics, professional institutions and representatives from the wider business support ecosystem attended these events.

Following the discussions and new analysis of SME datasets by researchers at Aston University, we have developed this report which seeks to share the best practices identified. Alongside the report, we are also publishing a new online heatmap highlighting regional data on SME growth rates and management capability ([www.managers.org.uk/growingSMEs](http://www.managers.org.uk/growingSMEs)), alongside information on UK business schools, the Small Business Charter (SBC) and routes to Chartered Manager status.

Our discussions uncovered many examples of excellent practice around the UK. They also identified areas that need to be addressed in order to unleash the potential of many SMEs.

## MANAGEMENT AND LEADERSHIP WEAKNESSES ARE HOLDING BACK GROWTH AND PRODUCTIVITY

- Improving management and leadership would strengthen SME growth and reduce business failures.
  - Poor management has been identified as the leading cause of small business failure, blamed for 56% of insolvencies.
  - Improving management has been identified as the number one most important driver for growing medium sized businesses.
- However, SMEs are less than half as likely as large businesses to provide management training: 41% compared to 89%.
- Small business managers perceive time and cost as the two key barriers to undertaking more management training. As a result, course design across universities and professional body is evolving to provide more accessible formats.
- The rest of the UK lags behind London when it comes to numbers of small businesses and rates of business creation.

## PROFESSIONALISING MANAGEMENT IN SMES

- Professional bodies such as CMI have a key role to play in connecting business schools with the management community. Collaboration helps enrich the student experience, can provide validation of students' skills, provides an ongoing pathway for professional development, and can give SME managers connections in to their local business school.
- Business schools can be a valuable source of advice, expertise and consultancy for small businesses. Collaboration with universities, sometimes available on a pro bono basis, can provide the business with access to expert insight – often on a very cost effective basis.

- More short and low-cost courses are making it easier for small businesses to develop their managers' skills. Bite-sized professional qualifications and blended learning offers are often more flexible for small businesses.
- Peer networks allow SME managers to learn from others with similar experiences. There are many examples of successful networks, hosted by universities, professional and trade bodies and by dedicated groups such as the Supper Club.

## DEVELOPING NEW TALENT

- Business schools are increasingly supporting the creation and growth of small businesses from among their student populations, with a full range of support offered through incubators and entrepreneurship programmes.
- However, small business owners rarely consider business schools when recruiting, which may mean they are missing out on talented potential employees.
- One way of accessing such potential employees is by providing work placements or internships. This provides short term benefits, in terms of inexpensive access to resource and skills – while also helping to identify potential employees.
- The new Chartered Manager Degree Apprenticeship will benefit small employers as well as large ones. Delivered by business schools and supported by CMI, it will provide the chance to benefit from two-thirds government funding for taking on Apprentices who will gain a degree, an Apprenticeship and Chartered Manager status
- Collaboration with large companies also offers a powerful way for small businesses to gain experience and expertise. This may be through dedicated growth programmes, such as the Goldman Sachs and Santander programmes described in this report, or in the form of collaboration with the supply chain.

## FINDING AND ACCESSING MANAGEMENT AND LEADERSHIP SUPPORT

- There are over 600 different business growth support programmes available around the UK. However, SME managers can find the landscape complex, confusing and time-consuming to navigate.
- Small business managers are often unaware of the support available to them from business schools and professional bodies, or of how they can access it. While there are examples of good practice, there's a need to simplify the offer to small businesses and make access as straightforward as possible.
- Business schools should build and more actively promote their role as 'anchor institutions', acting as 'go to' providers of SME business support and helping businesses to take advantage of their physical presence, facilities and world-class expertise.
- Our new online heatmap offers small businesses a straightforward, interactive method of finding what support is available near them. It highlights business schools that have been awarded the Small Business Charter award and those that are providers of the new Chartered Manager Degree Apprenticeship. Find the tool at [www.managers.org.uk/growingSMEs](http://www.managers.org.uk/growingSMEs).

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# 1. SETTING THE CONTEXT

## 1.1 THE BUSINESS CONTEXT

**The UK is home to 4.9 million small businesses, employing over 15 million people and generating combined turnover of £1.6 trillion. They are a vitally important part of the economy. But could weak management be holding them back?**

The recent HM Treasury paper *Fixing the Foundations: Creating a More Prosperous Nation*, the Government notes that: "Raising the productivity of the whole economy depends on facilitating the growth of new and existing businesses with the greatest potential."

Indeed, the UK now has a higher number of start-ups than ever before. Yet it is estimated that only 6% of these start-ups will generate at least £1m in revenues after three years. A similar percentage of firms with turnover of £1-2m will manage to grow to £3m over a three-year period. The UK has a worse record than any other OECD country for one-to-nine-employee businesses growing to more than ten employees within a three year period.

Building management skills among our SMEs is a vital factor in enabling the UK to achieve its full economic potential and retaining its leading role in the global economy. There are over 600 different business growth support programmes available around the UK. However, SME managers find the landscape complex, confusing and time-consuming to navigate.<sup>1</sup>

According to research conducted by the UK Commission for Employment and Skills, just one in three (36%) of businesses with 5-24 employees have provided management training in the past 12 months. Research has identified a lack of management skills as responsible for 56% of small business failures.<sup>2</sup> The Confederation of British Industry has found that improved senior management skills would be the single most important driver of growth for medium-sized businesses to grow.<sup>3</sup>

According to the Enterprise Research Centre (ERC) Growth Dashboard, 53% of Business Growth Service clients in the period between April 2012 and March 2015 reported that a lack of strategy and management were their main barriers to growth. This is significantly ahead of the next two barriers, skills and staff (39%) and sales and marketing (38%).

Strengthening the management capabilities of small businesses is central to addressing the productivity gap. In order to help businesses to grow, they must be able to plan systematically for that growth. They must be prepared for the special challenges that come with growing a business. That requires stronger management skills.



## 1.2 LEARNING TO GROW

“Small businesses either fail, bump along the bottom, or break out into growth,” says Patrick Kniveton, Head of Engineering Skills and Knowledge Management at Rolls Royce and a CMI Companion. “To achieve this break-out, they need to have the right, technically qualified people; development programmes for all employees; to be able to recognise and engage in identifying opportunities; to be aware of and make use of industry and technological developments; and have a vision.”

For most, this breadth of skills and abilities is learned – or can at least be enhanced – by well-targeted management and leadership development. Business owners need access to development that is affordable both financially and by time, suited to their needs, and delivers a return on investment.

But first, they simply need to be aware of the support that is available for them. There are numerous institutions and people that can help them learn and grow. As the Commission on the Future of Management and Leadership pointed out in its *Management 2020* report<sup>4</sup>, British businesses have a

wealth of educational expertise on their doorstep and should take advantage of it. Much of the world comes to the UK to learn about managing and leading – and so must more of our own SMEs.

Yet, as we heard time and again at the Growing Your Small Business events, the support landscape can look complex and confusing to an SME manager. There is a wealth of initiatives available. Business schools are increasingly oriented towards supporting small businesses. Professional bodies offer a wealth of information, continuous professional development and networks, while other networks such as The Supper Club or long-established networks such as the Federation of Small Businesses (FSB) serve large numbers of businesses. But many SME managers don't feel they have the time to explore the options and can be daunted by the sheer range.

*Growing Your Small Business* aims to showcase some of the excellent support that is available to SMEs and help those managers find the support that could make the difference to their business.



*Small businesses either fail, bump along the bottom, or break out into growth.*

**Patrick Kniveton**  
**Head of Engineering Skills and Knowledge Management at Rolls Royce and a CMI Companion.**

<sup>1</sup> Government Support for Business – Eight Report of Session 2014-15, BIS Committee, 2015

<sup>2</sup> The Association of Business Recovery Professionals <https://www.r3.org.uk/index.cfm?page=1114&element=12964>

<sup>3</sup> *Future Champions: Unlocking growth in the UK's medium-sized businesses*, CBI, 2011

<sup>4</sup> *Management 2020 – Leadership to unlock long-term growth*, CMI, July 2014

# 2. MAPPING THE SMALL BUSINESS ENVIRONMENT

## How does the performance of SMEs vary across the UK?

We looked at official data on the creation, survival and failure, levels of growth and – crucially – levels of management training among small businesses. The data is summarised in the following section, and is presented on a regional basis, mapped across all four nations across the UK and the English regions.

The data has also been incorporated in a new online interactive heatmap, launched alongside this report, which allows a more detailed ‘zoom’ on each region. Critically, it has also been designed to help small business managers quickly identify appropriate support from local business schools. There are flags showing the location of business schools around the country, with details of the support they offer. It highlights those that are part of the Small Business Charter and those that are providers of the Chartered Manager Degree Apprenticeship. Find the tool at [www.managers.org.uk/growingSMEs](http://www.managers.org.uk/growingSMEs)

### About the data

The datasets used here are from the Business Structure Database (BSD) and the UKCES Employer Skills Survey 2013. The BSD is produced by the Office of National Statistics (ONS) and is an annual snapshot of the Inter-Departmental Business Register (IDBR), which is a live register of data collected by HM Revenue and Customs via VAT and Pay as You Earn (PAYE) records.

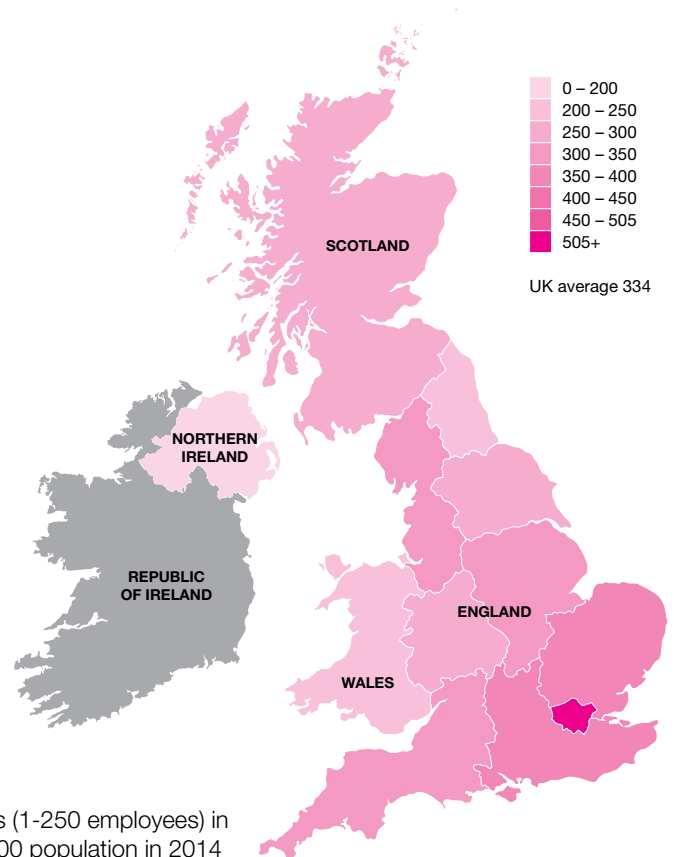
Some of the UK statistical data used in this report is from the ONS and is Crown copyright and reproduced with the permission of the controller of HMSO and the Queen’s Printer for Scotland. The use of the ONS statistical data in this work does not imply the endorsement of the ONS in relation to the interpretation or analysis of the statistical data.

The small business metrics were developed for the UK regions used in the heatmap by Professor Mark Hart, Professor of Small Business and Entrepreneurship at Aston Business School and Deputy Director of Enterprise Research Centre School and Karen Bonner, Senior Research Fellow in the ERC.

## 2.1 NUMBER OF SMES

First, we looked at the number of SMEs among the population. There are, on average, 334 SMEs per 10,000 people in the UK. As shown in Figure 1, London has – by some distance – the highest density, with 506 SMEs per 10,000 of population. Three regions – London, the South East (384), and the East of England (355) – are above the average.

On the other hand, the North East of England (221) has the lowest density, followed by Northern Ireland (233), Wales (244) and Scotland (272).



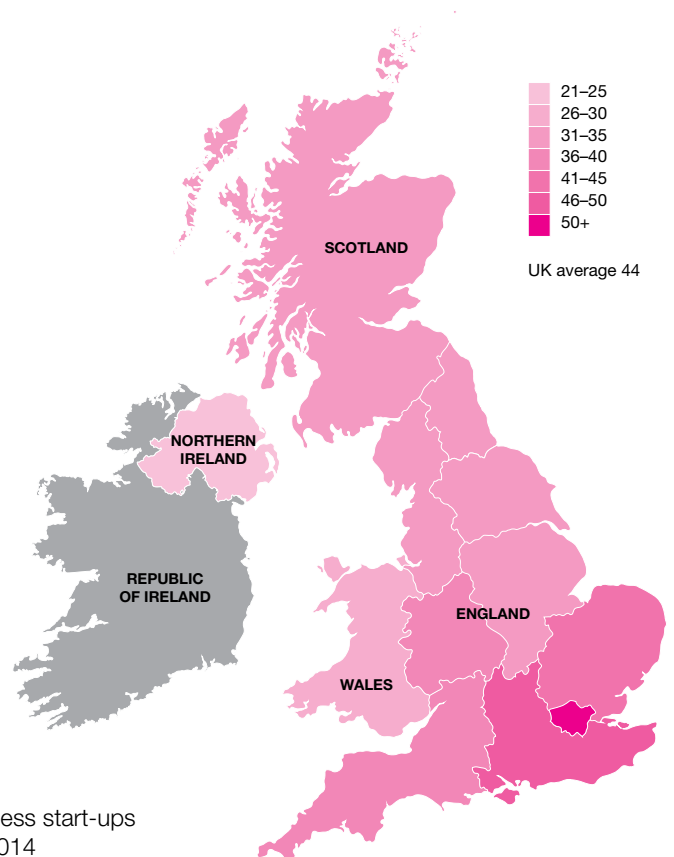
**Figure 1:** Number of SMEs (1-250 employees) in the private sector per 10,000 population in 2014

## 2.2 BUSINESS BIRTH RATES

The number of new businesses being ‘born’ is also an important indicator of the environment for SMEs. Again, to provide comparability across different parts of the UK, we have looked at this on a per capita basis.

The average number of start-ups in 2014 per 10,000 people was 44, but there are big differences. London once again stands out, with 83 new businesses born per 10,000 of population – some 75% greater than the next most enterprising region, the South East of England, which had 47 new businesses per 10,000 people.

Again, the North East of England (31) and the other nations lag behind. There appears to be a start-up gap in the UK, which – based on these rates of business births – will only widen.



**Figure 2:** Number of business start-ups per 10,000 population in 2014

## 2.3 START-UP SURVIVAL RATES

How many start-up businesses survive their first three years?

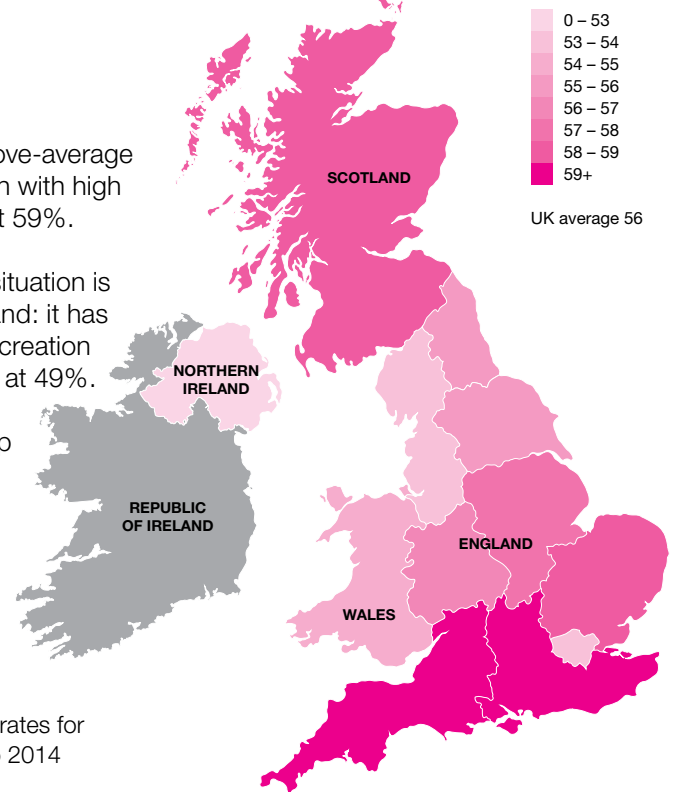
For businesses born in 2011 across the UK, the survival rate is only 56%.

By this measure, London is less exceptional: while creating the greatest number of start-ups (and perhaps because of that) it has the third lowest survival rate in the UK, at 54%.

The South West of England, while ranking sixth for start-up creation levels, has the joint highest survival rate (SE England also at 59%), at 59%. It's worth noting that this region also has the highest percentage of organisations that train managers (see section 2.5). The South East of

England matches its above-average levels of start-up creation with high survival rates too, also at 59%.

On the other hand, the situation is tougher in Northern Ireland: it has the lowest rates of both creation and survival of start-ups at 49%. Scotland, despite its relatively modest start-up creation levels, has the fourth highest survival rate at 58%.

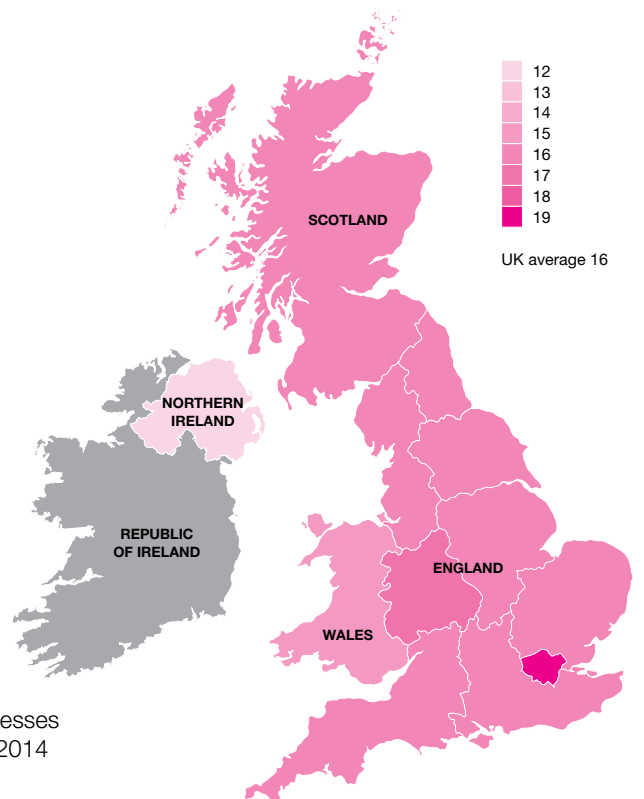


**Figure 3:** Start-up survival rates for businesses born in 2011 to 2014

## 2.4 FAST-GROWTH BUSINESSES

Another important indicator of business growth is the number of firms categorised as fast-growing – that is, with employment growth of more than 20% per annum. Across the UK, during the period 2011-2014, 16% of businesses were classed as fast-growing.

On this measure, the picture is much more uniform across the UK with relatively little regional variance. Only Northern Ireland (12%) and London (19%) vary substantially from the average.



**Figure 4:** Percentage of businesses that were fast-growing, 2011-2014

## 2.5 LEVELS OF TRAINING FOR MANAGERS

On average, across the UK, fewer than half of the nation's SMEs conduct any management training.

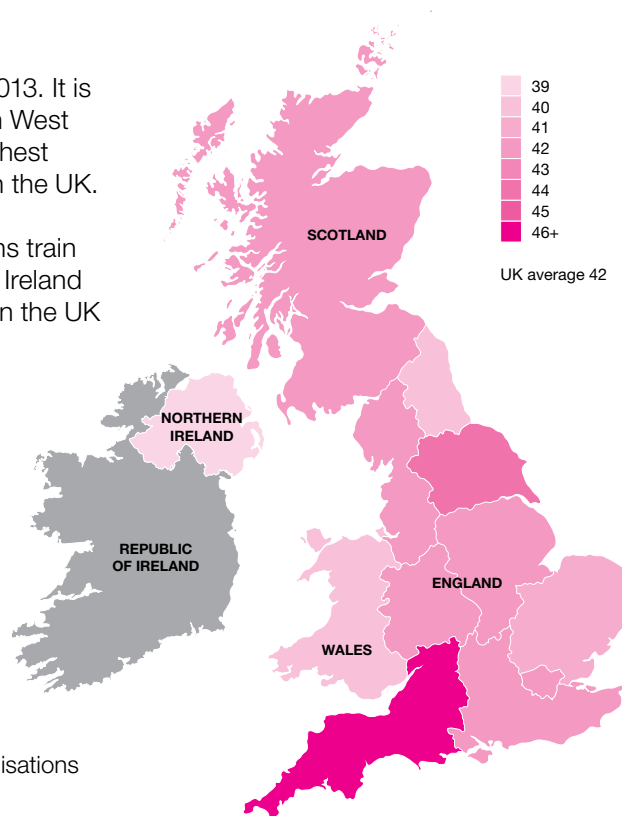
In total, 42% of SMEs provided management training in the previous 12 months, according to the latest Employer Skills Survey from the UK Commission on Employment and Skills – meaning they are less than half as likely to train their managers as large organisations (250+ employees), 89% of whom train managers.

Among organisations with 5-24 employees, only around one in three (36%) have trained their managers in the previous 12 months.

Looking at the number of organisations who train by region, the South West of England is the highest ranking region in the UK: 46% of its organisations

trained their managers in 2013. It is worth noting that the South West of England also has the highest survival rates of start-ups in the UK.

Similarly, fewer organisations train their managers in Northern Ireland (39%) than anywhere else in the UK – and this region also has the lowest survival rates among its start-ups.



**Figure 5:** Percentage of organisations training managers in 2013

It's clear that small businesses undertake less training and development than bigger firms, yet this data points to a clear connection between managers' skills and the ability of SMEs to survive and thrive.

Given the weight of evidence that poor management is holding back growth and indeed is the leading cause of small business failure, there is a real imperative for improving management and leadership skills in SMEs. The remainder of this report looks at some of the initiatives that are doing just that.



*Poor management is holding back growth and indeed is the leading cause of small business failures.*

# 3. ROUTES TO GROWTH: LEADERSHIP CHALLENGES

**Each phase of growth presents new and different management and leadership challenges to a small business. This section shows how business schools and professional bodies can provide relevant support at each of those stages.**

## 3.1 LEARNING TO START A BUSINESS

For nascent businesses, many of which are being hatched in universities, there is a burgeoning infrastructure of innovative programmes designed to provide solid foundations for growth. There are boot camps, incubators, accelerators and student enterprise schemes across the UK.

Bristol Business School at the University of the West of England (UWE) runs an entrepreneurship programme in which students are put into team companies and continue to trade as such for the duration of their degree. These are real, legally constituted companies in which the university has no stake.

## CASE STUDY



## THE CENTRE OF AN ENTREPRENEURIAL ECOSYSTEM

Bright Red Triangle sits alongside the accredited curriculum of Edinburgh Napier University at the centre of an entrepreneurial ecosystem which creates employment, generates economic growth, supports sustainable communities and provides opportunities for enterprising students to work in partnership.

It includes Bright Red Ventures, which provides incubator spaces offering business advice, support and facilities to students, graduates and alumni of Edinburgh Napier University who want to set up and run their own businesses. Since the first incubator space opened in 2004, more than 1,400 students and 355 business start-ups have been supported; 162 of these businesses are still trading today. Bright Red Triangle also provides a student consultancy service that has completed more than 90 commercial projects.

In 2012, the university developed a partnership with Entrepreneurial Spark. E Spark is a business accelerator (or 'Hatchery') where 50 start-up and early stage businesses go through an intensive five-month programme. E Spark is hosted on an Edinburgh Napier campus and is open to applications from idea or early stage businesses to those who have been trading up to five years and/or have £1m turnover. There is no restriction on where these applications may come from. Businesses emerging from the accelerator programme with growth potential are offered "grow-out" space within the Nest. E Spark is developing a network of Hatcheries across the UK and a network to support further growth.



## GROWTH STORY

**Peter Pilotto and Christopher de Vos,  
Designers, London College of Fashion**

The Centre for Fashion Enterprise (CFE) at London College of Fashion is focused on helping young designers build up their business capabilities and is proving to be highly successful. It has been instrumental in helping Peter Pilotto and Christopher de Vos to create a global womenswear label over the past eight years.

### SUPPORTING THE HIGH-GROWTH START-UP

Peter Pilotto, a womenswear label launched by Peter Pilotto and Christopher de Vos, is regarded as one of London's most successful young fashion businesses. The Centre for Fashion Enterprise has been critical to its growth.

The pair met at Antwerp's Royal Academy of Fine Arts, founded the label in London and launched their first collection together for the spring/summer season of 2008.

Peter and Christopher were supported by the London College of Fashion's CFE Pioneer programme for six months, followed by the CFE venture programme between 2007 and 2009. They received support from the CFE team in business planning, finance and cash flow management, contracts, early stage retail strategies, brand development and trade mark registration. They also attended the New York sales showroom every season. In all, the subsidy support totalled almost £37,000.

The impact has been measurable and significant. During the time Peter Pilotto was supported on the two CFE programmes, their sales rose by 3,173% with more than 95 stockists when they exited both programmes. In 2009, stockists for Peter Pilotto's spring/summer 2010 collection surged from 28 stores in 14 countries

to 88 in 30 countries. There are currently more than 200 points of sale for Peter Pilotto in 50 countries.

The brand is championed by some of the fashion world's most influential opinion formers and has won numerous awards, including the £300,000 British Fashion Council/Vogue Designer Fashion Fund in 2014.

The support of the CFE and the British Fashion Council enabled the pair to self-finance the business up to 2015 when they raised a minority-stake investment from London-based investment firm MH Luxe and Megha Mittal, Chairman and Managing Director of German luxury brand Escada. Industry sources estimate the current annual turnover of the business to be between \$15-20m.

"The CFE has helped us not to be just the flavour of the month," says Peter Pilotto, "they really support you in the long term."

### 3.2 LEARNING TO LEAD: BUILDING PROCESSES AND DELEGATING

Crossing the gap between a seat-of-the-pants, entrepreneurial business into becoming an organised, well-managed enterprise is the biggest single challenge for many owners. Entrepreneurship is not simply about 'having a go' or 'taking a risk'; it is about having the know-how to run and build a business. It is about building a team.

"It's easy to scale revenue and grow customers, but scaling up an organisation from single-figure employee numbers up into the tens, and then the hundreds and thousands, is massively difficult," says Mark Hart at Aston University Business School.

"There is a huge transition from being a small company to being a mid-sized company," says Sean Ramsden, CEO of Grimsby-based Ramsden International. "An entrepreneur running a small company knows all the staff, customers and suppliers; you have your finger on the pulse of pretty much everything that goes on in the business. A mid-sized business requires structure and process."

"Delegating is one the keys to unlocking growth but there's an emotional barrier to cross," says Jon Lamonte, CMI Companion and Chief Executive of Transport for Greater Manchester.

For a small business to grow, its leaders must be open to learning and recognise that management skills can and must be learned – they cannot just be 'picked up as you go along.' A founder is often a technical expert or a great salesman but will lack the management competencies to build the people and systems that will enable the business to grow.

Many SMEs hit a crisis of growth because they reach a point where they have to change and develop.

**John Lamonte**  
CMI Companion and  
Chief Executive of  
Transport for Greater  
Manchester

### 3.3 LEARNING TO GROW: BUSINESS SCHOOL GROWTH PROGRAMMES

To support this growth, business schools are also working with established SMEs, helping to unlock the next phase of growth by providing support to rethink and reignite their business. The number of business school growth programmes, designed around the time constraints and the needs of SME owners, is increasing.

The Goldman Sachs 10,000 Small Businesses programme, which is run in the UK through the partner universities at Aston, Leeds, Manchester Metropolitan and UCL, is proving very effective at building a cohort of companies that are growing at a faster rate than they would have achieved otherwise. "It has been absolutely magnificent for those who have participated," says Heather Forrester, Managing Director of Birmingham-based market research agency Research by Design and who participated on the programme at Aston University Business School.

Other business owners are opting to study for a professional qualification, such as the CMI Level 7/MSc in Strategic Management. "The development of my own skills is the best investment I can make in my company's future," says Camilla Long, co-founder and joint owner of media skills agency Bespoke Communications, who decided to return to studies 20 years after her graduation.

Learning is for life, not just for new start-ups. Established, family-owned businesses are also making



commitments to executive education. David Law, Executive Chairman of the 112-year-old housebuilding company WJ Law, decided to study for an MBA at Ulster Business School in 2012. He is categorical that this decision has been central to the successful repositioning of the business in the wake of the last recession. Find his case study below Section 6.3.

The MBA is another route – or potentially a bite-sized taster that is more accessible for time-poor managers who cannot commit to full degrees. "We are catering for a growing appetite among SMEs with a mini MBA that is a taster of what an MBA covers," reports Kirsty McManus, Director of the SME Centre at Ulster University Business School. Similarly, professional qualifications (such as CMI's) offer a unit-based approach that give flexibility in the topics covered.

Similarly, Hertfordshire Business School offers an Enterprise and Leadership Programme (HELP) – an eight-month programme within a supportive peer learning environment with personal mentors. Businesses are led through a mix of theory, practice, analysis and action learning to build up a toolkit to improve productivity and build sustainable growth.

Some, such as Strathclyde Business School's Growth Advantage Programme are run with support from Santander. "We're working with companies who have already gone through the first cycle of growth and we're helping them prepare for further growth," says Professor Eleanor Shaw, Head of the Hunter Centre for Entrepreneurship and Vice Dean with responsibility for enterprise and engagement at Strathclyde Business School. "There will always be an inflection point and this programme helps companies prepare for those inflection points. We can't take the bumps out but we can provide practical skills and toolkits – things that entrepreneurs can take back to their business, work with their team and apply to the business."





### THE SOLENT GROWTH PROGRAMME AT SOUTHAMPTON SOLENT UNIVERSITY: A FOCUS ON FLEXIBILITY

One of the many initiatives that the School of Business and Law at Southampton Solent University is currently offering SMEs is the Solent Growth Programme. Ten half-day workshops for start-ups are supported by one to one mentoring.

The workshop programme covers topics such as growth opportunity, cash flow and finance, marketing, HR strategies, process mapping, finance for growth, planning next steps, legal issues for start-ups and SMEs, social media and sales.

A special feature of this flexible new programme for start-ups is that it starts with a diagnostic workshop that includes developing a bespoke "business model canvas". It also enables participants to develop a peer network to support their future growth, and can be tailored to suit individual business needs.

The programme builds on the successful Small Business Charter Growth Voucher Programme (GVP) for SMEs piloted this year. Solent is one of six Small Business Charter-awarded business schools that took part in the GVP.

In order to comply with Government regulations, the original GVP was relatively inflexible. Strict eligibility criteria had to be met. Participant companies were required to personally commit to the whole programme of ten workshops, and were not able to send substitutes or skip sessions. The paperwork required for the scheme was also off-putting.

The Solent GVP has been designed to be more flexible, with broader eligibility criteria and affordable pricing, as the materials have already been developed. Sessions can be offered at different times. Businesses can send team members to sessions that best fit their role in the organisation, send groups of staff, and take as many or as few sessions as they wish. Bespoke workshops can be delivered on employer premises or on the city centre campus. Paperwork is minimal.

Qualitative feedback from companies that have completed the Solent GVP has been extremely positive. "It's done exactly what I intended it to do," said one participant, "which is to reignite my interest in growing my company."



*It's easy to scale revenue and grow customers, but scaling up an organisation from single-figure employee numbers up into the tens, and then the hundreds and thousands, is massively difficult"*

**Mark Hart, Professor of Small Business and Entrepreneurship at Aston Business School**

### 3.4 LEARNING FROM EACH OTHER: THE VALUE OF SHARING EXPERIENCES

The challenges of growth can be daunting – and small business owner-managers can feel isolated in dealing with them.

However, there are few unique problems involved in growing a business. Every one has been identified, experienced and solved by other business owners. The good news is that there has been a proliferation in networks with the aim of connecting business owners to discuss such issues.

From the discussion dinners run by The Supper Club to local events run by the CMI to the facilitated groups co-ordinated by business schools, there are many styles and formats. It is in these peer group sessions that problems and experiences can be openly shared, and advice and recommendations about business support can be sought.

Further details of these networks follow in Chapters 5 and 7.

# 4. RECRUITING AND RETAINING TALENT

## 68%

*of employers surveyed believed that business courses are too focused on the agenda of big business rather than preparing students for working in SMEs.*

**The recruitment and development of the right staff is a major growth obstacle for many small businesses. Business schools that focus on their specific employment and training needs – as recognised by the Small Business Charter initiative – are providing practical help. This chapter highlights emerging best practice.**

SMEs represent a large employment market for graduates, especially business and management graduates. But, as small organisations, they can employ fewer specialists. They usually want to recruit candidates who are well-rounded and flexible, with a core set of skills that can be enhanced through experience.

However, CMI's *21st Century Leaders* report showed that 68% of employers surveyed believed that business courses are too focused on the agenda of big business rather than preparing students for working in SMEs. Only one third (34%) of SMEs used business schools for training their staff, compared with 51% of large organisations.

There are many steps that a small business owner can take in order to recruit and retain high-quality people. But, as Professor Eleanor Shaw at Strathclyde Business School points out, that is just the first issue to address:

"I've heard so many questions from entrepreneurs who want to know how to hire great talent and how they can get help with that," she says. "But a much more difficult skill for them is after they have hired that great talent; how do they let go and allow that talent to do the work that it was brought in to do?"



**Professor Eleanor Shaw,  
Strathclyde Business School**



**Reginald Larry-Cole,**  
Founder and  
Managing Director  
of Buy2Letcars and  
Wheels4Sure



*I look for people who will fit into the start-up environment, and whose ambitions match that of the business.*

#### 4.1 FINDING THE TALENT

“Learn from the top sports teams,” advises Martin Spiller, an entrepreneur who sits as a non-executive on the board of several SMEs, “and build a good youth team policy by developing links with local schools, colleges and universities. That way, you can build a team straight from the source.”

Spiller is “a particular fan” of apprenticeships, as they are giving SMEs “access to a pool of talent that hasn’t achieved its potential via the traditional school system.”

“I look for people who will fit into the start-up environment, and whose ambitions match that of the business,” says Reginald Larry-Cole, Founder and Managing Director of Buy2Letcars and Wheels4Sure. “We need a willingness to learn and adaptability, as that gives us the agility we need. We’re not interested in people who are just there to pay their bills. The company’s training programme is core to this. I set group reading tasks that are aimed at developing ambition and drive, and educating employees on what it takes to be part of a small team in a fast-growing entrepreneurial business. Placing trust in my people and involving them in the strategic direction of the business is core to my talent management.”

#### 4.2 DEVELOPING LINKS WITH UNIVERSITIES AND BUSINESS SCHOOLS

The development of close links with local universities – and particularly through offering work placements to students – is a powerful means of spotting and nurturing potential at first hand.

The recruitment process needs to be easy for the small business. Some universities do have a dedicated Careers, Employment and Enterprise team to guide businesses through the process from planning new roles to identifying, interviewing and appointing candidates from its pool of students and alumni.

“We are trying to encourage people coming out of Edinburgh Napier to have enterprising mindsets, the ability to cope with complex and uncertain environments, and to be able to act entrepreneurially within their own and other organisations,” says Nick Fannin, who manages the Bright Red Triangle at Edinburgh Napier University, providing business advice and mentoring services to students and graduates who wish to set up their own businesses.

#### 4.3 INTERNSHIPS: A LOW-RISK APPROACH TO HIRING

As CMI’s *21st Century Leaders* report shows, SMEs may not currently use business schools as a source of recruitment to the same degree as larger organisations, but their ability to offer internships and placements is on a similar level to that of larger companies. For SMEs, opening their doors to internships and placements provides a low-risk, ‘try before you buy’ approach to hiring.

There are now many examples of successful internship programmes for graduates to work in SMEs. The advantages flow both ways: the business gains an extra pair of hands for a period of time, and the chance to cultivate a relationship with a potential future employee.

The Santander Universities SME Internship Programme provides subsidised graduate internships that enable eligible small businesses, social enterprises and charities to employ final year students and recent graduates. The intern receives a salary of £1,000 per month, half of which is contributed by Santander with the other half funded by the university and/or the business. The scheme gives small businesses access to student talent, funding, and a recruitment process that is supported by a university.



**Professor Georgina Andrews,  
Southampton Solent  
University School of  
Business and Law**

#### **4.4 PLACEMENTS: A STEP TO HIRING GRADUATES**

The *21st Century Leaders* report notes that business schools need to be more flexible and less bureaucratic in the management of work placement schemes. While they are valued by both students and employers, the considerations of small businesses need to be taken into account. Not many small businesses can offer a desirable one-year sandwich placement.

The report also notes that business schools could improve the level of information and help that they give to employers around work placements: “32% of employers surveyed said that they saw the lack of information as a key barrier, and the same percentage said they found the lack of an easy point of contact a problem.”

Business schools are adapting their programmes to the needs of small business. “We recognise that smaller organisations may not have the capacity to take on a student on a placement for a full year, because clearly that is a big commitment,” states Professor Georgina Andrews of Southampton Solent University School of Business and Law, “so we also offer shorter placement opportunities. A business management student in the second year of their degree can work with a business for three or six months.”

Many business schools run graduate placements within local small businesses. Lynn Oxborrow at Nottingham Business School reports that the University’s Future Factory has subsidised 199 paid graduate placements in SMEs – and that 40 of these graduates are now in permanent employment. Its *Working With You* project, which started in 2013 and is now supported by 200 SMEs, has led to more graduates being placed in local businesses.

Bristol Business School at the University of the West of England provides an accelerated graduate development course for graduates starting their careers with their first employer. Combining seminars and workshops and e-learning packages in a total of six days over one year, the course focuses on soft skills to help new entrants into the workplace become excellent team players and successful employees. There is no limit to size, shape or type of employer able to put their graduates through this programme.

With true commitment it is clear that placements can be highly effective for a growing business. “Our placement programme has been a resounding success,” says Syd Nadim, Executive Chairman and founder of digital agency Clock. “It’s not just the right thing to do; it’s also been responsible for 40% of our team.”

#### **4.5 TRAINING: COMMITMENT TRANSLATES INTO GROWTH**

The willingness to train up people that exists within some SMEs must be developed in many more small businesses. There are many examples of growing businesses whose commitment to training from the outset has translated into sustainable growth.

“We were training even when there were just a handful of us,” says Ramsden International’s CEO Sean Ramsden. “We were sending people to do MBAs when there were only 15 people on the payroll.”

Small businesses need appropriately qualified people in order to achieve growth. That means having development and training programmes in place for their employees, and specifically management training. Yet many still do



*32% of employers surveyed said that they saw the lack of information as a key barrier (to offering work placements), and the same percentage said they found the lack of an easy point of contact a problem.*

**21st Century Leaders report**



## GROWTH STORY

**Syd Nadim,**  
Executive Chairman and  
Founder of digital agency Clock

not: the *21st Century Leaders* research shows that only one-third of SMEs use business schools for training their staff, compared to more than half of large organisations.

It is recognised that this is not simply about small businesses 'doing more training'. The quality and relevance of the training provision also has to be addressed.

Many people point out that subsidised funding, or other forms of financial support, increases the take-up of training programmes by SMEs. "If you remove the financial burden, then the commitment to training simply becomes a decision based on time," is how one delegate put it.

The long-standing perception among many small business owners – that training is actually a risk – remains. This fear is expressed simply: "If we train them, they will leave". It is an attitude that must be constantly challenged. Small business owners need help to understand the returns on proper investment and training in their enterprises.

Of course, not everybody will have the capability or the desire to grow with the business. But this depends in part on how the business invests in them and how they invest in themselves.

Developing senior people within a business has a huge impact, observes Grainne McCurry at Invest Northern Ireland. "Our programmes are directed at the managing directors and senior teams within SMEs. Once they have been on our leadership programmes, they look at their businesses and themselves differently. We see those companies with a clear plan for strategic growth and with better structures in place to support that growth. The more prepared they are for change, the more they adapt and grow."

## PLACEMENTS: CENTRAL TO OUR CULTURE OF SUCCESS

When I was 23, I was made redundant for the second time. I turned to the bank for a loan to fulfil my dream of starting my own business. Unfortunately, our family home had been repossessed when I was younger and, without a job, I had no way of securing the loan. The Prince's Trust came to the rescue with a £3,000 loan and a £500 grant; that gave me enough to start Clock.

Today, we employ a talented team of nearly 50 people, designing and building websites and mobile apps for clients such as The Times, Wall Street Journal, Sony, the British Film Institute and the Royal Institute of British Architects. Attracting and retaining good people is what building a business is all about. My job is to provide an environment for people to be brilliant.

Most people start businesses because they're really good at something and think they can do it for themselves. I couldn't (and still can't) build websites. And I was a mediocre designer at best. So my main challenge was to get people who could do these better to buy into my dream. I finally managed to get a web design project that enabled me to take on our first employee.

I had little experience working for other companies and no experience of starting and running a business. I had no points of reference for setting up policies or building a culture. I read books and asked people for advice.

I knew that I had to build a business that I would want to work for. I introduced flexible working policies and an early finish on Fridays. We have continued to add new benefits and we detail them on [www.LittleBookOfBenefits.com](http://www.LittleBookOfBenefits.com)

This has made us very attractive as an employer and we have been able to build an exceptionally talented and hard-working team. If you surround yourself with brilliant people, everything else will look after itself.

But to be successful, brilliant people still need to be part of a team – so having a clear and shared vision is essential. In the early days, I used to talk about being the 'Best On The Planet'. We still hold our BOTP awards every year to recognise contributions from the team as well as having a bit of fun. It's a great time to reinforce the vision.

Industry awards aren't a fool-proof measure of success but they are great to win – and we have won several. However, I'm particularly proud of being recognised as running the best placement programme in the UK at the National Council for Workforce Education (NCWE) awards. Our placement programme has been a resounding success. It's not just the right thing to do; it's also been responsible for 40% of our team.

There are other indications that we are doing something right: the average number of sick days per employee is 1.7 days against a national average of seven. We have a number of staff who have been with the company for more than ten years. While it's good to have natural attrition and new talent, it's also great to show continuity and consistency for clients and to maintain the culture.



## GROWTH STORY

**Sean Ramsden,  
Ramsden International**

## COMMITTED TO BUSINESS EDUCATION

Ramsden International is one of the world's largest exporters of British groceries, distributing more than 23,000 British grocery products around the world. It started as a two-person business; today it has more than 80 employees, with a turnover of £50m. From the outset, it has been heavily committed to training.

"We were training even when there were just a handful of us," says Ramsden International's CEO Sean Ramsden. "We were sending people to do MBAs at the University of Huddersfield Business School when there were only 15 people on the payroll."

The company, which has a multilingual sales team speaking more than 14 languages including Mandarin and Arabic, has put in place a training and career plan to meet the personal development needs of all its colleagues and deliver on its long-term business goals.

The core values that had been introduced to the business in 2014 – which include accountability, respect, professionalism, entrepreneurialism, collaboration and integrity – were key to the programme. All staff were trained on these core values and the behaviours expected of Ramsden employees. New staff go through this session as part of their induction. The core values have been introduced into the annual performance review process where employees are assessed against their behaviours.

Ramsden has put training programmes in place with organisations such as the Institute of Export (IOE) and the

Institute of Customer Service (ICS) to enhance skills and add value to the business. The company also supports people embarking on professional qualifications, believing that investment in its people's personal development will bring new skills and insight into Ramsden.

The company has also introduced a management development programme, working in conjunction with Ken Minor of Leadership Resources. From the first group of ten managers who went on the programme, one has since been appointed director and another Head of Department. A second phase of the programme has just been completed.

With the growth and change in the business, Ramsden identified the need to look at the development of its leadership team and create plans to support them through their own individual journeys. Ramsden engaged with YSC, a business and organisational psychology company, for support. The leadership team went through an intense process of interviews, psychometric testing and feedback sessions. Ramsden is finalising these individual development plans.

Staff training and development is now at the core of Ramsden International's business strategy. With continuing innovation and investment in human resources, the company believes it can develop a team who can take the business to its next stage of development.



**Steve Lowy, Managing Director at Academic Service Anglo Educational Services**

## **4.6 NURTURING THE TALENT: THE CHARTERED MANAGER DEGREE APPRENTICESHIP**

Following on from the findings of *21st Century Leaders* and the recommendations of *Management 2020*<sup>5</sup>, the CMI, Chartered ABS and SBC have been working with an employer group led by Serco. It includes SMEs and its aim is to develop a new degree apprenticeship for professional managers.

This new Chartered Manager Degree Apprenticeship will be offered from the autumn of 2015, and offers a new route for SMEs to both upskill existing managers and provide graduate trainee routes so that they can grow their own talent. It provides a new career path option for aspiring managers who want to earn while learning as well as develop their management and leadership skills within the workplace.

“This could be a really important game changer in higher education,” says Ian McNaught, Executive Director of the Small Business Charter.

The apprenticeship, which will take an apprentice around four years to complete, will be provided by their employer in partnership with a university or business school. It will mostly be delivered in the workplace through work-based projects but will also include university study time.

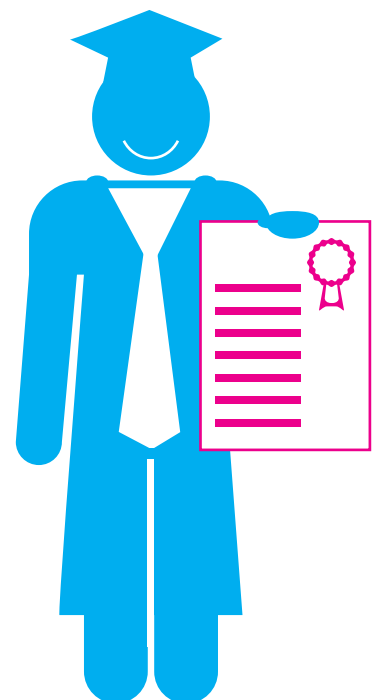


This is a great initiative to help upskill the workforces of the UK’s SMEs. At Anglo Educational Services we have a great team, some of whom are really keen to push themselves on in their career, and this sort of scheme allows them to do that with a meaningful and high level qualification at the end of it.

The scheme is particularly aimed at school leavers as an alternative to a traditional university degree with the apprentice earning a full time salary throughout the course of their training and studies. Once qualified, workers will be ready for managerial roles with operational responsibilities.

It offers a game-changing new route for building the next generation of professional managers and brings together the best of higher education, professional development and work-based learning. It also provides a new way for employers to upskill those ‘accidental managers’ already in the workforce – those promoted into management with no formal training – and can put far more young people on the track to professional management careers.

For further information, please see [www.managers.org.uk/degreeapprenticeships](http://www.managers.org.uk/degreeapprenticeships)



<sup>5</sup> *Management 2020 – Leadership to unlock long-term growth*, CMI, July 2014

## 4.7 COLLABORATION AND EXCHANGE: HOW LARGE COMPANIES CAN HELP SMALLER ONES

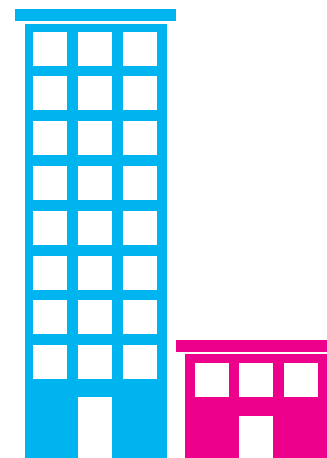
In some sectors and supply chains there can be greater collaboration between small and large companies. Aspects of the high-quality training programmes developed by major corporations for their own apprentices and graduates can be shared.

This was pointed out by the Commission on the Future of Management and Leadership in its *Management 2020* report: “Established businesses can help younger, growing companies by offering management support by promoting secondments, and encouraging greater exchanges of ideas and people between SMEs and multinationals.”

The pool of talent among senior or fast-track managers in local large corporations is another source to match up expertise and experience. Many large corporates want their managers to learn and gain experience

in smaller companies. These can either be fast-track managers learning and gaining experience, or senior managers who could become potential investors or non-executive directors.

“One way of connecting with the corporates is to just ask them,” says Patrick Dunne, CMI Companion and Chairman of fast-growth company D3O. “There are some things that are particularly hard for a small company when they want to scale up. Many large companies are quite happy to share techniques and processes that can help. They can also benefit from the innovation they see in the smaller companies.”



### CASE STUDY

#### **ELEVATE CYMRU AT THE UNIVERSITY OF SOUTH WALES BUSINESS SCHOOL: MAKING THE PROGRAMME RELEVANT**

University of  
South Wales  
Prifysgol  
De Cymru

*Elevate Cymru* at the University of South Wales Business School was a partnership between some of the biggest universities and FE colleges across Wales. The funded, university-accredited courses combined both industry experience and academic knowledge and were designed to develop the skills in order to maximise performance and potential in Welsh businesses and social enterprises.

Initially, employers raised two main questions and concerns: the perceived relevance of the content of the course, as it related to their particular context and needs; and the indirect costs of sending employees away from their work for the number of hours dictated by the traditional mode of delivery.

The course was developed in close consultation with industry. Stand-alone modules were written around three clusters: sales and marketing, leadership and HR management and finance. The delivery and assessment of these modules were built to be flexible, while adhering to rigid quality structures. In the words of one employer, it was “the most relevant offering seen for a long time.”

The *Elevate* programme exceeded its targets and, more importantly, created long-term relationships with large and small employers. It has created a gateway for non-traditional students to come onto the campus and enrol in courses, having had a taste of academia.





**Hugh Lightbody,**  
Chief Officer of the Business  
Gateway National Unit in  
Scotland



*Many small businesses do not buy into management training. The fact is they don't realise the value.*

#### **4.8 THE TWIN BARRIERS: TIME AND MONEY**

For many small businesses, the failure to grow lies in the failure to develop leaders and managers. Asked why they don't undertake more development, there are two key reasons: time and money. The people running the business are just too busy. But for many this becomes a vicious circle: they get busier and busier but are unable to support their own growth.

The time spent away from a small business by a senior member of the team is always going to be a cost, which remains a high barrier. Many small businesses do not buy into management training. "The fact is, they don't realise the value, or why they should send their people on courses," is how one business school professor puts it. "It's still very hard to get the message across," says Hugh Lightbody, Chief Officer of the Business Gateway National Unit in Scotland.

This is not specific to the small business community. CMI's *Management 2020* report notes the significant number of UK managers who are underqualified and left without the training and development to do their jobs. But it is clear to David Broadhead, founder of management and leadership development

organisation Partners in Management, that a small business "needs management teams and development long before they recognise it and can afford it, either time-wise or cost-wise".

Another reason cited for not training and developing staff is simply a matter of time and resources. Faced with constant day-to-day problems and priorities, training can appear too long-term. "It's about having the time and the brain-space to really think about what is it that I need my people to do, how to enable them and how to find out the best way of making that happen," says one owner.

There are concerns that it is difficult to choose training providers of the appropriate quality and relevance. Here lies the value of peer group networks: business owners can use these fora to learn about the experiences of other SME owners.



**David Broadhead,**  
founder of management  
and leadership development  
organisation Partners in  
Management

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# 5. BETTER CONSULTANCY AND MENTORS

**Obtaining the right guidance and advice can unlock growth in many small businesses. This chapter focuses on how business schools and professional bodies are delivering that support.**

Business owners can feel isolated as they address the challenges of growing their business. They may look for guidance and support but they can be difficult to identify. There may be much that they don't know: "When I took over as CEO, I was naive about cash flow," admits Mark Cornwell, CEO of high-growth marketing agency HPS. However, there are many resources and options available to those who run a growing business.

"When growing an agency, surround it with a network of the right people," says Richard Simpson, Marketing Director and a co-owner of the Scottish design agency Tayburn. "Whether that involves recruiting creative leaders and consultants or building an extended network, having the right people to connect your team with skills, insights and referrals makes a huge difference."

## 5.1 TRUST AND CHALLENGE: THE VALUE OF MENTORING

The value of a high-quality mentor can't be overestimated. It's important to have someone to trust and turn to when the going gets tough. A strong relationship with a mentor means that a business owner can draw upon relevant skills, connections and experience to help them in their decision-making.

Finding the right mentor can take time, but this investment is key to a business owner's personal and business development. "The challenge for many small business owners is that their assumptions are driven by passion and can go unchecked for a long time, and so their strategies have never been validated," says one business owner. "You need someone to challenge your status quo."

Tomasz Dyl, Managing Director of field and experiential marketing agency Gottabe! and also an associate lecturer at Southampton Solent University School of Business and Law, says that pushing people to discover and participate is an important part of being a mentor.

"A lot of SMEs are not aware of what's available to them," he says, "and it is impossible to be aware of everything. But they can be so busy running their businesses that they don't pay attention to what is happening out there until someone stops and shakes them."

It is worth noting the finding in the Goldman Sachs *10,000 Small Businesses* report<sup>6</sup> that "business owners working with a mentor had 14% faster growth than those without."

Professional bodies such as the CMI play an important role. CMI Achieve is a mentoring programme with more than 500 registered, experienced managers and leaders available to mentor small businesses.

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<sup>6</sup> *Empowering Entrepreneurs, Accelerating Growth, Goldman Sachs 10,000 Small Businesses, November 2014*

## 5.2 BUSINESS SCHOOL CONSULTANCY: KNOW-HOW FOR A SPECIFIC TOPIC

There are huge numbers of students available to help with new business ideas and consulting projects – an untapped resource pool for many SMEs.

Many business schools can help small businesses by organising consultancy projects between their students and local firms. These can help to fuel growth without burdening the company with long-term commitments.

A one-to-one collaborative project with a local business usually entails an academic – or a group of academics – working with some students on a specific project, from design to marketing to finance.

For these projects to work, they need to be intellectually rigorous for the students and create genuine value for the company.

The evidence from business schools is that this type of collaboration helps small firms to develop new or improved products, or to generate new business. Many gain confidence by working with a university and find that it helps them to develop new ways of collaborative working.

At Hertfordshire Business School, for example, business advice and consultancy support is available through its Business Academy, which can access ten research units. Funding can also be provided and its voucher scheme provides an affordable way of accessing the University's expertise and facilities.

## CASE STUDY



### STRATHCLYDE BUSINESS SCHOOL CLINICS: CONSULTANCY IN KIND FOR SMALL AND NEW BUSINESSES

Small and new businesses from commercial and third sectors can benefit from a unique student consultancy project with third year business school students. Business Clinics are designed for small and new businesses to benefit from consultancy solutions such as market research and actionable tools that will help them reach their growth targets. There is no cost for this programme.

Academics and Enterprise Fellows of the University of Strathclyde Business School mentor multi-disciplinary teams of third year students to diagnose individual business issues and design action plans.

In 2014/15, more than 100 students worked with 23 organisations supported by Jobs and Business Glasgow. Much of the work took on practical elements such as attending trade fairs on behalf of the companies or redesigning websites.

After two semesters of intense collaborative work, each team produced a comprehensive report with a detailed strategy and recommendations. There was very positive feedback from the companies and the Business Clinics will continue in the next academic year in a much expanded format.

“It’s been enormously successful,” says Professor Eleanor Shaw, Head of the Hunter Centre for Entrepreneurship and Vice Dean with responsibility for enterprise and engagement at Strathclyde Business School. “We started last year with three companies, this year we had 23 companies and next year I think we’re going to double or triple that number. It’s just been a fabulous programme.”

## 5.3 PRO BONO WORK: HELP IN RETURN FOR WORK EXPERIENCE

Inheriting the concept from the University's School of Law, Southampton Solent's Business and Law Faculty has introduced the notion of pro bono work, where accounting and finance students have started to work with local companies for free.

It is a win/win arrangement: the local company gets advice from students who are actively learning the theories and concepts relating to book-keeping, accounting and financial management; while the students gain experience of working with a local company.



*Many business schools can help small businesses by organising consultancy projects between their students and local firms.*

## 5.4 KNOWLEDGE TRANSFER PARTNERSHIPS: GRANT FUNDING FOR GROWTH

Knowledge Transfer Partnerships (KTPs) are programmes partly funded by the government to help companies access the knowledge, expertise and resources of universities. A KTP involves a graduate working on a project identified as central to a company's future commercial development. The objective is growing sales and market share, as well as developing intellectual property and a competitive edge.

A suitably qualified graduate works in the company for between one and three years to implement the project. The graduate is appointed in open competition and may not necessarily be a former student of the partner institution. This ensures that the most relevant person is chosen for the programme.

Described as a KTP associate, the graduate is jointly supervised by both the business and academic staff of the university. Up to 60% of the costs of each KTP, including the associate's salary and the academic's time, are covered by a government grant.

The relationship between the company and the academic staff of the University is pivotal, as a strong partnership supports the business in gaining knowledge and expertise from the university, making a real impact on the growth of the business.

## 5.5 PEER NETWORKS: THE SUPPER CLUB MODEL

There are few unique problems involved in growing a business. Most problems have been identified, experienced and solved by other business owners. The number of networks that aim to connect business owners with each other to discuss such issues has proliferated. There is a renewed emphasis on the value of peer-to-peer learning.

The value of membership of a peer-to-peer network such as The Supper Club is the opportunity to learn and to be challenged by others who are facing the same types of problems as yourself, or who have been through it and come out the other side, says member Declan McGoff, Owner and Operations Director of Manchester-based construction business McGoff & Byrne. A Supper Club dinner or forum session provides the space to consider the challenges rather than just being at the coalface or firefighting. "The only way to grow is to stand back and have a proper look at where you can go and how you can get there."

"You can learn from people in other sectors who may be going through similar experiences to you, or may already have gone beyond that stage, and can tell you to keep going and the sort of things to do," is how one delegate describes these events. Exposure to people in other sectors also encourages lateral thinking and discussion. "It's really helpful to be in a confidential environment where other people are challenging you," says one member.

The question of finding the right advisers was frequently raised. "It's hard for people to look outside what they've been given and find something better," was one comment. Providing insight on advisers and professional advice is seen as another valuable aspect of peer-to-peer networks.

## 5.6 EXTERNAL CONSULTANTS: CHOOSING AND USING THE RIGHT ONE

Seeking the advice of a professional consultant to help drive growth is an option but the process of selection and appointment daunts many business owners.

Members of the Institute of Consulting, an organisation within the CMI, can support small businesses to improve performance or resolve specific challenges. There are more than 4,000 members of the Institute; many have expertise scaling up operations, expanding internationally and building technology capabilities within SMEs. Every member is bound by the Institute's Code of Conduct and Ethics, providing clients with reassurance of their credentials and professionalism.

The CMI online National Consultants Register is available for anyone to connect with a consultant and is searchable by specialism and region.

# 6. PROFESSIONALISING THE BUSINESS

**Higher levels of education and professional attainment are linked to business growth. In this chapter we focus on how business education is being designed and delivered specifically to meet the needs of the small business owner.**

The challenge for many business owners is to grow as a manager as they grow their business. It is easy to be stuck in the business, but the owner's own growth is stifled because they do not develop themselves. "An entrepreneur who has only ever worked for themselves must make their own personal development a high priority because otherwise they end up with tunnel vision," is how one entrepreneur puts it.

All too often, business owners end up working in the business, not on the business. There are always pressing short-term concerns – from cash flow and customers to suppliers and staffing – that can distract an owner from their long-term goals.

## 6.1 HAVE A GROWTH PLAN

A growth business needs a growth plan. It will contain the vision and mission of the business and describe how its growth will be achieved. The value that flows from this is that it captures all the elements required for growth and gives an entrepreneur the structure to move forward.

The CMI Management 2020 Benchmarking tool is one tool that can help entrepreneurs and small business owners – just as much as corporate boards and public sector bodies – assess their own organisation against best practice in three critical areas: how they define their purpose, how they lead and develop their people, and how they invest in their potential.



**GROWTH STORY**

**Camilla Long**  
**Bespoke Communications**

## RETURNING TO STUDIES, BUILDING A BUSINESS

The co-founder and joint owner of presentation and media skills training agency Bespoke Communications, Camilla Long decided to return to study 20 years after graduating in order to sharpen her professional practice. She is currently halfway through a part-time jointly-accredited CMI Level 7/MSc in Strategic Management at Ulster University Business School.

"As a leading training agency, Bespoke Communications develops tailored training programmes for our clients. I wanted access to the latest research and applied practice to make sure that we offer innovative solutions to meet ever-more complex client needs.

Additionally, as a small business owner I often find myself dealing with unfamiliar situations. I have many years of business development, sales and marketing experience and am comfortable building my business with these skills. When it comes to finance or HR, I have more limited professional experience to fall back on.

I decided that a joint Masters and CMI qualification would be the best way to bring the latest thinking into our business, helping our company to attract high quality customers. We incorporate up-to-the-minute tools and techniques in every training course we run. I also use the skills

that my CMI qualification gives me, every day, to help grow my own business.

My biggest challenge was finding the time to return to study. I work full-time, have two children and have many family and voluntary commitments. Fitting study and assignments into an already full schedule seemed just a step too far.

So I decided to study part-time. Friends and family help me out all the time, and my husband has been so generous and supportive. I have learned to focus on what is important so studying has helped my time management. I have gained a perspective that I could not have imagined a year ago. I have greater confidence in unfamiliar situations, and have a window on a new world of information. I'm a typical small business owner; I have few resources to draw on to build and grow our business, so the development of my own skills is the best investment I can make in my company's future."

## 6.2 GAIN QUALIFICATIONS, BUILD CONFIDENCE

The achievement of professional status – as an independent endorsement of management and leadership capability – builds confidence. “It says that you are the person to lead the enterprise to its next stage of development,” says Scott Harvey CCMI, CMI Thames Valley Board and Managing Director of an SME. Professional recognition can take the form of an MBA or CMI qualification.

The achievement of Chartered status also creates value for the business, through demonstrating its credibility and professionalism.

### GROWTH STORY



**David Law, WJ Law**

### HOW MY MBA HAS BEEN CRITICAL TO OUR FAMILY BUSINESS

David Law is the Executive Chairman of the 112-year-old family business WJ Law, one of Northern Ireland’s leading house builders. He decided to study for an MBA in 2012 – six years after becoming its Chief Executive.

The recession and the property crash sent a seismic wave through the Northern Ireland economy. House prices halved, the number of buyers fell from 120 per year to 45, and our turnover fell from £30m to £8m.

Since then, I have led the organisation through this period of profound change, and moulded it into one that is now lean, customer-focused, outward-looking, collaborative and once again profitable. Instrumental to this was my decision in 2012 to study for an MBA at Ulster Business School. I had several reasons for deciding to do this.

Having weathered the storm of the great recession, there were signs that customers were back in the market and that there were opportunities for both growth and land acquisition at a favourable time. Despite being terribly weakened by the recession, I knew that we had the capabilities to deliver high value through housebuilding.

But the company lacked the resources to buy new land and the climate for bank lending to Northern Ireland property was

## 6.3 RETURN TO SCHOOL

Higher education levels and professional attainment tend to be associated with business growth. If more business owners were to go through more business education, the UK economy would likely be more productive. But it is important to recognise that SME owner-directors are seeking development; they do not want qualifications to be sold to them.

Several business schools observe that the topics that are most popular with small business owners are practical topics such as finance for non-financial managers and employment law, as well as those disciplines that enable owners and their staff to get to grips with running the company, such as people and performance management.

Business schools must recognise that many business owners want access to skills as a simple, direct, short-term fix for these types of problems. They are

not necessarily interested in accumulating CPD points or other credit-bearing courses.

The traditional, generic business studies programmes need to be tailored for the needs of small, growing businesses in terms of the content, skills and competencies required.

Some business schools do collaborate with small businesses to design their programmes. More input from business owners is required. For small businesses to grow, business education can’t just be about schools pushing – businesses have to pull, too.

Other business owners will be looking for a long-term development path that may possibly lead to a formal qualification. Individual owners will be prepared to pay for qualifications and CV enhancements to support their own career development.

non-existent. The business needed equity capital. To add credibility to the WJ Law offer, as personified by myself as its Executive Chairman, I believed that I should gain an MBA qualification.

I knew I would enjoy the academic rigour as well as benefit from the knowledge. I wanted to be able to better frame business concepts in my mind, to be less intimidated by some financial aspects and to utilise these skills in business. I achieved an MBA with distinction in 2014.

Studying at Ulster Business School and repositioning the business has been highly valuable. In the first instance, the market has improved. Crucially, the company has found an equity partner who appreciates our culture. In common with many family businesses, WJ Law hold a long term view; and it is these qualities along with our customer and quality focus that were attractive to our equity partner. There is a good cultural fit. The credibility and the knowledge that I derived from the MBA programme were central to the diligence process of coming together with our partner.

The outcome is a company that now has both the competencies and the financial resources for growth. We are creating shareholder value. There’s no doubt that my MBA has played a critical role in this process.

## 6.4 FACILITATED NETWORKS: BUSINESS SCHOOL KNOWLEDGE MEETS ENTREPRENEURIAL EXPERIENCE

Facilitated peer-to-peer learning, which provides an effective structure within which experienced entrepreneurs can learn from one another, is a crucial aspect of the learning environment for many business owners. A peer group that supports and teaches each other is harnessing hundreds of years of experience of running a business.

“Stepping away from the business is a key step and doesn’t cost anything,” is how one participant puts it. “It forces you to explain your business model, where you want to go with your business and how you intend to get there.”

“The most important feature of the Goldman Sachs *10,000 Small Businesses* programme is the peer learning,” observes Professor Mark Hart of Aston University Business School. “Putting business owners through a programme is one thing, but actually creating a community as they go through is important.”

“You’re no longer the lonely managing director with no one to share your problems; you now have a cohort of 25 peers and 1,000 alumni across the UK,” is how Professor Nigel Lockett, Director of Enterprise Learning at Leeds University Business School and the programme’s Academic Lead, describes its value.

For many business owners, being a member of a network engenders real confidence. “I was worried whether we were biting off too much or whether we could really stretch ourselves to step up into the next league,” is how Research by Design’s Heather Forrester describes it. “Being on a programme with other entrepreneurs told me that, actually, we were not biting off enough”.

## CASE STUDY

University of  
Hertfordshire



### THE HERTFORDSHIRE BUSINESS SCHOOL BUSINESS ACADEMY: PROVIDING AN EASY POINT OF ENTRY FOR LOCAL BUSINESSES

Hertfordshire Business School's Business Academy was launched in 2012 to provide an easy point of entry for local businesses to tap into the Business School's wealth of expertise and support. It has been in operation for three years and in that time has delivered seven conferences and more than 30 networking and 100 training events.

In its first year alone, the Business Academy attracted more than 250 business people through its doors. It continues to expand and broaden its portfolio; it has introduced a complimentary personal membership scheme for regular members to access the benefits more easily.

The Business Academy provides a broad range of development and support designed to meet the needs of small businesses and social enterprises operating in the region. Monthly breakfast briefings, led by an expert academic or professional practitioner, act as an entry-level development point for business owners. There are further development levels for small business owners, managers and their staff, and a range of recognised vocational qualifications with leading professional bodies are available.

The Business Academy partners with many local stakeholders and network groups in the region, holding joint events and signposting members to IOD, CIM, Herts Chamber of Commerce, FSB, CMI, LEP, UKTI and Herts Growth Hub activities.

In its discussions with small firms the Federation of Small Businesses (FSB) has also found that the main source of support that has contributed to the growth of their businesses has been peer networks. Through its networks of branches around the UK the FSB supports 200,000 small businesses, with business owners using their experience and expertise to help fellow members out.



*You're no longer the lonely managing director with no one to share your problems; you now have a cohort of 25 peers and 1,000 alumni across the UK.*

**Professor Nigel Lockett,  
Director of Enterprise Learning at Leeds  
University Business School**

## 6.5 STRATEGIC SPACE: FIND TIME TO REFLECT

Another key benefit of going through a learning programme is that it provides the time to think.

The concept of “strategic space” is important, says the Centre for Enterprise at Manchester Metropolitan University, because it recognises the need “for owner-managers to have the resources, motivation and capability to engage in critically reflexive processes to review and revise organisational practices in order to accomplish learning and transformation”.

It has been central to Manchester Metropolitan's participation in the Goldman Sachs *10,000 Small Businesses* programme: the university has helped 127 businesses in the North West through the programme so far, enabling access to over £3m of direct funding.



## THE GOLDMAN SACHS 10,000 SMALL BUSINESSES PROGRAMME

The 10,000 Small Businesses programme is designed for the leaders of established small businesses who have the ambition and potential to significantly grow their enterprises. Participants benefit from a comprehensive package of support and expertise to help them take their businesses to the next level.

“It has been absolutely magnificent for those who have participated on it in terms of being part of networks and creating a community,” enthused Heather Forrester, Managing Director of Research by Design. “It helps you develop your vision, how you communicate with other people within the network and actually grow and develop yourself, your business and the people in your business.”

“It also helps the way in which businesses look at international markets,” adds Aston University Business School’s Professor Mark Hart.

Recruitment and selection is managed regionally by the programme partners and is targeted at the leaders of established small businesses and social enterprises with typically between five and 40 employees. The selection process aims to identify participants whose businesses have the potential to grow significantly and whom the programme can help to achieve this growth. There are no restrictions with respect to other characteristics of the business or the applicant.

Participants have to be established businesses with employees; they cannot be sole traders without employees or start-ups. Applicants must be open to the idea of taking on this form of business support. The programme’s second report, *Empowering Entrepreneurs, Accelerating Growth*, published in late 2014, concluded that participating businesses grew by between ten to 25% over the growth that they would have achieved anyway. 90% of participants grew net employment three years after starting the programme; 88% grew turnover.

After participating in the programme, businesses are on average growing employment between 16% to 26% per year, and growing turnover at between 23% and 42%, depending on when they graduated.

Relative to the wider UK small business population, the participants in the Goldman Sachs ‘10,000 Small Businesses’ are heavily skewed towards the high-growth end; there being more than two times more faster-growing businesses among them than in the economy as a whole.

“The cohort of growing businesses in the 10,000 Small Businesses programme is not a straightforward representation of the broader UK small business population,” notes the report. “The crucial question is not whether the UK participants are representative of the wider small business population, but whether they are representative of a subset of that population that is useful to understand better.”



*Being part of networks helps you develop your vision, how you communicate with other people within the network and actually grow and develop yourself, your business and the people in your business.*

**Heather Forrester**  
Managing Director of Research by Design.





## UNLOCKING GROWTH: THE LEEDS UNIVERSITY BUSINESS SCHOOL PERSPECTIVE ON THE GOLDMAN SACHS 10,000 SMALL BUSINESSES PROGRAMME.

Our challenge was to provide effective learning and development for SMEs with true growth potential. This was based on the view that access to a combination of business support and leadership development opportunities can give the impetus and knowledge for SME owners to grow their businesses.

The goal of the programme was to provide the tools, knowledge and resources to help the participants lay foundations for long-term, sustainable business growth and job creation.

The main objective of the programme was to unlock the economic and job creation potential of small businesses and social enterprises, by breaking down some of the barriers to growth, one of which is access to high quality leadership education.

### The strategy

We developed an engagement strategy to ensure that we could reach the maximum number of small business owners. We did this through the creation of a referral partner network: we set ourselves the target of 60 good quality applications. From this pool we recruited between 25 and 30 business owners to take part in each programme cohort.

The programme of support comprised:

- ten modules, each addressing a particular aspect of growth
- a series of bespoke workshops to cover specific topics that were not covered in the modules
- one to one business coaching.

Each business that completed the programme then created a business growth plan. The programme runs over a five-month period, with two cohorts of business owners per year, and the participants are expected to be the owner and/or key decision maker in the business.

We paid specific attention to the way in which we delivered the programme in order to ensure that it was practical, relevant and had adequate opportunity for learning from peers.

### The results

273 small business owners have completed the programme in Yorkshire & Humber since we started in October 2010; 31% were female-owned businesses, which compares to 19% across the UK.

Business owners have changed their behaviour. More than 90% say that they are more confident in their ability to successfully grow their business; a similar percentage is more confident in their ability to introduce new internal systems or processes.

As one participant put it: "The programme's impact has been life-changing for me. I have more confidence in myself and my business, a new set of practical skills and approaches and an incredibly valuable peer network who won't allow me to accept the status quo any longer."

### The lessons

A number of years ago we developed a series of principles from the research into how SME business owners learn. Working on the Goldman Sachs '10,000 Small Businesses' programme and applying these principles we have learnt that these principles have a great deal of currency.

- Understand the context of the SME business owners Design, build and deliver programmes from this perspective: SME business owners don't recognise the corporate world.
- Stimulate entrepreneurship and determine the stretch SME managers generally are concerned with current interests, seeking improvements to current ways of working. Programmes should recognise this and be practical.
- Respond to the time-frame as appropriate Most SMEs have extremely short planning horizons. However, there is a significant association between an SME's approach to strategic planning and its business performance. Those who create a strategic space for their owners to work with time-frames up to five years, prove to be profitable with a greater capacity to grow, innovate and develop new products.
- Determine the measurement and what is valued How SMEs measure their performance is strongly connected to managers' response to what they learn. SME owners are very competitive: the learning environment must play to this.
- Engage with the identity and interests of the manager Learning should engage managers; they should feel that is directed at and by them. Abstract concepts are unhelpful if they do not help learners to create an image of themselves as leaders. Learning materials and methods should be rooted in the real world and in the context of particular groups.
- Develop communities of practice The social dimension of learning is crucial to success; collective knowledge is created in conversations during which learners share information, seek help and generally give meaning to their work. Peer-to-peer learning is a very powerful and effective method of learning for SME business owners.

## 6.6 CHARTERED MANAGER: THE STANDARD OF MANAGEMENT EXCELLENCE

Chartered Manager is the highest professional accreditation in the field of management and leadership. According to recent research<sup>7</sup>, Chartered Managers make a significant impact on the performance of their companies. On average, Chartered Managers add £391,000 of value to the organisations they serve.

Of the 535 Chartered Managers surveyed, 96% use the accreditation of proof of experience of leading people and managing change; 95% say that Chartered status shows their integrity and commitment to ethical behaviour; and 83% say that they are better managers after achieving Chartered status. Chartered Managers make significant contributions in many areas to their businesses: 80% report success in developing new products or services; 86% have improved operations; and 73% have exceeded their targets.

There are a number of routes to achieving Chartered Manager status for SME managers and leaders. Many business schools are now building Chartered Manager into their education and training programmes.

## CASE STUDY



### CASE STUDY: THE OPEN UNIVERSITY BUSINESS SCHOOL

Founded over 30 years ago, the Open University Business School has educated more than 90,000 postgraduate students – 25,000 to MBA level – from over 100 countries. Since late 2013, the OU has offered Chartered Manager as part of its postgraduate business and management offer for students and alumni.

According to Jacqui Thomasen, senior manager (external engagement) for the OU's business school, Chartered Manager is a "gold standard" accreditation for individuals to combine theoretical learning and real-world application. Says Jacqui:

"The OU business school provides students with a practice-based business education, along with opportunities for development that deliver a beneficial personal, social and economic impact. We partnered with CMI to offer Chartered Manager to our postgraduate students because we saw a strong fit between our respective missions and values."

#### **Demonstrates theoretical learning applied in practice**

"We have a huge community of postgraduate students and alumni. They come from around the world and work across many different sectors. The one trait they all share is a commitment to developing their management skills and knowledge. We promote Chartered Manager as part of our postgraduate offer because it demonstrates theoretical learning applied in practice, as well as defines standards of ethical and progressive practice."

#### **Chartered Manager fits our MBA programme**

"On a practical level, Chartered Manager fits seamlessly with our MBA programme. The first year of the course counts as the educational component in Chartered Manager. Our students are able to progress quickly through the process to become Chartered Managers. I think that's because of the synergy between OU and CMI. We both engender reflective learning, and reflective practitioners."

In addition to our current students, our alumni are also taking a great interest in Chartered Manager. Some view an MBA as the end of the line for formal educational, but understand the need to stay current with best practice and are now saying 'I'm really committed to staying up to date with the latest thinking, latest practice, and Chartered Manager is how I do it.'"

#### **A 'gold standard accreditation' for OU business students**

"Since we've introduced Chartered Manager, the student and alumni feedback has been overwhelmingly positive. So much so we're now looking to roll out Chartered Manager to some undergraduate programmes too. They want to show what they're capable of outside of the classroom. Chartered Manager signifies real-world achievement, which our students say complements their qualifications and enhances their CVs – it's the gold standard management accreditation."

<sup>7</sup> Mapping Management Excellence: Evaluating the Impact of Chartered Manager, CMI, 2015

# 7. FINDING AND ACCESSING THE RIGHT SUPPORT

The breadth of support schemes for small businesses is large and confusing. In this chapter, we show how business schools, professional bodies and other organisations can guide business owners accurately and effectively.

## CASE STUDY

**ual:** university  
of the arts  
london  
london college  
of fashion

### THE CENTRE FOR FASHION ENTERPRISE AT THE LONDON COLLEGE OF FASHION: A PIONEERING INCUBATION PLATFORM

The London College of Fashion hosts London's pioneering incubation platform for emerging fashion designers – the Centre for Fashion Enterprise. It was created as the response to the continuing failure of talented fashion designers whose shows at London Fashion Week attracted global press attention but were unable to deliver product or sustain a business. Not only was this detrimental to the fashion sector, it was also poor for London's reputation.

CFE was launched at London College of Fashion in 2003 with the financial support from the Mayor of London to assist London-based designers to monetise their talent.

Today CFE supports more than 120 emerging fashion designer businesses each year, with a four-tiered business development programme structured to take businesses from market entry through to investment readiness.

It has incubation studios and workshops in the East End of London and has a business

support, global sourcing and manufacturing, and a fashion-tech team. CFE also delivers fashion industry research, development and consultancy.

Every year CFE puts out a call for applications for its Venture Programme and selects up to five designers for the two year "residency." The designers must demonstrate a relevant creative talent matched with an entrepreneurial ability, while CFE must feel that it can add value to the business. The Venture Programme gives studio and workshop space, access to networks, industry expertise, sales, business and legal support and financial planning advice.

The success of CFE is only becoming visible as businesses supported from 2007 are now scaling up, showing that it takes seven or eight years for a designer label in UK to begin to explore its full business potential. The timing and tone of the delivery of advice and support is the key to success.

Businesses that access support are more likely to succeed than those who do not. “You achieve much stronger performance if you get business support,” says Hugh Lightbody, Chief Officer of the Business Gateway National Unit in Scotland.

Yet many businesses still do not look for that support or do not know where to find it. It is not possible for a small business owner to be aware of the giant jigsaw of support schemes. “When you are a small organisation and you do everything within the organisation, it’s very difficult,” admits one business owner, “because you are running on the treadmill trying to keep up with everything.”

“Despite moves towards simplifying the support landscape, there remain a large number of schemes, each with different objectives, eligibility, funding and contact points,” notes the House of Commons Business Innovation & Skills committee in its February 2015 parliamentary report, Government Support for Business. “Over 600 different schemes are currently advertised on the Government’s website, covering different locations, different industries, and being supported by different funding sources.”

For a small business to understand what support is available locally, or from a national scheme, means that they must connect into the business support ecosystem – and that this ecosystem is effective.



## CASE STUDY



### LEEDS LEP SKILLS SERVICE: IDENTIFYING SKILLS NEEDS AND TRAINING SOLUTIONS FOR GROWING BUSINESSES

The Leeds City Region Enterprise Partnership (Leeds LEP) plans to encourage 5,000 more SMEs to participate in training – which will unlock £21.5m of skills investment by employers – and to create 3,000 apprenticeships above and beyond its existing targets.

Earlier this year the Leeds LEP won funding through the government’s Employer Ownership Pilot to create a £13.9m skills service for local businesses. Its skills service is delivered by a consortium made up of Calderdale College, Leeds City College, West and North Yorkshire Chamber of Commerce and Mid-Yorkshire Chamber of Commerce and Industry on behalf of the West Yorkshire Consortium of Colleges.

The Leeds LEP skills service helps businesses identify their skills needs based on business growth objectives, and then finds the right training solutions to match. The training provision is employer-led – businesses can design their own solutions and plug gaps in the market. Companies throughout the Leeds City Region with a budget to put towards training may also be eligible for funding of between £500 and £50,000.

Already, more than £450,000 of training provision has been supported and 50 applications approved. The highest number of successful applications is coming from the manufacturing and engineering sector; the majority of training requests have been for leadership and management.

“The skills service is an amazing opportunity for businesses,” says Jeremy Smith, Director of Wakefield-based manufacturer Custompac. “We were able to pull together a complete training plan, get funding for training, advance our staff skills and stay ahead of the competition.”

### 7.1 SIGNPOST ORGANISATIONS: POINTING THE WAY TO APPROPRIATE SUPPORT

Local Enterprise Partnerships (LEPs) play an important role in advising businesses on where to find the right support. Several LEPs have designated network navigators who are specifically tasked for guiding businesses through the bureaucratic processes.

As illustrated by the case study of MeArm Robotics and Nottingham Growth Hub (opposite), growth hubs can provide local mechanisms for businesses to understand what schemes are available and whether they are eligible.



*My biggest takeaway: don't try to do everything on your own. There are excellent organisations that have the experience and expertise you're looking for.*



## GROWTH STORY

**Ben Gray,  
MeArm Robotics**

## THE VALUE OF A GROWTH HUB

MeArm makes educational robots. It started when I made the first version of our current product and shared the files online. People started building them with their 3D printers and laser cutters and then I started to get requests for kits. At the time I was running another business but this little project I had started took off.

MeArm Robotics was founded in October 2014. I set out to share the designs of our product freely and rely on virality to market the product and build our brand. I hoped it would also speed up our R&D: the open source model has been very successful in software and we're hoping it can be in the hardware world too.

We have sold around 3,000 of our prototypes, and more than twice that many "wild" MeArms have been built by makers on every continent except Antarctica. About one in 200 of these prototype builders have contributed to the code, design and even lesson plans. The development team in my business has gone from me in Nottingham to 50 people in countries such as Peru, Canada, South Africa and Taiwan.

The initial market was confined to people who are interested in electronics. The next phase was to extend the market, so that all you would need to build a MeArm is an Allen key and enthusiasm.

To fund this stage of development I turned to crowdfunding on Kickstarter. I was looking for £5,000 but in three weeks over Christmas we raised £25,000.

Today, MeArm now consists of three people. We are focused on developing this new, easier to build, and super-simple-to-control product.

### The challenge

The largest challenge I faced was finding good people to share the workload, whilst managing the workload. Finding time to write a job spec, advertise, interview and get the right candidate was extremely difficult.

Another challenge was meeting people with access to knowledge and resources within the local area. It's hard starting a new business and invaluable to meet people in business that have experience, knowledge and resources that can help us grow.

The company was experiencing fast growth but I wasn't able to cope with it on my own and I felt too time-poor to do anything about it.

### The strategy

I increased my business network in Nottingham. I made a conscious effort to go to at least two networking events a month. Through these, I was looking for advice from others on how best to recruit and find relevant knowledge and resources.

It wasn't a direct way to solve my daily problems but it allowed me some distance from the business – even for just an hour – and would allow me to meet people who had been where I was.

### The results

I was very fortunate at these events to meet the team from the Nottingham City Council Growth Hub, who demystified the help that was available to my business and who also to introduce me to people from organisations such as the DWP, the Nottingham Jobs Fund and the Nottingham Manufacturing Network. They all took time out to meet me, understand the needs of the business and take action to help me grow my business.

### The lessons

My biggest takeaway: don't try to do everything on your own. There are excellent organisations that have the experience and expertise you're looking for. The time spent with them has paid me back probably 100-fold. Rather than going it alone, I could tap into their networks and knowledge to grow my business at a much faster rate.



**MANCHESTER GROWTH HUB:  
THE ‘RECIPE FOR SUCCESS’ PROGRAMME**

Greater Manchester’s Business Growth Hub has successfully delivered a growth programme that has helped to get five local food and drink businesses onto the shelves of Tesco supermarkets.

The Hub’s ‘Recipe for Success’ consisted of a series of free seminars and workshops, which covered topics such as issues pricing, what major retailers expect from suppliers, and product development. Those who were deemed retail-ready then had the chance to pitch their products to Tesco. This led to five of the seven participating businesses securing provisional orders with the supermarket chain.

The success of this Dragons’ Den-style event has provided a platform for small businesses to get their products onto the shelves of a national supermarket, gain brand awareness and map their route to new markets.

**7.3 PEER NETWORKS: THE  
ROLE OF PROFESSIONAL  
BODIES**

Professional bodies such as the CMI host many events that bring together local businesses, institutions as well as other parts of the business support ecosystem. Annually, more than 4,000 individuals attend the CMI’s networking opportunities, which connect them locally as well as creating new links and relationships. These are supported by CMI social media and online platforms.

These networks are particularly helpful to business owners as they seek to identify appropriate expertise and available resources; they provide navigation and signposting. They also draw in expertise from a wider pool of management.

**7.2 BUSINESS SCHOOLS AS  
ANCHOR INSTITUTIONS**

There are many organisations that provide professional training and advisory support to small businesses. In order for the power of these to be fully leveraged, there is a role for a convening institution. The universities – and their business schools – can play this part. They provide a neutral, stable setting that is both a credible learning environment and one that is deeply networked into the local and regional economies.

“We’re encouraging businesses to come through The SME Centre as a gateway to accessing support across the university but also the access the breadth of support that exists outside,” says Kirsty McManus of Ulster Business School. “There’s so much support out there that the market is confused, so we are trying to become a one stop shop for small businesses and a screening point.”

“Business schools are in a unique position to support businesses by helping them grow and to make a significant contribution to local and

national economies,” wrote Baback Yazdani, Dean of Nottingham Business School, Nottingham Trent University, in the *Financial Times* (December 14, 2014).

“Business schools cannot sit back and wait for these ventures to come to them. Resources should be dedicated to meeting businesses and utilising business networks. There is certainly more that business schools can achieve if they take the time to communicate directly with local business and take the trouble to understand the type of support that these ventures need.”

**CMI: building relationships  
with small businesses and  
business schools to improve  
management and leadership**

Championing higher education and training is central to CMI’s mission to increase the number and standard of professionally qualified managers and leaders, particularly for those working in SMEs. According to CMI research, just one-third of small businesses use business schools for training their staff<sup>8</sup>. Addressing the management and skills shortfall depends on CMI building relationships with business schools and small businesses.

CMI now has partnerships with over 85 business schools – two-thirds of the UK’s 135 total. Partnerships are evenly distributed through the business school rankings table, so CMI’s offer appeals to elite, red brick and post-1992 institutions. In the past 12 months, nearly 5,000 higher education learners have emerged from their studies with CMI-accredited qualifications and accreditations.

**INVEST NI: LEADERSHIP AND MANAGEMENT SUPPORT FRAMEWORK**

The ultimate aim of Invest NI is to increase the productivity of the companies with which it engages. It recognises the impact of leadership and management on company performance and directly supports the development of knowledge and skills through its Leadership and Management Support Framework (LMSF).

This framework includes the Leader Programme, which is designed for the owner-manager and includes business mentoring, leadership coaching and peer networks to share learning and provide access to best practice. The framework was expanded in 2014 to include the Leadership Team Programme for the Managing Director plus two members of the senior management team. It comprises of executive education and business coaching. The Leadership Space has been developed to facilitate the alumni for both programmes.

Both programmes are based on the need to challenge the business practice and the individual behaviours of participating directors and to help remove blockages for growth. Reviews and feedback help to fine-tune the content: in response to customer needs, additional

days have been provided on relevant subjects such as advanced communication and strategy. For the Leader Programme, customers were provided with pen pictures of mentors and given the time to self-select mentors based on their individual needs – satisfaction levels now sit at 100%.

Overwhelmingly, participants feel they are more strategic in their business vision and outlook, planning, staff management and communications. One company that attended the Leadership Team Programme in its first year reported that it had exceeded its sales targets by 28%, extended into two new markets of Denmark and Australia, and enhanced its productivity to take on additional work streams as it was servicing more customers.

Invest NI collaborates with the Department for Employment & Learning (DEL) to raise awareness of the importance of leadership and management to Northern Ireland businesses. Through two online diagnostic tools, companies can take part in a business and individual assessment which then guides them to relevant support from both organisations.

CMI's educational reach continues to extend, with the professional body regularly forming new and notable higher education partnerships. Recent examples include CMI signing a Memorandum of Understanding with Coventry University in March 2015, laying the foundation for CMI accreditations and member benefits to be embedded in a range of undergraduate and postgraduate courses. Over the last two years, CMI has also linked up with the likes of Leicester, Brighton and Nottingham (NTU) embedding CMI qualifications into their undergraduate and postgraduate (including MBA) degree programmes.

But CMI's higher education partnerships run deeper than just enhancing curricula and bolstering business students' professional accreditations and qualifications. Partner institutes also benefit from access to CMI's network of

thought leaders. For example, CMI's Chief Executive Ann Francke and president Mike Clasper delivering keynote speeches at the University of Wolverhampton's annual Crystal Lecture and at the University of the West of England Bristol's annual Bolland Lecture as part of the Bristol Distinguished Addressed Series. There, attendees also have the opportunity to meet industry leaders. The programme includes a one-to-one debrief session to receive constructive feedback and make plans to further develop and grow their businesses.

Such networks provide business owners with easy access to expertise from a wide pool of experienced managers and resources normally outside of their reach. Small businesses only stand to gain from becoming part of the networks formed between CMI and their local business schools. Stronger collaboration between business schools, small

businesses and CMI will lay the groundwork for greater innovation, management capability and growth.

These networks are particularly helpful to business owners as they seek to identify appropriate expertise and available resources; they provide navigation and signposting. They also draw in expertise from a wider pool of management.

In other words, a small business does not need to know all the details of all the support schemes – but they can make sure that they know people who do.

# CONCLUSIONS AND RECOMMENDATIONS

## CONCLUSIONS

*Growing Your Small Business* highlights the need for professional bodies including CMI, Chartered ABS and its Small Business Charter, to work harder in building three-way relationships with business schools and SMEs.

Establishing, nurturing and supporting these relationships is essential to the collective aim of increasing the number and standard of professionally qualified managers and leaders. Doing so will vastly improve SMEs' prospects for long-term survival, improved productivity and growth, which are currently undermined by a huge skills shortfall among their managers and leaders.

While the three-way relationship is one of mutual interest, professional bodies and business schools must take the leading roles in initiating and implementing change. Professional bodies and business schools must now act together to address four key areas to achieve success. These are:

- Make it easier for SMEs to put their managers and leaders into education and training programmes.
- Cement business schools' position at the heart of regional economies
- Educate SMEs about the business value of employing graduates and upskilling existing staff with professional management qualifications
- Ensure business students recognise the value of working for SMEs

## RECOMMENDATIONS

### 1. Increasing the access and signposting to professional pathways

#### 1.1 Better signposting to management and leadership support:

SMEs across the UK consistently report that they are not accessing the support and advice they need on management and leadership development. This is because most are simply unaware of the issue of MLD as being key to performance, whereas others are unaware advice and support is available. For those few SME leaders and managers who are aware of the issue, either they do not know who to turn to, or if they do are overwhelmed by the choice and spread of disparate information. Better sign-posting would therefore direct SMEs to the practical information they need.

A key outcome from *Growing Your Small Business* has been the development of a new geographical heatmap of SME activity aligned to a database of business schools and support offered.

The *Growing Your Small Business* signposting tool (visit [www.managers.org.uk/growingSMEs](http://www.managers.org.uk/growingSMEs)) has been designed to help employers and managers identify local and appropriate support from business schools. Across a map of the UK, there are flags marking every business school, which include business-friendly contact points. The heatmap provides separate flags to showcase those business schools that are part of the Small Business Charter,

and the map can also be used to identify the providers of the new Chartered Manager Degree Apprenticeship.

Collaboration must also improve between professional bodies and Growth Hubs, Local Enterprise Partnerships (LEPs) in England, and other key business referral agencies including Invest Northern Ireland, Business Gateway in Scotland and Business in Focus in Wales (the successors to Regional Development Agencies). These bodies play a vital role in offering business advice to start-ups and SMEs. But LEPs and similar bodies are strictly responsive to local businesses' requests. Given that the majority of SMEs do not recognise lack of management and leadership skills as a barrier to growth, it is unsurprising they do not proactively provide advice on professional training and education.

LEPs and others must therefore work with anchor organisations like CMI to understand the challenges and convey them to SMEs in their region. They should access and share vital information on upskilling management to promote growth, such as through the heatmap and CMI's learning portal ManagementDirect. They can also point SMEs to applying for anyone of a multitude of government funding schemes to subsidise the cost of education and training for their managers.

#### 1.2 Bite-sized and blended learning:

Many business schools now offer courses in accessible formats, including executive education delivered in partnership with the CMI. Business



schools should do more to offer many more bite-sized courses, meeting the time and cost constraints of SMEs, but still leading to nationally recognised professional management qualifications.

### **1.3 Degree apprenticeships for all:**

The forthcoming trailblazer Chartered Manager Degree Apprenticeships will be able available to all from autumn 2015. Under the scheme, employees can 'learn as they earn' with their employers picking up a third of their education costs and the Government funding the rest. Recognising that the costs can still be a significant barrier to many SMEs, there are further funding incentives available for SMEs taking on apprenticeships. This new high-level apprenticeship programme has been developed working with SMEs and provides a new route for ensuring SMEs can invest in professionalising their management. Visit [www.managers.org.uk/degreeapprenticeships](http://www.managers.org.uk/degreeapprenticeships) for details.

Professional bodies and business schools should work with Government to promote both professional qualifications and these new apprenticeships far more widely to the SME community.

## **2. Cementing business schools' position**

### **2.1 Put the Small Business Charter and business schools at the heart of SME support:**

Business schools and universities are stable, long-term institutions with the facilities and expertise to support small businesses. They are already part of their local economic ecosystems across the UK and we want to ensure they are recognised as primary destinations for business support. The Government worked with Chartered ABS to put in place the Small Business Charter ([visit smallbusinesscharter.org](http://visit.smallbusinesscharter.org)). Government and local economic agencies should continue to support the Small Business Charter, and business schools who work with SMEs, by ensuring that Growth Hubs, LEPs and other key business referral agencies signpost small businesses towards the Small Business Charter business support programmes and business schools across the UK.

### **2.2 Business schools should be encouraged to attain Small Business Charter:**

Business schools need to be more open and accessible to SMEs, with clear sign-posting for SMEs through the institution. They have to communicate

that they are more than providers of executive education for large corporations, or incubators for student start-ups. Both these functions are important but they need to communicate that they are set up to support businesses at any stage and of any size. In tandem, business school programmes need to be flexible and evolving with the changes in the business environment. Business schools who engage in supporting small businesses should be encouraged to achieve a Small Business Charter award to support them to gain the recognition and raise the profile of the support they can provide their local business community.

## **3. Aligning education to the needs of small businesses**

3.1 A curriculum that really prepares students: SMEs commonly perceive business schools to be too focused on preparing students for working in large businesses. While there is a great overlap in the core management skills required for organisations of all sizes, SMEs typically have specific skills requirements that are not addressed in all programmes. Professional bodies and business schools must consult with SMEs to identify these knowledge and skills deficits and develop curricula that either build SME skills needs into courses, or make it an optional course for students.

### **3.2 Connecting SMEs with qualified graduates:**

SMEs started and built by leaders and managers with little or no relevant qualifications are most resistant to the notion of needing staff with professional management qualifications. Overcoming this resistance and changing these mind-sets will be a long process. Change will only come from the bottom-up, with successful management graduates initiating a culture change within the business. Local Enterprise Partnerships in England, and other regional organisations such as Invest Northern Ireland, Business Gateway in Scotland and Business in Focus in Wales, professional bodies and business schools must focus on developing job-matching programmes for graduates and SMEs in their region.

### **3.3 Seeking support from mentors and consultants:**

SMEs with a small staff typically struggle from having a reduced pool of knowledge and experience compared to larger organisations. Whether it is pride,

determination to succeed on their own terms and strengths or a lack of awareness of the external support available, too many SMEs falter from their drive to 'go it alone'. CMI provides a membership mentoring scheme called CMI Achieve ([www.managers.org.uk/mentors](http://www.managers.org.uk/mentors)). The CMI's Institute of Consulting also offers a database of the UK's most eminent business consultants through its Find a Consultancy service.

Advisory and support bodies, such as LEPs, across the UK need to be aware of such services offered by professional bodies, and build on these rather than create a plethora of new regional initiatives.

## **4. Student recognition**

### **4.1 Make working in a small business an aspiration for students:**

Undergraduate, and even postgraduate students typically view big companies as offering greater career opportunities, higher salaries and higher status roles compared to SMEs. Professional bodies and business schools must therefore partner to help to change mindsets among existing and prospective students.

The curriculum in the classroom and careers guidance should all help to showcase the benefits of working for a smaller company, placing working for SMEs on an equal footing with larger companies. CMI and other professional bodies need to share far more case studies and success stories to help foster ambitions.

4.2 **Work experience:** Students' career ambitions are naturally set by seeing and experiencing businesses in action. It is hardly surprising that students aim to work for big blue chips when these are the businesses lionised in the media. Meanwhile, SMEs are all too often unsung heroes in spite of employing nearly half of the UK's private sector workforce.

Professional bodies and business schools must unite to promote work experience and long-term placement programmes with SMEs in their region to give students the fullest opportunity to be exposed to the range of career options available.

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CMI is the only chartered professional body in the UK dedicated to promoting the highest standards in management and leadership excellence.

With a member community of over 100,000, CMI has been providing forward-thinking advice and support for more than 60 years. We continue to give managers and leaders, and the organisations they work in, the tools they need to improve their performance and make an impact.

We are a UK awarding body for management and leadership qualifications, and the only body that awards Chartered Manager, the hallmark of any professional manager.

Through in-depth research and policy surveys CMI maintains its position as the premier authority of key management and leadership issues.

Further information is available at [www.managers.org.uk](http://www.managers.org.uk)

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