
NORTH EAST LOCAL ENTERPRISE PARTNERSHIP

MAPPING OF BUSINESS AND ENTERPRISE SUPPORT IN THE NORTH EAST LEP REGION

FINAL SUMMARY PAPER

Prepared for: Dinah Jackson and Lee Cranston, North East LEP

Prepared by: Leigh Sear, SFEDI

Date: September 2014

Version: 4

1. Introduction

- 1.1 In June 2014, the Small Firms Enterprise Development Initiative (SFEDI) was commissioned by the North East Local Enterprise Partnership (North East LEP) to undertake a mapping of the business and enterprise support in the North East region.
- 1.2 As a result of a number of recent changes and developments at a regional and national level, the North East identified a need to develop an understanding of the extent and nature of business and enterprise support services¹ across the LEP region. A mapping of provision would provide valuable intelligence and insights around:
- The coverage of business and enterprise support across different groupings or segments of the business and enterprise community in the North East region;
 - Key areas of duplication and any gaps in provision, particularly in terms of key strategic priorities;
 - Levels of performance and/or effectiveness of provision, to assist in identifying examples of effective practice.
- 1.3 As such, the mapping could be used to inform:
- Current strategic considerations and discussions around the future business and enterprise support landscape;
 - Decisions around the take-up of regional options associated with national initiatives (e.g. Growth Accelerator, Manufacturing Advisory Services) and the commissioning framework for the next round of European funding
 - Development of the recently announced Growth Hub in the North East region;
 - Engagement activities with businesses service professionals as intermediaries in the provision of services.
- 1.4 This summary paper outlines the key issues to emerge from the mapping of the business and enterprise support services in the North East region. The aim of the paper is to identify the key issues around the extent and nature of provision in the North East region, and the associated implications for future developments, as opposed to providing a detailed analysis of the types of services offered. These insights can be gleaned from the Directory of Support Services developed as part of the project.

¹ For the purposes of this mapping, business and enterprise support was defined as forms of external assistance which can be used by a small and medium-sized enterprise excluding financial provision. This focus reflects the depth of the existing information base related to financial provision within the North East region which can be accessed through the North East Access to Finance (NEA2F) guide. In part, the mapping provided an opportunity to extend the extent and depth of the 'business support' section of the current guide.

2. Aims and Objectives

- 2.1 The overall aim of the project was to undertake a review and mapping of the current provision of business and enterprise support services across the North East region.
- 2.2 Specific objectives included:
- Map and segment current provision available to businesses including national, regional and local (i.e. provided at the local authority level) schemes from the public, private and the 'third' sector;
 - Identify boundaries to the accessibility, the appropriateness of current provision and any limitations with respect to the time limited nature of specific business support services;
 - Collate and make sense of the outcomes from the mapping
 - Organise the outcomes from the mapping in accordance with guidance from the LEP;
 - Work with the LEP to present the outcomes from the mapping in a clear and intuitive way, to support use by a range of stakeholders on the demand and supply-side.

3. Approach

- 3.1 Our approach to undertaking the mapping exercise has been based on using a combination of quantitative and qualitative methods of investigation. Quantitative methods have been used to identify issues around the extent and coverage of business and enterprise support services, such as the type of support provided, type of provider, scale of delivery and type of businesses targeted. This has been complemented by the use of qualitative methods to identify the depth and effectiveness of current programmes of support (e.g. levels of use, gaps in current provision).
- 3.2 There have been three key stages to the mapping of business and enterprise support.
- Stage 1 - Desk-based review of support services**
- 3.3 The mapping commenced with a desk-based review of the NEA2F guide, organisational websites, support directories and service guides, promotional material and service literature, business magazines and previous mapping and audits.
- 3.4 This identified 91 organisations from the private, public and not-for-profit sectors which potentially offered some form of business and enterprise support in the North East region.

Stage 2 - Consultations with providers of business and enterprise support services

- 3.5 A total of 20 face-to-face and telephone consultations have been undertaken to date with providers of business and enterprise support services. A list of organisations consulted as part of the mapping is included in Appendix 1.
- 3.6 The consultations have focused on the following issues:
- Extent of provision offered by the organization;
 - Key characteristics of the services provided (e.g. scale of delivery, type of offer (advice, consultancy, coaching, finance, information, networking, mentoring, premises, training), degree of segmentation);
 - Nature of funding and associated restrictions;
 - Perceptions on key overlaps and gaps in the current landscape;
 - The effectiveness of provision within the region and key areas for future development.

Stage 3 - Sensemaking and reporting

- 3.7 This involved collating and reviewing the material collected through the desk-based review of provision and the consultations. This assisted in reviewing the services provided by the 91 organisations identified through the initial review. This review process created a listing of 81 organisations who provided at least one form of business and enterprise support to SMEs within the North East region. Upon closer inspection, a number of organisations on the original listing either provided services that were not accessible by SMEs within the North East region and/or were advertising services which had been discontinued (e.g. through lack of funding or changing priorities). These organisations were removed from the listing.
- 3.8 Other activities undertaken to make sense of the identified services included:
- Development of a business support mapping template to assist in presenting the outcomes from the mapping exercise in a format which could be used by both the demand and supply-side;
 - Completion of a mapping template for specific services from the mapping exercise;
 - Development of a business support directory. The directory provides a listing of: name of organisation; organisational status/type; number of services provided; scale of delivery; name of service; type of support offering; type of business targeted by stage of business development;
 - Identification of existing business support service evaluations.

4. Key Headlines and Highlights: An Assessment

4.1 The mapping has identified 81 organisations providing a total of 335 services. Therefore, at a local and regional level, this business and enterprise support landscape is somewhat complex involving a relatively large number of providers, with a series of interdependencies and interconnected relationships and networks.²

Extent and nature of the business and enterprise support landscape

4.2 Within this landscape, there are seven types of organisation providing business and enterprise support:

- *Government bodies and agencies* such as the Department of Business, Innovation and Skills, Department of Energy and Climate Change and HMRC. This structure of provision is not fixed, as changes over the last 18 months have highlighted, which has created a number of ambiguities in the landscape at a local and regional level. For example, the recent announcement of funding for the development of Growth Hubs by BIS will influence the nature of provision at a regional level;
- *National schemes provided at a regional level*, such as the Growth Accelerator and Manufacturing Advisory Service, who primarily provide services targeted to businesses with growth potential;
- *Local enterprise development organisations* who primarily provide 'soft' forms of business support (e.g. coaching, mentoring) to specific groups of individuals and businesses at the early stages of business development (e.g. pre-start and start-up). Within the North East region, the key providers within this grouping are the local enterprise agencies;
- *Local authorities* who tend to focus on providing 'hard' forms of business support (e.g. information, finance, premises) to a range of different types of business;
- *Business and enterprise associations, networks and institutes* which are business or sector-led and provide access to information and opportunities for businesses to network and learn from each other;
- *Private sector providers* supporting different aspects of developing and managing a business such as finance, marketing and sales and people development;
- Broad range of *other providers*, such as FE colleges, universities and managed workspace providers, who are involved at a local, regional and national level and offer a range of different services including both hard and soft forms of provision.

² Comparisons of the business support landscape in the North East with other regions are somewhat difficult given differences in institutional and governance structures and the business community. However, a mapping of business and enterprise support in the Liverpool City Region LEP area, undertaken by SFEDI, identified 74 organisations providing 310 services. However, this mapping included an extensive mapping of financial assistance for SMEs which was not mapped in the North East region.

- 4.3 There are a number of key features associated with these organisations and their provision for SMEs in the North East region. In terms of organisational 'status', Table 1 highlights nearly two-thirds of the organisations are not for profit organisations. In comparison, 23 per cent are private sector organisations and 17 per cent are public sector organisations. The majority of the not for profit organisations within the North East are local enterprise development organisations and business and enterprise associations, networks and institutes.

Table 1: Organisational characteristics

	Frequency
<i>Organisational status:</i>	
Private	19 (23%)
Public	14 (17%)
Not for profit	48 (60%)
<i>Scale of delivery:</i>	
Local/sub-regional	24 (30%)
Regional	48 (59%)
National	19 (18%)
Total no. of organisations	81 (100%)

- 4.4 Nearly 50 per cent of organisations provide four or less services to SMEs in the North East region with an average of 4.13 services per organisation (see Table 2). However, this average masks a large diversity in the number of services provided by each organisation. On the one hand, there are a number of organisations providing only service or programme, whilst on the other hand, there are organisations providing between 8 and 10 services to businesses in the North East region. There are no marked patterns in the number of services provided by different types of business support organisation, although local authorities and business and enterprise associations, networks and institutes are more likely to offer a larger number of services.

Table 2: Service provision – Number of services

Number of services	Frequency
1	14 (17%)
2	10 (12%)
3	5 (6%)
4	15 (19%)
5	13 (16%)
6	13 (16%)
7	6 (7%)
8	3 (4%)
9	0 (0%)
10 and over	2 (2%)
Total no. of organisations	81 (100%)

- 4.5 In terms of scale of delivery, the mapping identified that there is a focus on regional provision with 59 per cent of organisations offering some form of service at a regional level. In comparison, 29 per cent of organisations offer some form of service at a local/sub-regional level (see Table 1). There are a number of organisations, such as local enterprise development organisations, which offer services at both a sub-regional and regional level. In comparison, services from private sector providers tend to be offered at a regional level. In addition, there are a number of differences in the type of services provided at a local, regional and national level. For example, there is a greater focus on 'soft' forms of provision (e.g. advice, coaching, mentoring) at a local/sub-regional level. In comparison, 'hard' forms of provision, such as finance and information, are provided by organisations at a regional and national level.
- 4.6 There is an emphasis on advice, information and networking provision within the North East region (see Table 3). The mapping identified that 74 per cent of organisations provide some form of business advice, whilst 66 per cent and 61 per cent provide some form of information and networking provision respectively. In comparison, 27 per cent provide access to business premises and 18 per cent offer coaching services to SMEs.

Table 3: Service provision – Type of services

Type of service	Frequency
Advice	60 (74%)
Coaching	15 (18%)
Consultancy	32 (39%)
Finance	43 (53%)
Information	54 (67%)
Mentoring	26 (32%)
Networking	50 (62%)
Premises	22 (27%)
Training	48 (59%)
Other	23 (28%)
Total no. of organisations	81 (100%)

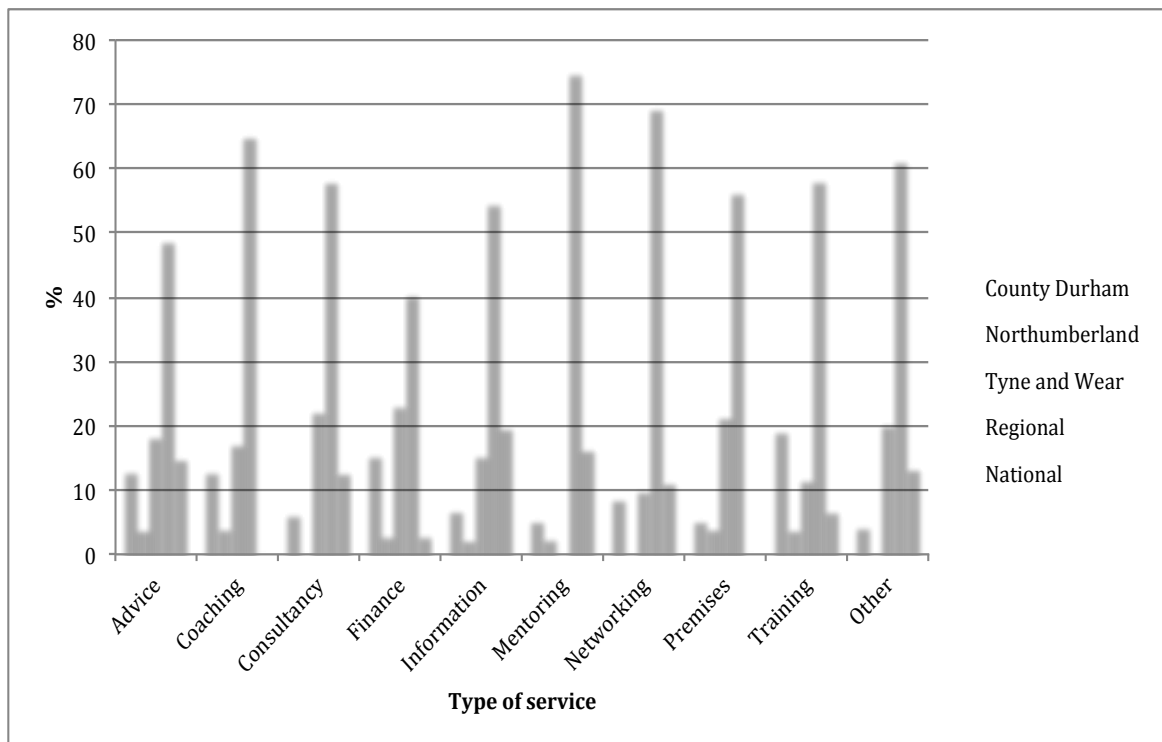
- 4.7 There are a number of distinct patterns in the type of service provided across the North East region, by scale of delivery and type of stage of business development targeted by provision.
- 4.8 In terms of the type of service provided at different scales of delivery, Figure 1 highlights that the key services provided at a regional level are coaching, mentoring, networking and other forms of provision (e.g. supply of apprentices and graduates). In comparison, there is a tendency for advice, financial assistance and information to be provided at a sub-regional level. This configuration will not only reflect how the business support landscape has evolved at a local level over the last 10 to 15 years (e.g. the legacy of initiatives such as the Local Enterprise Growth Initiative) but also current

regional priorities and interpretations of regional and national policy scripts and strategies within the North East region.

4.9 Given what we know about the uptake of different business support services by small businesses, this configuration of support does raise a number of questions around the value of providing information at a local level and networking at a regional level. These issues are discussed further below.

4.10 At a sub-regional level, the mapping identified that the majority of provision within County Durham was advice, financial assistance and training. This reflected the number of local enterprise development agencies across the County and their focus on working with start-ups as opposed to other groups of businesses. A similar pattern of provision was evident within Northumberland. Across Tyne and Wear, the mapping identified an emphasis on advice, information and financial assistance. In part, this reflected the wider range of business support organisations operating in Tyne and Wear, and as a result, the different groups of businesses that these organisations are working with.

Figure 1: Geography of service provision



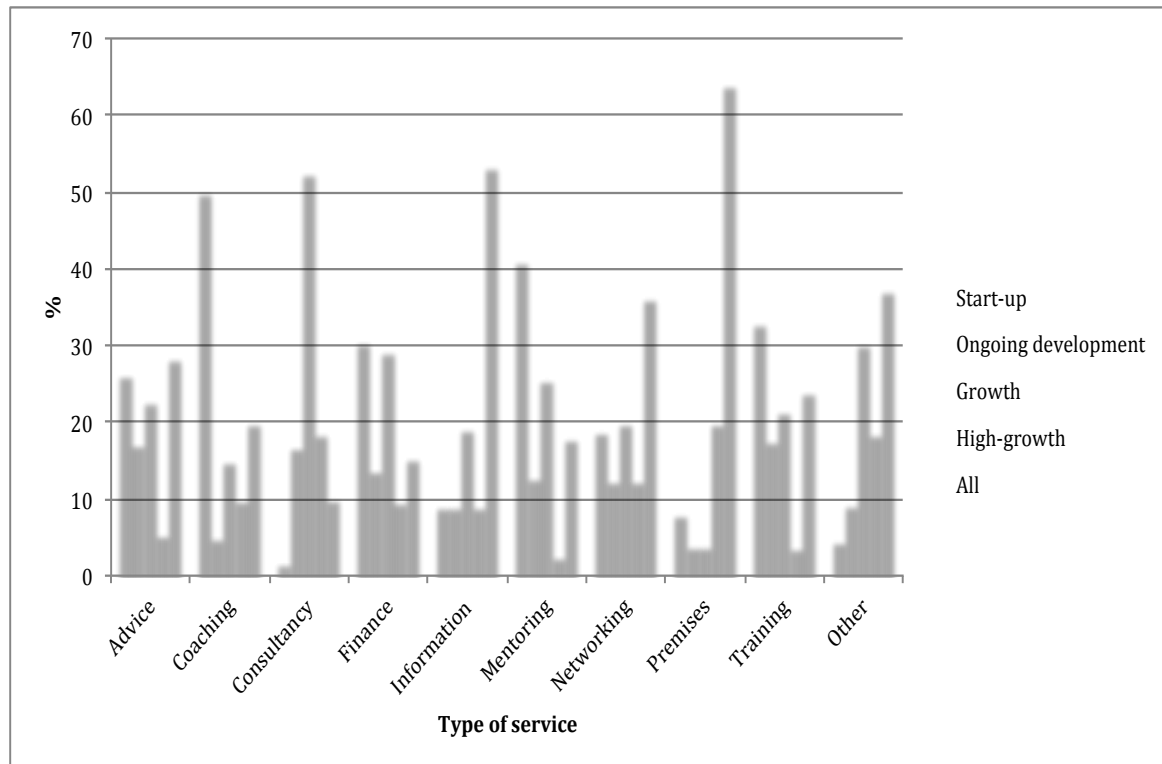
4.11 In terms of type of SME, Figure 2 highlights that:

- Advice, information and networking provision are primarily provided to all types of SMEs, i.e. it tends not to be tailored to the needs of different groups of SME;
- Consultancy and financial provision is primarily provided to those businesses with growth potential;
- A combination of coaching, mentoring and financial provision is commonly provided to individuals wishing to start a business and newly established businesses. This combination enables start-up businesses to learn from other with appropriate experience and make effective use of investment;
- Business training in the North East region is targeted towards individuals wishing to start their own business and newly established businesses. As a result, the training is focused on developing the skills required to make the transition from developing a viable business idea to action;
- In comparison, there is a relative lack of provision around developing enterprising skills and business development skills;
- There is also a relative lack of support which assists businesses in managing the transition from start-up to growth.

4.12 Therefore, there are clear variations in provision by stage of development. Start-ups are primarily supported through a combination of advice, finance and training. Ongoing business development is supported through advice and training. Businesses with growth-potential are supported through advice, consultancy and financial provision.³ In comparison, the majority of small businesses across the North East region have access to information and business premises.

³ For the purposes of the mapping, high growth was defined as 'Starting with at least 10 employees and annual average growth of at least of 20 per cent in employment or turnover over a three year period' (BIS, 2013).

Figure 2: Service provision by stage of business development



4.13 The mapping highlights two approaches to targeting or segmenting of provision to meet the needs of specific groupings of businesses. On the one hand, a number of organisations do not segment provision in that they provide services to all types of SME across the North East region. One organisation in two offers support services to all SMEs. On the other hand, if organisations do target specific groups of owner-manager and/or business, two key approaches emerged from the mapping: by stage of development and by nature of business activity/sector.

4.14 In terms of the former, there is a clear focus on supporting business start-ups in specific localities in the North East region (e.g. areas with different forms of multiple deprivation) and businesses with growth-potential. This not only reflects priorities at a national level but also the previous enterprise support landscape in the North East region, with the legacy from initiatives such as the Local Enterprise Growth Initiative and High Growth Coaching.

4.15 In terms of the latter, there is a clear focus in provision on supporting businesses within specific sectors including advanced/high value added manufacturing, low carbon, life sciences, digital and creative and knowledge intensive business services. The consultations have identified that this reflects both the work of organisations, such as the LEP, and the funding priorities of organisations including the European Commission which have been used to develop ‘attractors’ and networks around certain areas of

business activity. In turn, these sectors are then embedded in future provision as a way of demonstrating evidence of being business/demand-led.

- 4.16 Local enterprise development organisations and other providers primarily target start-up businesses, whilst regional agencies, private sector providers and ‘other’ providers work with businesses with growth-potential businesses. Services targeted at businesses with growth potential are primarily targeted at businesses in specific sectors such as digital and creative and high value added manufacturing.
- 4.17 In addition, there are a number of organisations who provide a range of services targeted at businesses at different stages of development. For example, a number of the local authorities offer services which can be accessed by start-ups, businesses looking to make the transition from start-up into the early stages of business development, businesses looking to consolidate and survive and growth businesses. As discussed below, this patterning of the landscape in terms of segmentation raises a number of complexities and inconsistencies (see 4.22 below).

Table 4: Service provision – Type of market segmentation

Type of service	Frequency
Start-up	35 (43%)
Ongoing business development	25 (31%)
Growth potential	36 (44%)
High growth	10 (12%)
All businesses	42 (52%)
Total no. of organisations	81 (100%)

- 4.18 In comparison, there is less targeting by type of owner-manager. The mapping identified provision targeted towards: young people; older people (over 50) and the unemployed. However, this type of targeting was somewhat limited in comparison to provision targeted by stage of development and nature of business activity and tended to be associated with provision from organisations with a regional and national focus (e.g. young people – Princes Trust; older people – PRIME; unemployed – New Enterprise Allowance Scheme).

Key issues and reflections

- 4.19 The current business and enterprise support landscape in the North East region raises a number of issues in terms of addressing gaps and overlaps and identifying ways of enhancing the current effectiveness of provision.
- 4.20 First, the analysis of the type of owner-managers and businesses targeted by the range of business and enterprise support services highlights **a key focus on supporting start-ups and growth-orientated business**. This is a reflection of priorities at a national and regional level, where there is an emphasis on: (i) working with individuals to support the transition from

unemployment to self-employment and (ii) working with existing businesses in key sectors to assist them in exploiting opportunities for growth (e.g. through developing new products and/or developing new markets).

- 4.21 Whilst such a focus can be rationalised in terms of strategic value added for public investment (Department of Business Innovation and Skills, 2014), it does create a gap in provision related to supporting businesses in making the transition from start-up to the initial stages of development and enhancing the resilience of the existing businesses, so that businesses are able to prepare, respond and recover to unexpected events in internal or external operating environments (Lindley et al., 2011). This is particularly important in regions such as the North East where there is evidence of structural weaknesses within the business base, particularly in terms of the extent of relationships and networks out with of the region (Tully et al., 2005; Anyadike-Danes et al., 2013).
- 4.22 Evidence from the consultations and outcomes from other mapping exercises suggests that this gap in supporting businesses with managing the transition is evident within other regions in England.

⇒ *Reflection 1:*

The mapping suggests that there would be value from the development of provision which assists businesses in: (i) managing the transition from start-up to growth and (ii) developing an understanding of business resilience and/or embedding resilience plans in the development of the business. The key outcome from such provision would be enhancing the sustainability of early stage businesses as well as building the number of businesses who would be prepared for further development and growth (i.e. pipeline of demand for regional and national provision focused on working with growth orientated businesses).

- 4.23 Second, the mapping has identified **a lack of provision related to enterprising learning and skills development in small businesses**, particularly training provision that integrates enterprise learning and skills with development of the business. Whilst this may reflect both the constant change within skills provision a national level and the separation of skills and business support in policy and funding terms at a national level, it is a critical gap to be addressed.⁴
- 4.24 This gap is somewhat surprising given what we know about enterprise learning and skills development in small businesses; for example, there is agreement that the development of the owner-manager leads to the development of the business in small businesses (Gibb, 1997; Johnson and Devins, 2008; SFEDI, 2011). In addition, through funding mechanisms such as

⁴ The development of these enterprising skills is distinct from management and leadership skills where there is a focus on: allocating and monitoring the work of the team, giving feedback, briefing teams, supporting team members, managing conflict, resolving problems, procuring supplies, and managing and improving customer service (Centre for Excellence in Management and Leadership, 2002).

the ESF/LEP Local Response Fund, there is an opportunity to develop both accredited and non-accredited learning and skills development provision which supports the development of the business through the development of the owner-manager.

⇒ *Reflection 2:*

There is a need for provision within the region which integrates support for business and enterprise learning and skills development. This will play a key role in ensuring that managers and leaders within the business have the abilities and skills required to survive and thrive within a business environment characterized by uncertainty and ambiguity.

- 4.25 **Third, a lack of clarity and inconsistency in the types of provision delivered at different geographical scales** emerges from the mapping. Previous research on the dynamics and structure of business support delivery would suggest that such inconsistencies not only lead to inefficiencies in delivery but also a blurring of boundaries between different programmes of provision (Bennett, 2012). The consultations identified examples of such inefficiencies and blurring of boundaries in the current landscape in the North East region. For example, similar types of start-up service are provided at both a sub-regional and regional level, as are business growth programmes.
- 4.26 There are a number of potential routes to bringing forward clarity in delivery structures. One approach involves reflecting on the scale at which certain activities should be delivered. Experiences from other developed market economies, such as Australia, Canada and Scotland, suggest that there are benefits from commissioning specific activities at specific levels of delivery. For example:
- Enterprise awareness and education ⇒ at a national level
 - Business growth programmes and cluster and sector development work ⇒ at a regional level
 - Start-up provision and early-stage business development activity ⇒ at a sub-regional/local level.
- 4.27 This framework could be used to review the types of support required to address meet the needs of individuals wishing to start a business and different groups of existing business in the North East region and the level at which support should be delivered. For example, given the dynamics of the business community in the region, is there a need for business growth programmes at a local/sub-regional level? In terms of start-up provision, is there sufficient demand to support the current scale of start-up loan provision at a sub-regional level and is there is a need regional enterprise awareness programme to support activities at a national level targeted at increasing the number of people considering starting a business as a way of engaging with the labour market?
- 4.28 In so doing, this approach assist in identifying where publicly-funded provision can add value to services provided by the private sector,

particularly in terms of addressing market failures. For example, whilst there may be a case for publicly-funded provision at a sub-regional level to support unemployed people in managing the transition to self-employment, there may be a greater emphasis on facilitating the private sector to work with growth-orientated businesses at a regional level, particularly given the evidence base around the relationship between the specificity of need and the likelihood to source support to address this need from a wider geography (Bennett, 2012).

- 4.29 These questions need to be explored further by reviewing the existing evidence base (e.g. evaluations undertaken of current provision in the region) and/or undertaking a focused piece of research which maps the outcomes from this mapping onto the key needs and requirements at each stage of the enterprise journey (see Appendix 2).
- 4.30 Alternatively, there is also an opportunity to consider the different roles business support organisations play within the business and enterprise support landscape in the North East region (Atherton and Lyon, 2001). A starting point for this is to analyse both types of activities that can be undertaken by support organisations and the focus of these activities. Using this approach, a distinction can be made between providers of support and enablers. Enablers represent organisations that help businesses to acquire support, but that do not provide it themselves. In addition, a distinction can be made between organisations focusing on market niches, i.e. specific segments and aspects of SME development, and organisations that are involved throughout the SME development process. Using this typology, four general types of role can be identified: niche providers; niche enablers; general providers; general enablers.
- 4.31 Figure 3 identifies the proportion of organisations providing these four different roles. In general terms, the mapping identified that different roles were performed by publicly-funded/not for profit and private sector providers. Publicly-funded agencies tended to provide two roles – general enabler and/or provider. In comparison, private sector organisations and the professional community performed more niche-focused roles.

Figure 3: Delivery roles of business and enterprise support organisations in the North East region

	Enablers	Providers
Niche	Private – 21.1% Public – 14.3% Not for profit – 16.6%	Private – 78.9% Public – 42.6% Not for profit – 93.4%
General	Private – 15.8% Public – 28.6% Not for profit – 6.3%	Private – 15.8% Public – 78.6% Not for profit – 8.3%

4.32 However, there is evidence that both public and private organisations perform more than one role depending on the service being provided and the nature of the client group. There are some inherent disadvantages in combining roles such as niche provision and general enabling. The most obvious is the potential for conflicts of interest arising when the management function results in a choice between favourable provision by the enabler/provider and referral to another provider. The consultations identified a number of examples of this conflict particularly in terms of how regional programmes interface with delivery at a sub-regional level. There are, however, also advantages to this combined role. Existing process enablers, for example, tend to be better integrated into the business community than providers, largely because of the longer and closer interactions demanded of the enabling role. As a result, these organisations had a clearer and more substantial view of business needs and requirements, as well as an understanding of the problems and opportunities encountered by small businesses.

4.33 Therefore, the tendency to perform more than one role in supporting SME development raises a number of issues in terms of whether enablers and providers should be separated in order to reduce risks of conflicts of interest and favoritism and under what conditions should there be organisations that are both enablers and providers. There is an issue concerning how enablers and providers interact and collaborate, if there is little or minimal integration of these roles within single organisations.

⇒ *Reflection 3:*

There is a need for greater clarity in the type of services provided at different geographical levels, by scoping what can effectively be delivered at a sub-regional, regional and national level in the North East region. The development of the commissioning framework for European funding and Growth Hub provide an opportunity to undertake this scoping exercise.

- 4.34 Fourth, **there is a clear emphasis on working with businesses in certain sectors**, such as high value added manufacturing and digital and creative, whilst provision for businesses in other sectors, such as business to consumer services, is extremely limited. This reflects an interplay of three issues: (i) current restrictions within funding mechanisms, such as ERDF, (ii) a focus on job as opposed to wealth creation and (iii) a lack of understanding within policy development of how business models are evolving to address emergent needs and requirements (Bridge, 2010).
- 4.35 Not surprisingly, the consultations identified that the restrictions within funding mechanisms such as ERDF are a major impediment to working with a wider range of small businesses and introducing innovations within the business and enterprise support offer, to meet the needs of different types of business. In the short-term, it is difficult to see how such restrictions can be challenged and shaped so that a more flexible business support offering can be brought forward.
- 4.36 However there may be a role for the LEP in bringing forward proposals to exploit opportunities within other national (e.g. Coastal Communities Fund) and supra-national (Erasmus Plus, Creative Europe, ESF Local Responsiveness Funding) funding streams, where there is more flexibility to work with groupings of businesses not traditionally supported through more mainstream funding mechanisms. This reinforces the issue outlined above in 4.22 about the need for greater clarity in type of services to be delivered at different geographical scales.
- ⇒ *Reflection 4:*
There is a need to explore how business support services can be offered to a wider range of businesses, particularly those groupings of businesses under-represented in the current landscape, through the development of the Growth Hub and reviewing practices from other regions in the UK where this has been achieved.
- 4.37 Fifth, there may be scope to **provide small businesses with opportunities to co-create business support services** tailored to specific areas of business development need, either in business groupings and/or with existing providers of business support services.
- 4.38 Since the election of the Coalition government in 2010, a policy narrative around demand-led and employer-ownership of skills development has been translated into practice through initiatives such as Employer Ownership of Skills and the Apprenticeship Trailblazers. These initiatives have provided businesses with an opportunity to develop programmes of learning and skills development which address specific areas of need within a sector or geographical area. Such initiatives are attempting to shift from a supply-led model, where training and learning providers are generating demand from employers for provision that is developed by the provider, to a demand-led

model where providers respond to the needs of employers (Howat and Ali, 2013)

- 4.39 Accordingly, there may be opportunities to engage small businesses with the co-creation of business support offerings, through developments such as the Growth Hub in the region. The development of the Growth Hub should provide an opportunity to facilitate experience exchange and collaboration between businesses to co-create specific programmes of business support, in addition to signposting businesses to existing provision virtually or via some mediated service (e.g. a telephone advice line).
- 4.40 This would provide the Growth Hub with a degree of distinctiveness and a positioning within the current landscape as adding value to existing provision and generating a market around business support. This issue of the fit of the Growth Hub vis-à-vis existing provision was a key issue to emerge from the consultations.

⇒ *Reflection 5:*

In the development of the Growth Hub, there is an opportunity to proactively engage with different groups of small businesses to identify demand-led solutions to key business development needs and requirements and the ways in which businesses can develop ownership of the development and delivery of business support. This could be achieved through either a call for proposals from groups of businesses for programmes of support that address current and future needs and/or facilitating the development of bottom-up networks between businesses which currently face challenges in accessing mainstream business support.

- 4.41 Finally, there are a **number of challenges to unpacking the effectiveness of the current business and enterprise support landscape**. Whilst the mapping identified that a number of programmes have been evaluated, the formality of these evaluations varies, there are differing degrees of willingness to share the outcomes from the evaluations and the evaluations tend to be underpinned by a particularly methodology, focusing on evaluating 'economic impact'. Accordingly, certain aspects of effectiveness (e.g. the development of skills, the development and social capital in the form of relationships) and stakeholder views are under-reported.
- 4.42 This economic perspective to evaluating the impact of business support has led to calls for a more rounded stakeholder assessment of business support to be introduced, particularly in terms of proactively engaging the range of stakeholders involved in the delivery of business support services in the co-creation of evaluation methodologies (Gibb, 2002; Richard, 2009). The involvement of small businesses as users of services is critical in the development of evaluation methodologies.

⇒ *Reflection 6:*

Therefore, there will be value from extending the scope of the current mapping of business and enterprise support to gain different stakeholder perspectives, critically the views of different groups of small businesses, as to the value of offerings within the current landscape and the foundation this provides for the development of demand-led provision. Again, there may be opportunities to undertake such work as part of the development of the Growth Hub as it would provide in-depth intelligence as to how to engage different groupings of SME with business support services.

5. Summary

- 5.1 This summary paper has outlined the key features of the business and enterprise support landscape in the North East region. In so doing, the paper has raised a number of issues around the extent and nature of provision, key overlaps and gaps and reflections on how to enhance the effectiveness of current provision.
- 5.2 These key headlines are:
- The landscape consists of a range of organisations providing a diversity of support offerings with layered inter-relationships and interdependencies
 - There is a degree of complexity to the landscape. There are both advantages and disadvantages to this complexity. On the one hand, the complexity may reflect the diversity of needs of different groups of small business across the North East region. On the other hand, this complexity may reflect both inconsistencies and inefficiencies in provision, both in terms of delivery structures and organisational boundaries
 - There is an emphasis on working with start-up businesses and those businesses with growth potential which results in working with businesses in specific sectors. In turn, this poses a series of challenges for other types of SME in accessing support
 - There is a need for greater clarity in delivery of business and enterprise support, in terms of the types of services provided at different geographical levels and the roles performed by different types of organisation
 - There is a separation of business and enterprise learning and skills development within the current landscape which is somewhat contrary to what we know about the development of small businesses through the development of the owner-manager
 - There is a need for greater engagement with SMEs, as users of business support, in the co-creation of business and enterprise support services. This may provide a point of positioning for the Growth Hub, in that it can signpost businesses to appropriate support services but also bring forward proposals from businesses to co-create support to address specific areas of need

- There are a number of challenges to unpacking the effectiveness of the current business and enterprise support landscape, particularly given the economic focus within evaluation approaches and methodologies.

5.3 The current business and enterprise support landscape in the North East region raises a number of issues in terms of addressing gaps and overlaps and identifying ways of enhancing the current effectiveness of provision. Key reflections include

⇒ Reflection 1:

The mapping suggests that there would be value from the development of provision which assists businesses in: (i) managing the transition from start-up to growth and (ii) developing an understanding of business resilience and/or embedding resilience plans in the development of the business. The key outcome from such provision would be to enhance the sustainability of early stage businesses as well as building the number of businesses who would be prepared for further development and growth.

⇒ Reflection 2:

There is a need for provision within the North East LEP region which integrates support for business and enterprise learning and skills development. The key outcome would be to equip managers and leaders with the abilities and skills required to survive and thrive within a business environment characterized by uncertainty and ambiguity.

⇒ Reflection 3:

There is a need for greater clarity in the type of services provided at different geographical levels, by scoping what can effectively be delivered at a sub-regional, regional and national level in the North East region. The development of the commissioning framework for European funding and Growth Hub provide an opportunity to undertake this scoping exercise.

⇒ Reflection 4:

The conclusions of the mapping exercise would suggest that there is a need to explore how business support services can be offered to a wider range of businesses, particularly those groupings of businesses under-represented in the current landscape. This could be undertaken through the development of the Growth Hub.

⇒ Reflection 5:

In the development of the Growth Hub, there is an opportunity to proactively engage with different groups of small businesses to identify demand-led solutions to key business development needs and requirements and the ways in which businesses can develop ownership of the development and delivery of business support.

⇒ *Reflection 6:*

There is value to be derived from extending the scope of the current mapping of business and enterprise support to gain different stakeholder perspectives, critically the views of different groups of small businesses, as to the value of offerings within the current landscape and the foundation this provides for the development of demand-led provision. There may be opportunities to undertake such work as part of the development of the Growth.

- 5.4 Given these reflections, the key recommendations for the LEP are to:
- Commission the development of provision which assists businesses in managing the transition from start-up to growth and developing an understanding of business resilience;
 - Develop structures which integrates support for business and enterprise learning and skills development;
 - There is a need for greater clarity in the type of services provided at different geographical levels, by: (i) scoping what can effectively be delivered at a sub-regional, regional and national level and, (ii) reviewing the existing evidence base (e.g. evaluations undertaken of current provision in the region) and/or undertaking a focused piece of research which maps the outcomes from this mapping onto the key needs and requirements at each stage of the enterprise journey and (iii) clarifying the roles to be performed by different groups of business support provider through the European funding commissioning framework;
 - Review how business support services can be offered to a wider range of businesses, particularly those groupings of businesses under-represented in the current landscape⁵, through the development of the Growth Hub and reviewing practices from other regions in the UK where this has been achieved;
 - Facilitate the development of demand-led solutions to key business development needs and requirements. This could be achieved through either a call for proposals from groups of businesses for programmes of support that address current and future needs and/or facilitating the development of bottom-up networks between businesses which currently face challenges in accessing mainstream business support;
 - Extend the scope of the current mapping of business and enterprise support to gain different stakeholder perspectives, critically the views of different groups of small businesses, as to the value of offerings within the current landscape and the foundation this provides for the development of demand-led provision. This should form a key part of the development of the Growth Hub.

⁵ These groups include: online retail businesses; micro knowledge intensive business services; micro and small businesses in non-priority sectors (e.g. food and drink); small businesses looking to make the transition from start-up to growth; micro-businesses looking to trade internationally; home-based businesses.

6. References and Resources

The following references and resources have been used in the development of this summary paper.

Anyadike-Danes, M., Bonner, K., Drews, C.C and Hart, M. (2013) *Localisation of Industrial Activity across England's LEPs: 2008 and 2012*, Enterprise Research Centre Research Paper No. 15, Enterprise Research Centre, Birmingham.

Atherton, A. and Lyon, F. (2001) *Segmenting Support for Small and Medium Enterprises, Identifying and Disseminating Best Practice: Research Summary*, The Foundation for Small and Medium Enterprise Development, University of Durham.

Bennett, R.J. (2012) Government and Small Business, in Jones-Evans, D.J. and Carter, S. (eds.) *Enterprise and Small Business: Principles, Practice and Policy*, Pearson Education Limited, Harlow.

Bridge, S. (2010) *Rethinking Enterprise Policy: Can Failure Trigger New Understanding?* Palgrave MacMillan, Basingstoke.

Council for Excellence in Management and Leadership (2002) *Joining Entrepreneurs in their World: Improving Entrepreneurship, Management and Leadership in UK SMEs*, Council for Excellence in Management and Leadership, London.

Department of Business Innovation and Skills (2014) *Industrial Strategy: Government and Industry in Partnership*, Department of Business Innovation and Skills, London.

Gibb, A.A. (1997) Small Firms Training and Competitiveness: Building upon the Small Business as a Learning Organisation, *International Small Business Journal*, 15, 3, pp.13- 29.

Gibb, A. A. (2002) Creating Conducive Environments for Learning and Entrepreneurship; Living with, dealing with, creating and enjoying uncertainty and complexity, *Industry and Higher Education*, 16, 3, pp. 135-148.

Howat, C. and Zaidi, A. (2013) *Qualitative Evaluation of Demand-led Skills Solutions: Growth and Innovation Fund and Employer Investment Fund*, Evidence Report 78, UKCES, Wath-upon-Deerne.

Johnson, S. and Devins, D. (2008) Training and Workforce Development in SMEs: Myth and Reality, *SSDA Catalyst*, Issue 7, pp. 1-18.

Lindlay, S., O'Neil, J., Kandeh, J., Lawson, N., Christian, R. and O'Neil, M. (2011) *Climate Change, Justice and Vulnerability*, Joseph Rowntree Foundation, York.

North East Access to Finance (2014) *North East Access to Finance Guide 2014*, North East Access to Finance, Newcastle upon Tyne.

North East Local Enterprise Partnership (2014) *More and Better Jobs: A Strategic Economic Plan for the North East*, North East Local Enterprise Partnership, Newcastle upon Tyne.

Richard, D. (2008) *Small Business and Government: The Richard Report*, The Conservative Party, London.

Small Firms Enterprise Development Initiative (2011) *Labour Market Intelligence: Business Enterprise*, SFEDI, Newton Aycliffe.

Tully, J.M., Miles, N.J.O. and Hudson, R. (2005) *Social Capital and Economic Development in the North East: Promoting Economic Inclusion through Community-Based Programmes and Projects*, Centre for the Study of Cities and Regions, Durham University.

Appendix 1: List of organisations consulted

	Organisation
1	Arch
2	Business and Enterprise Group
3	Business Durham
4	Business and Innovation Centre
5	County Durham Enterprise Agency
6	Durham Creatives
7	Durham University
8	Escher Group
9	Gateshead Council
10	Ingeus
11	Newcastle City Council
12	Newcastle Science City
13	Newcastle University (x2)
14	Northumberland Business Services Ltd
15	Northumbria University
16	Project North East
17	Regional Technology Centre
18	Rural Growth Network
19	Sunderland City Council

Appendix 2: The Enterprise Journey *Source: Sear (2004)*

