ASSESSING THE IMPACT OF THE BUSINESS DEVELOPMENT STRATEGY

A Final Report to:
Scottish Enterprise Edinburgh and Lothian

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1   Introduction

1.1   This report presents the findings and conclusions of an assessment of Scottish Enterprise Edinburgh and Lothian's (SEE&L) Business Development Strategy. The report has been prepared by *SQW* Limited, Alan Brazewell Economic Consultancy and TL Dempster. The research was commissioned in January 2002 with the fieldwork undertaken in February, March and April. The evaluation covers the period April 1999 to December 2001

Terms of reference

1.2   The work has been undertaken in two phases:

Phase 1

- an assessment of the net impact of the business development process on the SEE&L economy

- assessment of customer satisfaction and related issues

Phase 2

- a review of the overall effectiveness of the Business Development strategy within a wider context

- recommendations on improving effectiveness and efficiency

- recommendations on monitoring and evaluation.

Fieldwork and methodology

1.3   In common with the two phases identified in the terms of reference, the fieldwork has been undertaken in two discreet stages. The first stage was a programme of interviews with businesses that received business development services between April 1999 and December 2001. SE Edinburgh and Lothian provided details of 299 companies from their database. From this list, 32 dormant companies were removed leaving a population of 267. From these,

195 were selected for the sample. This list was reduced by a further 29 (15%) after a meeting with Business Managers who identified businesses that were no longer trading.

1.4   A sample of 90 was then selected to be representative of the years that businesses became SE Edinburgh and Lothian clients and across industry sectors. Of these 90 interviews:

- 30 interviews were conducted face to face

- 60 were conducted by telephone by TL Dempster.

1.5   These interviews focussed on the process that businesses had been through, the impacts that the support had generated and their satisfaction with the service they received.

1.6   The second phase of the work comprised a programme of consultations with:

- SEE&L

- SE Lanarkshire

- SE Renfrewshire

- SE Tayside

- two Business Managers.

1.7   The aim of the second phase has been to place the SEE&L activities in a wider context. In practice, this means considering both the strategic context of the support, principally through Smart, Successful Scotland and SE's Business Transformation work and in the context of the activities of other Local Enterprise Companies. While we have offered comment on most aspects of account management, the work raises many issues that are currently being addressed at SE level.

Background

1.8   The approach to company development in SEE&L has evolved over the past few years. For some years now, the effort has been made to apply several important principles. These have been:

- 'account management' of companies which are considered to have the potential to benefit from a dedicated and customised form of support

- targeting of companies for this service – that is, a proactive rather than a reactive service

- consistent process of support with:

    ➢ initial appraisal

    ➢ 'diagnostic review', leading to

    ➢ an agreed action plan.

1.9   Implementation of the action plan might be through take-up of some of the 'volume programmes' run by SEE&L (for example Investors in People) or it might be simply taken forward by the company under this own steam, with or without continuing support from the account manager.

1.10   Account managers have been, in the main, external contractors, taken on by SEE&L because of their particular skills and expertise. Management in SEE&L is happy with the standard of contractors, and there was no evidence from the survey that companies felt any different.

1.11   As the survey of companies demonstrates, however, *implementation of the above 'ideal' has been intermittent*. It is not always followed and the service has so far been much more reactive than would have been preferred. That said, there are clear indications that in more recent years a less reactive and more disciplined process has begun to emerge.

Management structure within SEE&L

1.12   The internal structure of business development activity within SEE&L has had a bearing on this. Prior to 2000, there was one group of Business Managers under a single management structure. Since then, teams dealing directly with businesses have been restructured into 'Key Business Areas' (KBAs). The KBAs are as follows.
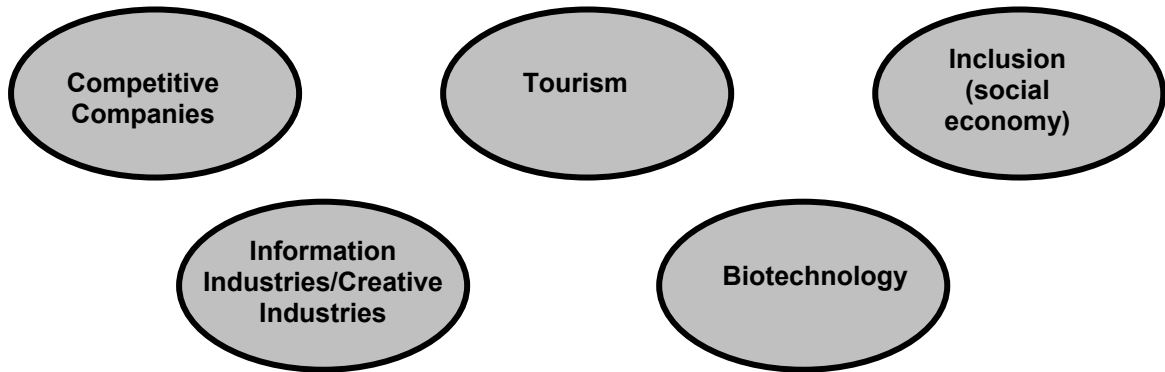
1.13   Each KBA reports to a different SEE&L Director. There is no Business Development Directorate as there is in some other LECs. This is a deliberate policy within SEE&L. The challenge, however, is to secure internal consistency among the teams. At one time, all had slightly different approaches to account management (and some still have different approaches to data collection). The situation has now changed to some extent with the Competitive Companies KBA given the responsibility of ensuring consistency of approach to account management across all five teams. In part, this explains the 'Product Awareness Days' which Competitive Companies now leads.

The SEE&L process

1.14   Over the last two years or so, the effort has been made within the KBA teams on SEE&L to develop greater consistency. There has, for example, been greater use of centrally developed material, such as the 'Lanarkshire Workbook', which provides a guide to understanding and developing awareness of the 14 'Growing Businesses' criteria among client companies.

1.15   Good practice is clearly emerging and this is very much in line with the process of 'Transformation of the Business' which is being led from the centre by Scottish Enterprise. SEE&L's approach has been to go with the grain of the Network. The characteristics of SEE&L's current approach anticipated 'Consistent Customer Management', the approach to company development which is currently being developed and which will in time be applied uniformly throughout the Network.

1.16   It is accepted within SEE&L, however, that there are come elements of practice which are still weak, including:

- developing a clear exit strategy for disengaging with companies, and

- collection of information on activity and outputs.

The current approach within SEE&L

1.17   The position now is that the tools are available to ensure that there is a high degree of consistency of approach within SEE&L to account management (accepting that this may need to vary from company to company to suit different circumstances). The elements, consistent with Transformation of the Business, and which will be implemented in full *by the end of this year*, are as follows.

- **A. Market segmentation**. It is intended that the great majority of company contacts will in future be initiated by SEE&L. The companies to be worked with will be drawn from a market segmentation based on:

  - the knowledge of the individual managers within each KBA

  - desk research.

- **B. Appraisal of likely companies**. The market segmentation provides a fairly crude way of whittling down the likely volume of client companies to manageable proportions. Those left would then be appraised according to the seven 'Gateway Questions' which can be summarised as:

  - willing to engage

  - committed to strategic development

  - high growth

  - compete on value not price

  - active in new, developing, growing markets

  - invest in critical resources

  - innovators.

- **C. Companies will then be taken on**, partly through acceptance of the conditions explained in an 'engagement letter'. This is important because it specifies:

> ➢ why the company is considered to be a good one to work with

> ➢ the shape that the intervention will take, and

> ➢ that there will be an end point in the process.

- **D**. **The process of engagement** itself is spelled out in some detail in a Guidance Note. It includes the key elements of the diagnostic review and the action plan. The intention is that there will be few, if any, exceptions. If there is no agreement with the company to undertake the review, there will be no support.

- **E. Exit**. The mechanics of exit are spelled out in the form of a disengagement letter.

SEE&L investment

1.18   Before assessing the process in more detail it is worth setting out the scale of the SEE&L's investment over the period of the evaluation. The database used to support the account management process identified 238 account managed companies. The 90 companies in the sample received approximately £1.2m of funding through programme grants and around £150,000 worth of Business Manager's time[1]. This is an average of £14,900 for each company. Assuming that the sample of 90 businesses is representative of the full database, we estimate a total investment of just over £3.5m between April 1999 and March 2002 in account-managed companies (Table 1.1). This is a significant investment over the three years and it is interesting to note that the Business Manager component of these costs makes up a relatively small amount of the total, just over 10%.

Table 1.1: Estimates of programme and Business Manager's time costs for sample of 90 cases		
	Programmes (£000's)	Value of BM time (£000's)	Total
1999/00	404	50	454
2000/01	301	50	351
2001/02	493	50	543
Total	1,198	150	1,348
Average expenditure 1999/01	13.3	1.6	14.9
Estimate for 238 cases			3,546

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[1] Business manager's time is valued at £40 per hour

Report structure

1.19   The report is structured as follows:

- **chapter two** sets out the results of the business survey and draws conclusions on delivery and customer satisfaction

- **chapter three** reports specifically on the economic impact of the business development process

- **chapter four** looks at the wider context including comment on the approach being adopted by several other LECs and within SE

- **chapter five** presents our view on the way forward under three headings; segmentation, delivery and monitoring and evaluation

- **chapter six** sets out the conclusions and summarises our recommendations from the research.

2 Survey of client businesses

Introduction

2.1 This chapter presents a summary of the results of the business survey undertaken in stage one. These are based on interviews with 90 businesses that have been supported by SEE&L's Business Managers between April 1999 and December 2002. The sample was drawn from the population of 238 companies on the SE Edinburgh and Lothian database.

The survey of businesses

2.2 In designing the questionnaire and in our approach to the research we understood that, since 1999, all the account-managed businesses had been through some form of business development review and that these will usually have resulted in an action plan of some description. On this basis, the analysis is focused on the *process* of the business development support and the impacts that have flowed from it, including those resulting from programmes that have been used to support the business.

2.3 In practice, we found that around 40% of the businesses interviewed had not been through a business review or received a development or an action plan. Questioning during the face-to-face interviews reinforced this. In these cases, support had tended to be less systematic and although the companies had usually received some form of grant support, it was not within the context of a plan or review.

The sample

2.4 SE Edinburgh and Lothian provided details of 299 companies from their database. From this list, 32 dormant companies were removed leaving a population of 267. From these, 195 were selected for the sample. This list was reduced by a further 29 (15%) after a meeting with Business Managers who identified businesses that were no longer trading. The fact that the database required such scrutiny is an issue which SEE&L are aware of. We have made some recommendations on data collection in the final chapter.

Characteristics of companies

2.5   A large proportion of the companies have been working with SE Edinburgh and Lothian for a number of years and this is broadly reflected in the sample (Table 2.1). **Around half of the population have been working with SE Edinburgh and Lothian for five years or more.** This also raises questions over the extent to which SEE&L and the Business Managers are reviewing the portfolio of companies. There are certainly reasons why some companies require long term support as their needs change, but this proportion seems high.

Table 2.1 – Year in which business first became a SE Edinburgh and Lothian client		
Year	Population (267)	Sample (90)
Pre-1995	21%	23%
1996	13%	18%
1997	14%	16%
1998	17%	12%
1999	21%	17%
2000	11%	6%
2001	2%	3%
Not available	2%	5%
Total	**100%**	**100%**

2.6   Within the sample there is an emphasis on manufacturing and business services firms, particularly IT (Table 2.2). The profile of the sample would appear to be reasonably well balanced across sectors, but more importantly, is targeted on growing businesses.

Table 2.2 – Industry sectors	
Sector	Sample (90) (%)
Agriculture	3
Mining and extraction	1
Manufacturing: Food and drink	9
Manufacturing: Engineering	16
Other Manufacturing	19
Construction	1
Business services: Computer/IT related	20
Business services: Financial	1
Business services: Technical	6
Other business services	11
Wholesale and retail	1
Restaurants, catering and leisure	2
Other	10
Total	**100**

2.7   Most of the businesses in the sample were well-established companies with less than one fifth being formed in the past three years reflecting an emphasis on supporting *growing* rather than new start enterprises. Nearly 60% of the businesses interviewed employed less than 25 staff and our impression was that the proportion of larger companies is probably lower than those client managed by other LECs.

- 13% of those interviewed employed more than 100

- 29% employed between 25 and 100

- 36% employed between 10 and 25

- 22% employed less than 10

2.8   Average employment in the sample was 56 and average turnover was £3.2m (half the businesses have a turnover of less than £1.3m). These figures suggest that average turnover per employee is around £58,000.

Motivation for seeking support

2.9   Around half the companies in the survey had used external support for business development in the past. Where this occurred it was usually through specialists providing, for example, advice on IT or training. Among those that had not used external support, almost half had never seen the need. Around 13% didn't think that it would be value for money whilst 10% did not know why they had not used external expertise before.

2.10   The SE Edinburgh and Lothian support appears to be more reactive rather than proactive. Eighty one percent of businesses reported that they had approached SE Edinburgh and Lothian for support rather than being targeted themselves.

2.11   The reasons for engaging with SE Edinburgh and Lothian were mostly positive, driven by opportunities for business growth rather than for rescue. Fifty six percent of companies were seeking support for business expansion and almost half were considering new market opportunities (Table 2.3).

Table 2.3 – Initial reason for contacting SE Edinburgh and Lothian	
Reason	**%**
Access to grant funding	71
Business expansion	56
New market opportunities	48
Availability of free consultancy	32
Need for strategic direction in the firm	30
Changes in technology	18
Pressure from competitors	11
Perceived inefficiencies	10
Legal or regulatory requirements	9
Falling profitability	9
Pressure from customers	6
Falling sales	4

2.12 For three quarters of the businesses interviewed, access to grants was the main reason for contacting SE Edinburgh and Lothian (Table 2.4). This was reinforced in the face-to-face interviews where our impression was that the majority of businesses were, at least initially, seeking grants for specific projects. The perception that SEE&L's prime purpose is to provide direct funding to businesses is strong.

Table 2.4 – Type of support sought	
Reason	**%**
Access to grant funding	74
Advice	36
Access to specific programmes	23
Access to information	20
Networking	4
Other	7

Business Development Review Process

2.13 We understood that all the businesses in the sample would have undergone some form of business development review over the period of the evaluation. In practice, this does not seem to be the case.

- 56% of businesses had undergone a business development review of some kind

- 60% had an action or development plan produced.

2.14   The terms *business development review* and *action plan* were used fairly broadly to try and include less formal reviews and plans. The lack of a business development review or action plan was reinforced in the face-to-face interviews where we were able to question in detail the process of support.

2.15   The plans were almost always produced jointly by the firm and the Business Manager. Around one-in-ten of the action plans were developed by the firm alone and six percent solely by the Business Manager.

Increasing use of action plans

2.16   Across the sample, there is a correlation between *when* businesses became clients and whether or not they have had a business review and action plan (Table 2.5). Of those that became clients between 1999 and 2001, 83% have had an action plan prepared compared to 42% of those that became clients before 1996.

2.17   Where businesses are long-term clients the managers (and the clients) often felt that there was little value in carrying out a review when they had known the company so long.

Table 2.5 – Relationship between year and action plan	
Year that business became a client	% in the sample with an action plan
1999 – 2001	83%
1996 – 1998	59%
Pre-1996	42%

Action Plans

2.18   The research focused on the delivery of the account management process as it is set out. The action plans are central to this and the next section reports on their preparation and client satisfaction with the process.

2.19   Action plans covered a wide range of the businesses activities. A high proportion focused on marketing, IT and supply of finance. There were relatively few plans that addressed areas of operation such as research and development and financial management (Table 2.6). This may reflect the skills and expertise of the Business Managers, but it might also be driven, in part, by the availability of SE Edinburgh and Lothian funding for specific programmes.

Table 2.6 – Areas covered by the Action Plan		
Areas of business	**% reporting some coverage**	**% reporting this as the main area**
Marketing	74	30
General strategy of the firm	55	11
Human Resource Development	43	9
Supply of finance	38	13
Production	30	6
Research and development	30	4
Information and communications technology	28	-
Financial management	26	4
Other	21	13
Distribution	19	-

Based on the 54 that have had an action plan

2.20   The objectives of the action plans reflect the areas of activity that they covered. Most aim to facilitate entry to new markets or to increase or maintain market share in existing markets (Table 2.7). This further supports the view that the companies assisted are growing and that many of the actions recommended are about developing new markets rather than continuing to support old ones.

Table 2.7 – Objectives of Action Plans	
	%
Enter new markets	57
Maintain market share	38
Increase market share in existing markets	34
Improve internal efficiency	32
New strategic direction for the firm	32
Satisfy legal or regulatory requirements	11
Other	19

Based on the 54 that have had an action plan

2.21   Satisfaction with the relevance of the action plans has been very high. Ninety percent were either very or quite satisfied with its relevance to the position of their business (Table 2.8).

Table 2.8 – Satisfaction with relevance of Action Plan	
	%
Very satisfied	53
Quite satisfied	36
Not particularly satisfied nor dissatisfied	11
Not satisfied	0
Very dissatisfied	0
Total	**100**

Based on the 54 that have had an action plan

2.22 Twenty five percent of the plans had been fully implemented and 64% partially implemented. Only 11% had not been implemented at all. This reinforces the previous results showing a high level of satisfaction with the plan's relevance.

2.23 Sixty two percent of the businesses that had implemented the plan were assisted by SE Edinburgh and Lothian through specific programmes. However, there was some confusion over exactly which programmes they had been supported through. Broadly, the Marketing Advance Programme was cited most (11); IiP (7), SWORD (1), Lothian Exports (3), E-Comm 2000/20001 (4) and SE Edinburgh and Lothian specialist advisers (2).

2.24 The main elements of the action plans that had been implemented tended to surround the programmes mentioned above. Sales and marketing was the area most likely to have been implemented, followed by entering a new market or exporting. Activities related to the development of strategy and to training were also the most likely to have been implemented.

2.25 The average cost to the business of the project or activities that arose from the action plan was £19,715. However, the cost of implementation was less than £5,000 for one quarter of the businesses (Table 2.9).

Table 2.9 – Cost of implementation	
	%
Up to £5,000	26
£5,000 - £9,999	7
£10,000 – 19,999	33
£20,000 - £29,999	9
£30,000 - £49,999	7
£50,000 - £99,999	7
£100,000 or more	5
Don't know/refused	7
Total	**100**

Based on the 54 that have had an action plan

2.26   In nearly all cases (89%) the Business Managers have continued to have a role with the company. For three fifths, this has been as a sounding board for ideas or providing general encouragement. In two fifths of cases this role has involved providing advice or counselling. In a third of cases the manager has provided hands on help to implement the action plan (Table 2.10). Of the six companies that have not yet implemented the action plan only one does not intend to implement it. The other five intend to implement it in the near future.

Table 2.10 – Continuing Role of Business Manager	
	%
Provided hands on help to implement the action plan	32
Acted as a sounding board for ideas	57
Provided advice or counselling on specific aspects	38
Provided general encouragement	60
Arranged additional support other than his/her own time	34
No role	15
Other role	4

Based on the 54 that have had an action plan

Contribution to growing business characteristics

2.27   The business review and implementation of the action plan has also led to projects that contributed to a number of the growing business characteristics. These projects have made a significant impact on longer term planning, research activity, market focus and improved relationships with suppliers and customers (Table 2.11).

Table 2.11 – Contribution of activities to growing business characteristics	
	%
Firm has become more **market focused**	60
Firm now takes a longer-term view of **planning**	49
Improved relationships with **clients and/or suppliers**	42
Increased **research** activity	42
Strengthened the **financial** position of the firm	40
Introduced more **Information and Communications Technology** into the firm	38
Improved the **knowledge development** of employees (greater commitment to learning, information sharing)	36
More responsive to **needs** of the workforce	32
Altered **leadership style**	30
Encouraged more **technological innovation**	30
Increased the **flexibility** of the workforce	30
Increased **market research**	28
More responsive to **environmental** concerns	26

Based on the 54 that have had an action plan

2.28   Overall, more than half the businesses have been encouraged to be more open to change, to be more open to new ideas and to be more open to external support (Table 2.12).

Table 2.12 – Have these changes…	
	%
…increased the **flexibility** of the firm	49
…encouraged the firm to be more **open to change**	53
…encouraged the firm to be more open to **new ideas internally**	53
…encouraged the firm to be more open to **external support**	57

Based on the 54 that have had an action plan

2.29   The businesses were asked to rate their satisfaction with the Business Manager and action plan with regards to the overall development of the business. The general conclusion that emerges from the survey is that the support is at the very least useful, and in a fifth of cases it is vital for the development of the businesses involved. The support was considered to be:

- vital for 19%

- important for 39%

- useful for 36%

- marginal for 6%

2.30   **Among those that had been through the review and action plan process, the support provided by SE Edinburgh and Lothian and the Business Managers was rated very highly.**   The only exception was in *understanding the business*.   This is perhaps understandable given the limited amount of time available to spend with each company. In all the other categories, 90% of the businesses that received support felt it was either very good or satisfactory (Table 2.13).

Table 2.13 – Satisfaction with Business Manager support				
	Very good	**Satisfactory**	**Less than Satisfactory**	**Poor**
Understanding of the firm's operations	35	28	7	30
Undertaking the project	59	35	2	4
Relevance of recommendations	60	30	6	4
Assistance with implementation	52	39	7	2
Approachability	70	26	2	2
Overall effectiveness	61	27	10	2

Based on the 54 that have had an action plan

2.31   Three quarters of the businesses did not think that effectiveness could be improved by spending more time with the Business Manager. However, 35% would now be willing to pay for the support (although several mentioned that this would only be the case if this led to grants being secured in the future).   In total, 15 businesses have completed the implementation of the action plan. Of these, 87% are still working with the Business Manager.

Qualitative comments

2.32 Further investigation of the qualitative comments allows them to be classified as positive, neutral or negative towards the support they received. The results are summarised in Table 2.14. The difference in responses between those that had received an action plan and those that had not is very clear.

- among those that did receive some form of action plan, 72% were generally positive and 15% broadly neutral

- among those that did not receive an action plan, the majority (53%) made negative comments about the support they received.

Table 2.14 – Overview of client comments		
Overall satisfaction	Number of cases with action plan	Number of cases with no action plan
Positive	39	2
Neutral	8	15
Negative	7	19

2.33 Businesses were asked what they felt were the key strengths and weaknesses of the SE Edinburgh and Lothian support. Typical strengths surrounded networking, availability and approachability of the Business Managers as a source of ideas, advice or support. Some examples include:

- *good support and very detailed help*

- *good advice. They search us out and continually come back and see us with ideas and suggestions*

- *the Business Manager has been invaluable, knows our company needs, has provided excellent help but is restrained from above*

- *they understand the local economy, have access to funding and a good selection of knowledgeable people*

- *a well-rounded organisation, multi-faceted with skilled people who are good at networking.*

2.34   Weaknesses tended to focus on the bureaucracy and timeliness of actions, continuity of Business Managers and comments on available funding. A selection of these comments is given below:

- *the bureaucracy of the funding process is the key weakness*

- *funding applications need to be moved along more quickly*

- *too many rules and regulations*

- *inconsistency in the quality of Business Managers. Some managers keep in touch on a regular basis, others do not*

- *there is a lack of practical help and they make promises that they don't keep*

- no continuity of people

2.35   Other more general suggestions about how the services could be improved were as follows:

- *more appropriate grants*

- *forget the consultants and sack everyone in SE and start again with people who really care*

- *they keep changing their strategy, more consistency is needed. They also need to define what their services are*

- *repeated internal reviews and external surveys with a failure to communicate the results*

- *instead of consultants they should use business people that have really achieved something, some consultants don't have a clue*

- *continuity is difficult because they are part-time consultants which is not good for account management*

Overview conclusions on business survey

2.36   There seems to be a polarity of views. There were good ratings from those who have engaged in the process and have benefited from a review and action plan, but some fairly scathing comments where the depth of engagement is more limited. Where the review and action plan process has been followed, the benefits are very strong with an identifiable impact on the growing business characteristics. Satisfaction among those that have had this type of support is also very high.

2.37   There is, however, some concern over the impact and responses from the businesses that had not been through the standard process and whose support has been more ad-hoc and inconsistent. In these cases businesses were more critical. There were issues around:

- the continuity of support as Business Managers had changed frequently for some companies

- their status as account managed companies – what is the exit strategy?

- quality of advice and support they received (usually dependent on the relationship between the Business Manager and the company).

2.38   The process is also heavily driven by the companies' demand for grants rather than any other form of business support and advice. The greater levels of satisfaction and impact occur where the support has gone beyond simply delivering grants.

2.39   The polarity in views also reflects the time at which the companies joined the process. Those that became SE Edinburgh and Lothian clients after 1999, have usually had a business review and consequently their feedback is considerably more positive than those that were registered before 1999 and whose support appears to have been more ad-hoc. It would be reasonable to conclude that the increasing use of the action plans has led to a marked improvement in the performance and effectiveness of business development support.
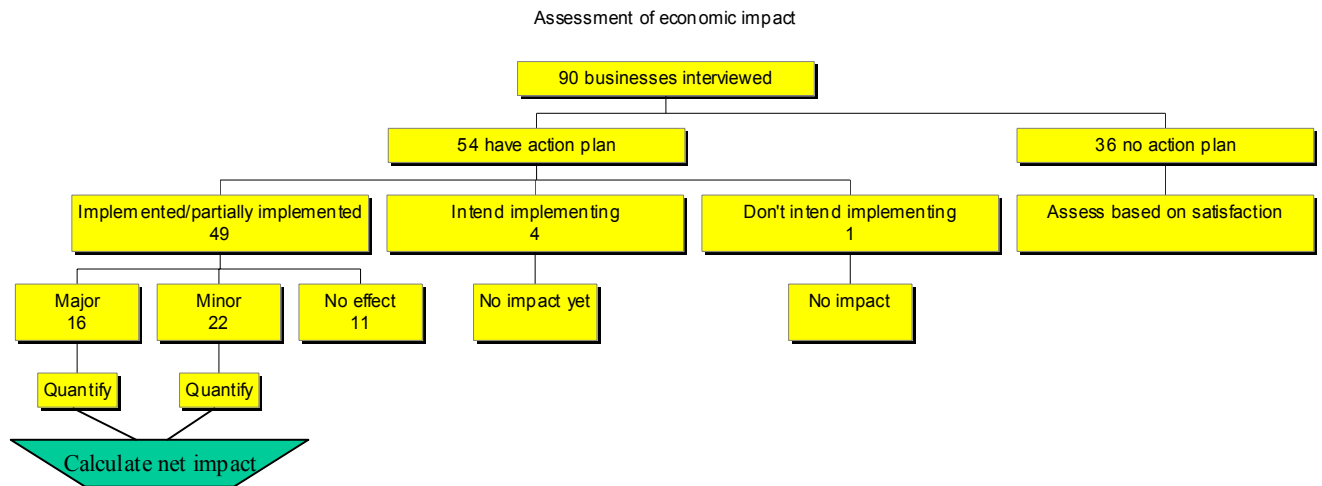
3   Economic impact

Background

3.1   The economic impact is based on the *influence* and associated value that the business development process has had on the individual business and consequently on the SEE&L economy as a whole. Unlike an evaluation of a traditional programme, this assessment is intended to encompass the full economic benefit of all the business development support delivered to account managed companies between April 1999 and December 2001. This means that the estimates *include* the effects generated through a number of different programmes and this makes direct comparison difficult. However, to put the results in context we have included some value for money benchmarks at the end of the chapter.

Coverage

3.2   At the start of the work we understood that all the account managed businesses had been through a business review of some kind and that in all cases there would be an action plan. The plan provides a starting point against which businesses are able to report on the actions undertaken, the results of these actions and the benefits that had occurred. Without an action plan it becomes very difficult to differentiate between activities that have been undertaken as a result of intervention and those that are not.

3.3   Our assessment of economic impact is therefore based on the businesses that went through the account management process that was outlined to us initially and which resulted in the production of a formal or informal action plan. At the end of the chapter we have made some broader assessment of the impacts generated where the process was not followed. Diagram 3.1 sets out the process and the number of cases in the sample, in each category. It shows how the 90 cases interviewed are disaggregated between those with and without an action plan, whether this has been implemented and the number of cases reporting major, minor or no benefits.

Assessment of economic impact

90 businesses interviewed

54 have action plan | 36 no action plan

Implemented/partially implemented 49 | Intend implementing 4 | Don't intend implementing 1 | Assess based on satisfaction

Major 16 | Minor 22 | No effect 11 | No impact yet | No impact

Quantify | Quantify

Calculate net impact

Deriving the economic impact of businesses that have been through the account management process

3.4 At the heart of the process is the production of an action plan. This has been used as the basis for identifying the activities, outputs and impacts generated by the process. Of the 90 businesses that were interviewed, 54 reported having received some form of action plan. The first stage is to consider whether the action plan itself had been implemented. Of the total only one did not intend to implement the plan and four had not implemented it yet.

3.5 Businesses were then asked to report on the extent to which the action plan and its associated activities had affected **annual turnover, employment, costs, profit and exports** (Table 3.1). Most of the activity aimed to increase sales rather than reduce costs and this is consistent with the earlier findings that the support was most often for expansion plans. Of those that had an action plan:

- 73% reported an increase in sales

- 64% reported a positive impact on employment

- 47% reported an increase in profits

- 52% reported an increase in exports.

3.6 **These figures demonstrate that the plans and their associated activities are having a significant influence on the performance of supported businesses**.

Table 3.1 – Effect of the Action Plans and associated activity on business performance				
	Major positive effect %	**Minor positive effect %**	**No effect %**	**Don't know/not implemented %**
Sales	30	43	19	8
Employment	21	43	26	9
Exports	27	25	42	6
Cost reduction	4	21	60	17
Profit	13	34	36	17

Based on the 54 that have had an action plan

Quantifying the impact

3.7 Businesses that reported that the support delivered by SEE&L, as a result of the process, had impacted on employment, sales, costs, exports or profits were asked to try and quantify the effect. These questions focused on sales and employment, which tend to be more accurately quantified than costs or profits. The estimates that were made covered new and safeguarded sales and employment.

3.8 Where businesses were able to quantify the value of these benefits, the figures have been included. However, where a business reported an impact but was unable or unwilling to quantify the benefit, we have applied an average impact figure depending on whether they reported a major or a minor benefit.

- for those reporting a major impact the average impact on sales was around £796k

- for those reporting a minor impact the average impact on sales was around £264k

3.9 On this basis the gross impact on sales and employment can be estimated for the sample as:

- £23m in turnover

- 187 jobs supported

3.10 The next stage is to make an allowance for the *influence* of the SEE&L support, based on what respondents would have done without it (additionality).

3.11 Additionality measures the extent to which the action plan and the business development support process were responsible for the benefits achieved. In other words, what would have happened if the review and the action plan had not been undertaken?

3.12 For 22% of the businesses, the benefits of their activities would not have been generated at all without the action plan and the impact that has been generated is wholly additional. For half of the businesses (27), the support has accelerated projects and activities, typically by around a year. For four percent of businesses, the support has allowed projects to go ahead on a larger scale and for 15% activities had been carried out more effectively or at a higher quality than would have been the case otherwise (Table 3.2).

3.13 In more than 90% of cases, therefore, the support has influenced the activities of the business and the impact that has been generated.

Table 3.2 – What would have happened without the SEE&L support?	
Would not have achieved any of the benefits at all	22%
Projects/activities would not have been achieved as quickly	50%
Projects/activities would have been on a smaller scale	4%
Projects/activities would not have been carried out as effectively (better quality or more sustainable)	15%
Would have achieved all of the benefits anyway in the same time	9%

Based on the 54 that have had an action plan

3.14 The responses to the additionality question must be quantified in order to assess the net economic benefit and this requires a number of assumptions to be made based on the responses of each business. These are:

- where the business would not have achieved these benefits at all without the action plan, we have assumed that all the sales and employment impact associated with it is wholly attributable to the intervention

- where the action plan and associated activities had brought forward benefits we have considered how much longer it would have taken without support. It is likely that many of these estimates are fairly optimistic and that in many cases there is a chance that the activity would not have taken place at all. On this basis we have assumed that where a project is brought forward by 12 months, 50% of the impact is attributable to the SEE&L support and where it is brought forward by 6 months, 25% is attributable.

- where companies have reported that the action plan and associated support had influenced the scale or sustainability of their activities, we have also collected information on the proportion of sales and employment generated that could be attributed to their influence.

- where it is clear that there has been no influence we have attributed no impact.

3.15 These assumptions are applied to the sales and employment impact estimates for each company in the sample. Overall, allowing for additionality reduces the sales impact to around 53% of its gross value and the employment impact to around 61%. In other words, we estimate that just over half of the reported impacts would not have been realised without SEE&L support.

Displacement

3.16 Displacement occurs when support to one business generates benefits at the expense of another business in the same area. In other words, it is likely that some of the support provided may have the effect of displacing economic activity from one business to another. Displacement therefore varies depending on the geographical area that is being considered. It is higher at the Scottish level than at the SEE&L area level. The survey of businesses quantified the proportion of additional sales that would have been taken by local competitors if they had not received the support. Where businesses were unable or unwilling to calculate this, we have used an estimate of 30% at a local level and 50% at a Scottish level.

3.17 **Across the sample as a whole displacement is estimated to be around 20% at the local level and 35% at the national level**.

Multipliers

3.18 The new sales generated as a result of the intervention will have knock on effects in the rest of the SEE&L and Scottish economies. Like displacement, the value of the multiplier varies depending on the characteristics of the area being considered. The multipliers are higher for Scotland than they are for the SEE&L area.

3.19 Calculation of the supplier multiplier is based on estimates of the percentage of sales represented by bought in goods and services. Across the sample as a whole, bought in goods and services represented 42% of sales, of which 27% were purchased in the SEE&L area.

This produces a multiplier of 1.2^2. In addition, we have assumed an income multiplier of 1.1. This produces a combined multiplier of 1.3. At a Scottish level, the combined multiplier is calculated as 1.4.

Economic impact summary

3.20   The additionality, displacement and multipliers set out in the previous sections are applied to the gross estimates of economic impact. The calculations are shown in Table 3.3 at both the SEE&L area level and for Scotland, including SEE&L. The impact on Scotland is shown to be slightly less than in Edinburgh and Lothian because of the assumptions about displacement at a Scottish level (effectively some sales and employment is displaced from outwith the SEE&L area).

3.21   Overall, the supported businesses in the sample that received an action plan have generated 104 jobs in Scotland and £11.1m in turnover.

Table 3.3 – Economic Impact from businesses in the sample that have been through process				
	Employment		Sales	
	SEE&L	Scotland	SEE&L	Scotland
Gross estimates	187	187	£23.2m	£23.2m
After allowance for additionality (Deadweight)	114	114	£12.2m	£12.2m
After allowance for displacement	91	74	£9.8m	£7.9m
Multiplier effects	1.3	1.4	1.3	1.4
Net impact in sample	118	104	£12.7m	£11.1m

Productivity

3.22   Economic policy is increasingly focusing on productivity as a measure of improved performance rather than the sales and jobs supported. Productivity can refer to a number of measures. Most commonly it is used to refer to labour productivity or value added per employee. From the data collected in this study, it appears that the support provided has contributed to improvements in productivity. As a proxy, the estimates in Table 3.3 suggest that the average sales per job generated as a result of the support process is around £107,000. This compares with the average sales per job figure for the sample of around £58,000.

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[2] Formula for the supplier multiplier is
$$1 + \frac{\text{(\% of turnover taken by bought in goods and services)} \times \text{(\% of turnover taken by locally bought in goods and services)}}{1 - \text{(\% of turnover taken by bought in goods and services)}}$$

Impact for the population

3.23   The estimates above can be grossed up to provide an overall figure for all the businesses in the population that went through this process. The sample of 90 businesses was selected to provide a representative sample of the full database of 238. On the basis that the sample accurately reflects the population as a whole, we can deduce that 60% or 143 have had some form of business development review and action plan and that, of these, 130 have implemented or partially implemented the plan.

3.24   By applying the economic impacts calculated above to the overall population we estimate that the delivery of account managed support through this process has supported:

- **312 FTE jobs in SEE&L and 275 in Scotland[3]**

- **£33.6m of additional sales in SEE&L and £29.3m in Scotland**

3.25   These figures cover all the businesses that have been through the account management process that included the provision of a business development review and an action plan. Calculating the impact generated through the support delivered without an action plan or review is more difficult. We provide a more qualitative assessment in the following section.

Impact of businesses that have *not* been through the process

3.26   For those businesses that had no action plan it is more difficult to assess economic impact as there is effectively no starting point from which businesses will be able to identify impact. However, many of these businesses will have been supported through SEE&L's programmes and by the Business Manager.

3.27   The evidence from the survey suggests that there is a clear correlation between the cases that had an action plan and the overall level of satisfaction with the support provided (Table 2.14). There is also a direct correlation between positive views of support and higher levels of reported impact. Those that were positive about the support they received reported, on average, approximately twice the level economic impact than those that were negative[4].

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[3] The Scottish figures include the SEE&L area, but are lower because of the wider displacement

[4] On average, the businesses that were positive about the support reported a net economic impact (after additionality) of around £270,000 compared with £110,000 among those that were more negative.

3.28   It would be difficult and ultimately misleading to try and estimate the impact of the support to this group of businesses. Our discussions with Business Managers suggest that these companies are a far more varied group than those that have been through the standard process. However, given the links that have been demonstrated between the process, overall satisfaction and the level of economic benefit it would be reasonable to conclude that, on average, the economic impact of the businesses that did not go through the standard process is likely to be lower than for those that did.

Cost data

3.29   Cost data for each company was calculated and provided by SEE&L. This has been used to determine the average cost of the intervention for each of the businesses in the sample. These costs include a value for the Business Manager's time and the expenditure by SEE&L on various forms of financial assistance through various programmes and schemes. The figures have been adjusted pro-rata to cover the final year from April 2001 to December 2001.

3.30   The total expenditure in supporting the 90 businesses in the sample was just under £1.2m. The average total cost of supporting a business between April 1999 and December 2001 was £14,800. The average was higher, £17,100, among those with an action plan. The average is skewed by several substantial investments of more than £100k and the median value of just under £7,500 is a better guide to the typical investment made by SEE&L.

3.31   Across all 238 businesses on the database we estimate that the total cost between April 1999 and December 2001 was around £3.2m (Table 3.4).

Table 3.4 – Costs (including estimate of Business Manager's time)				
			In sample (90)	Estimate for population (238)
	With action plan	No action plan	Total	
Total programme expenditure1999/02 (000's)	828	370	1,198	3,167
Total Business Manager costs 199/02 (000's)	96	40	136	360
Total	924	410	1,334	3,527
Average expenditure 1999/02	17,110	11,383	14,819	14,819
Cases	54	36	90	238

Comparing costs and benefits

3.32   The costs and the benefits can be used to provide an estimate of cost per job. This has been done using only the costs (£924k) associated with the businesses that have been through the standard account management process and the impacts (114 FTE jobs in SEE&L area and 104 in Scotland).

•   at a Scottish level the cost per FTE job is £8,900

•   at the SEE&L area level the cost per FTE job is £8,100.

3.33   This represents good value for money compared with expenditure on many individual business support programmes. SQW's work reviewing a large number of European funded business development evaluations for the then Scottish Office produced a series of cost per job benchmarks for a range of programmes. These typically ranged from £9,000 upwards (Table 3.5).

3.34   In comparison with these benchmarks, the investment made in the Account Management process appears sound.

Table 3.5: ERDF funded business development support net job estimates summary	
Category	Cost per net job estimate
Broad-based business development	£12,600
Access to capital	£11,500
Innovation	£10,000
Physical projects	£12,000 (tourism) & £6,000 (non-tourism)
Trade development	£9,000
Start-up support	£19,000
Human Resource Development	£9,500 (graduates)
Marketing	£35,800

4   Wider context

Introduction

4.1   The support of growing businesses, as distinct from all businesses, to the economy is reflected in the vision of a Smart Successful Scotland. The vision places an emphasis on closing Scotland's productivity gap with competitor economies and this means ensuring that the support and infrastructure is in place to provide appropriate support. Underpinning this is the need for Scottish Enterprise (SE) to focus on activities that have greatest impact with the resources that are available. Working directly with businesses that offer most potential is perhaps one of the most effective ways of improving business performance.

4.2   All the Scottish LECs deliver business support through some form of account management process. In practice, implementation and interpretation varies considerably across the SE Network. This inconsistency ranges from the way in which companies are targeted and identified, the number of companies supported, the way in which services are delivered and mechanisms for monitoring. These problems are currently being addressed by the consistent customer management team and recommendations will be made on how the process should be delivered across the Network will be made in due course.

4.3   To help in our assessment of SEE&L's process and set it in context we have considered the experience of several of the other LECs. A summary of the main issues raised is set out in the following section.

Renfrewshire

4.4   Over the last three years the business development team at SE Renfrewshire (SER) has changed significantly in terms of scope and content. SER have moved from a unit of six to approximately 18 Business Managers and now work with about 80 account-managed companies. There are a number of distinguishing features of the SER approach to the growing businesses agenda:

- in identifying clients, SER use the 7 Gateway questions but perhaps with a broader perspective than most other LECs. Selection of the companies is done on a 'how important is this business to the Renfrewshire economy' basis

- the process of identifying suitable account managed companies began 18 months ago with the client group that existed at that time and SER are in the middle of weeding out unpromising companies. This is an ongoing process

- roughly half of account-managed companies are 'tracked'. All tracked companies have an action plan and these look to pull in other programmes. The remaining 40 companies are untracked as they are strategically or politically important. SE Renfrewshire cannot influence this latter group but it is hoped they can do over the long term

- characteristics are monitored every 12 months. There is a debate taking place at the moment as to whether this should be undertaken with all businesses at the same point each year or whether feedback is more on-going (where an IFSO achievement or improvement would be fed back as it was discovered, gold star style)

- of major importance to the SER approach is the relationship between Business Managers and the companies. For this reason most Business Managers are employees of SER, however recruitment puts emphasis on a strong commercial record to ensure credibility with clients

- the team structure acts as an innovation system, fostering information flow and value added between Business Managers in order to create solutions for customers

- SER actively uses relationships with companies to gain entry to firms. This means, for example, promotional activities are delivered through the point of contact rather than centrally as SER.

- the strategic thrust of business development, and of SER's corporate activities, flows from the board's push for customer focus. This customer focus manifests itself in various ways - for example through business 'lunches', designed to bring clients and SER Board level representatives together to facilitate customer feedback

- SER use the growing businesses framework as a tool to understand better the needs of the business and their specific situation and try and influence what needs to be done to ensure that company can maintain their competitive offering now and into the future. In this way the framework is used to understand business needs rather than as an end in itself. The framework is useful to understand the customer and what they want at a point in time and hence is used as a tool in the furtherance of customer focus.

- an area of activity as yet still unresolved is a reliable customer relationship database

Dumfries and Galloway

4.5 SE Dumfries and Galloway (SEDG) currently refer to account management as client management and this approach has been adopted in various manifestations since 1996. There are 19 staff with client management responsibilities supporting some 209 companies in the region.

- client managers are a combination of those who are dedicated to client management activities (these are mostly contract staff that work part time) and those that undertake client management as only part of their job

- broad processes are set out for client management activities, but they are certainly not prescriptive. Different approaches are adopted by client managers

- the service focuses on companies with more than 10 employees and beyond this the companies are segmented by the following criteria: growth potential, economic impact, export potential, willingness to work with SEDG. These base criteria incorporate the SE criteria/indicators for 'Growing Businesses', although the historic application of such criteria has been variable

- a programme designed to 'regrade' companies has been implemented relatively recently (December 2001). This uses the DTI Benchmarking process and results in an action plan for the development of the company, identifying areas of intervention by SEDG. Initial reactions to this process, amongst firms, has been positive

- action plans are to be reviewed, as a minimum, every 12 months by a sub-group of the SEDG Board. This involvement of the Board highlights the importance that is placed upon this activity by SEDG

- client management in SEDG was the subject of a review and evaluation exercise - completed in February 2002. A number of the recommendations from this report are in the process of being implemented. The major actions being as follows:

  ➢ the practice of employed staff acting as part time Client Managers, is being replaced by employed full time dedicated Client Managers. This will reduce the number of people involved as client managers to eight

  ➢ a comprehensive client management manual is to be prepared and disseminated to all staff

> the existing range of client managed companies will be subject to a formal review against the criteria noted above; it is anticipated that client management resources will be focused on a narrower range of firms, with some companies being dealt with on a deliberately reactive or 'care and maintenance' basis.

4.6 It is intended that SEDG segment their client group into 50 key clients managed by full time SE executives (gold), 75 companies managed by external client managers (silver), and 75 companies given point of contact at the SE sector executive (bronze).

SE Lanarkshire

4.7 SE Lanarkshire (SEL) has 7 Business Managers and 150 account managed companies. SEL have invested substantial time in their account management system, implementing the market segmentation process and ensuring that the growing business review is used.

- SEL used a range of sources to identify new companies that they might work with. This involved intelligence from the Business Managers, the Enterprise Trusts and sources that identified new, emerging companies. From the database of 700 companies, the Business Development team produced a list of the top 150 that SEL now target through its account management system.

- the Business Managers are nearly all directly employed by SEL and this is thought to provide more consistency in delivery and allow more effective learning. Training has been provided, particularly to support the use of the growing business review.

- all the Business Managers use the growing business review model and to date 70 reviews have been completed. The target is to complete all 150. Although there is scope for Business Managers to adopt different approaches to completing the review, there will be a standard output.

- using this model requires different skills from the Business Managers and it does not suit everyone. This has implications for the staff that are used and the skills that they need. The growing business review allows the Business Manager to set the agenda, rather than responding to requests for, usually financial, assistance.

- SEL and SE have also developed an online benchmarking tool that links the seven segmentation gateway questions to data collected through the DTI Benchmark database. This tool can be used by businesses and will help SE to identify those that

fit the market segmentation criteria. This is or shortly will be available across the SE area.

- more generally, SEL feel that they started from a strong position, knowing their area and the businesses well and that this has helped them to segment the market effectively.

SE and around the Network

4.8 It is clear there is wide variation in how account management is delivered across the Network. This can be attributed to the differences in local priorities and historical factors but also to differences in interpretation. The differences give rise to variation in:

- the understanding of what account management is

- definition of the account managed companies

- the processes to support and manage account management and differences in the resourcing and deployment of Business Managers

- the use of benchmarking tools.

4.9 The result is that LECs use account management in different ways. As an example, the number of account managed companies ranges from 50 to 300 between similarly sized LECs. On the basis of the database that was used for this study, SEE&L is at the top end of this range.

4.10 However, within the LECs that were consulted, including SEE&L, it is clear that changes have and continue to be made to improve performance and make delivery more consistent. Specifically, this includes:

- progress towards segmentation, with evidence that:

  ➢ LECs are reducing/concentrating their client portfolio.

  ➢ combining the gateway criteria with knowledge of the client base

- broad application of the process, with evidence of:

> ➤ assessment and use of the growing business characteristics

> ➤ structured development plans

> ➤ regular reviews

4.11   The process that SEE&L has adopted and is now implementing fits with the direction that the Network intends taking account management and in this respect SEE&L are ahead of the game. However, as we argue in the next chapter, there are specific issues that need to be addressed to ensure that the process works effectively.

5 Going forward

5.1 In considering the way forward it is useful to assess the delivery of business support in terms of three inter-related themes:

- market segmentation

- delivery and process, and

- monitoring and evaluation.

5.2 While SEE&L have already made considerable progress in all these areas, and are perceived by others to be advanced in pushing these forward, there is scope for the process to become more firmly embedded. This chapter sets out some the issues associated with each of these three stages and makes some recommendations on how they might be addressed. The final chapter brings these recommendations together alongside the conclusions from the survey work and the wider reviews.

5.3 An important influence in the development of the account management process is the work being carried out across the SE Network as part of the Business Transformation Programme. The Consistent Account Management Team are currently working on the development of guidance on how these processes should be delivered across the Network. The process developed within SEE&L fits well with the direction that the SE Team are likely to recommend.

5.4 More generally, implicit behind most of these changes is the drive to move Network services away from the widely held perception, evidenced again in this report, of the Network as simply a source of direct grant funding. The emphasis on the preparation of developmental or action plans should help achieve this.

Market segmentation

5.5 Identifying the right companies to work with is fundamental to the delivery of the account management system. Without the right companies, the process will never deliver the business and employment benefits that SEE&L seek from their investment. This should be a balanced combination of both pro-active targeting of clients and responding effectively to enquiries.

5.6   Segmentation involves two stages:

- identifying prospective companies prior to the gateway questions (active targeting)

- segmenting the client base.

Identifying the prospects

5.7   There is no doubt that SEE&L are making headway in this area. It is intended that the great majority of company contacts will in future be initiated by SEE&L and that the companies to be worked with will be drawn from a segmentation based on:

- the knowledge of the individual managers within each KBA

- desk research.

5.8   At present, however, the survey suggests that the majority of the service is currently determined by business enquiries and SEE&L has, until recently, been broadly reactive in developing a client base. There are a number of reasons for this, but the main ones are historical:

- the set of client relationships established before the growing businesses agenda was agreed and which continue to the present day, some of which are no doubt unsuitable

- the lag in client perceptions of SE support which has yet to move beyond viewing SE as a source of grant funding.

5.9   The consequences are that:

- the situation is self perpetuating as there is often little time to reflect and proactively target desirable companies

- SEE&L are faced with servicing a large number of companies traditionally interested in grant funding and these perceptions are difficult to shift

- as a result, maximum leverage of impact is not achieved.

5.10   SEE&L has already undertaken work on identifying potential clients through a desk review of the market; identifying broad industry groupings that are strategic; and structuring the SEE&L support appropriately (Biotechnology, Information Industries, Creative Industries, Tourism, and Competitive Companies teams).

5.11   However, it is not clear how effectively intelligence about potential client businesses is being fed into the system and how this is managed. We would suggest that there is more that could be done to strengthen the proactive targeting of companies. It would be worth considering making greater use of other sources. For example:

- developing stronger links across SEE&L, particularly with managers delivering specific volume programmes (such as Investors in People) to encourage them to bring potential account management companies to the attention of the Business Managers

- doing the same with third parties dealing with the business community, such as the Chamber of Commerce

- taking a 'cluster' approach, by establishing how far the most promising and enthusiastic account managed clients might be able to identify other local companies involved in their value chain (such as suppliers, distributors, or technology providers) with account management potential.

> ### Recommendation 1
>
> *Strengthen the identification of new account management prospects by developing contacts with existing SEE&L programmes, other agencies and by using existing promising and enthusiastic clients to identify other potential clients in similar fields*

Segmenting clients

5.12   The basis for working with companies and the structure of SEE&L's support is categorised under the following groups:

- **account managed companies** – those that fulfil the gateway criteria and have the potential to grow with account management support

- **client managed companies** (not account managed) – those that receive ad-hoc rather than on-going support

- **strategic companies** – those that require specialist support, possibly through an account manager but where the standard process is not appropriate.

5.13   Our impression is that the database contains a mixture of all three of these groups and that the current portfolio has not been segmented in this way (although this is being introduced). The current database contains too many companies and many that are probably no longer appropriate to consider as account managed. For example, more than half of the companies have been on the database for more than five years and many even longer than this. If the account management process is to produce *market adjustment* the rationale for continuing to provide account management to these companies needs to be looked at closely. If the support is working we would expect to see a greater degree of *churn* as some clients move on and others are recruited.

5.14   We would suggest that the three categories of relationship are implemented, as per the guidance material but that work is done to review the status and type of relationship appropriate for those already on the database. Those currently in the account-managed portfolio will have been identified for different reasons. It might now be appropriate to review the appropriateness of these companies in relation to the seven 'Gateway Questions' and consider the relationship that would be most appropriate; account managed, client or strategic case. This would leave SEE&L with a tighter and more engaged portfolio of account managed businesses and scope to bring in more through careful targeting.

5.15   Related to this is the political support that Business Managers need if they are to be able to turn down companies. Given companies' perceptions of SEE&L as a source of grants, it is crucial that Business Managers have the confidence and the backing of SEE&L to turn inappropriate companies down. It can be difficult to refuse to work with a company and to explain the use of the gateway questions.

Recommendation 2

The concept of segmenting clients in business development activity needs to be more firmly embedded. This should be done through training and consensus building with Business Managers

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Recommendation 3

The current portfolio of companies should be reviewed thoroughly using the seven 'Gateway Questions'. This should segment existing clients more effectively between those which should continue to be account managed, those that are strategic and those that are non-account managed

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Process delivery

5.16   Alongside segmentation, the question of how the process is delivered should also be given careful consideration. The account management process, if deployed effectively, can;

- ensure consistency of service and segmentation of customers which, in turn, can affect client perceptions and expectations

- unlock Business Manager capabilities and the synergies of joined up activity, as well as smoothing the effects of Business Manager turnover.

5.17   Overall, the process set out in SEE&L's documentation with:

- appraisal

- diagnostic review

- action plan, and

- exit

….is thorough and represents good practice within the Network. The evidence from the survey suggests that where it is implemented the results and levels of satisfaction are very positive. However, the main issue is ensuring that this process is used consistently, but also intelligently.

5.18   The SEE&L guidance sets out the distinction between the account managed, client and strategic businesses and the processes. The presumption with all account managed companies is that there will be diagnostic review based on the 14 'growing business' characteristics and that there must be clear reasons set out for the Team Leader if this is not used. There are several issues that have been raised around this approach. In particular:

- that it might enforce a too rigid a structure on interpreting the needs of a very diverse client group

- that it might be too structured to use and might constrain the capacity of the Business Manager to work most effectively.

5.19 Part of the difficulty is likely to be the nature of the companies that are *currently* being account managed. Some have been supported by SEE&L for a long time and using the review process would not seem to be appropriate in these cases, nor would some companies that have come to view SEE&L as a source of funding be particularly enthused by this approach. Reviewing the portfolio of companies in the database and assessing their status will ensure that there are fewer of these and that those that remain formally account managed will be more willing to engage in the process as described. Companies that are assessed as either client rather than account managed or strategic will not be required to use the same process.

5.20 While the general approach and the output will be consistent, the process can be reasonably flexible. In SE Lanarkshire, for example, Business Managers are able to use the tools in subtle ways. It is not always appropriate to use the 'Lanarkshire Workbook' as a tick box guide. In some cases the headings can be used as an agenda to help identify issues and provide evidence for the action plan. There ought to be scope for flexibility in how the 'growing business' review is used and the Business Managers have the knowledge and experience to use it in a sensitive way within the broad framework set.

5.21 Using this approach also provides the Business Managers with a stronger position within the relationship. They are not necessarily responding directly to the company's demands but taking a broader view of the company's development. The evidence from elsewhere is that some companies find this process itself extremely helpful and the responses in our survey also showed higher satisfaction among the cases that had a more structured approach. Of course, some companies will not wish to engage in the process at all, in which case they are not suitable for account management.

5.22 On balance we would support the aim of ensuring that this approach is used for all account managed cases (with the exception of strategic companies which should be identified clearly as such) but it should be used intelligently.

5.23 Within the broad account management approach, the consistent use of the 'growing business' framework will have implications for SEE&L and the Business Managers and may require specific training, as has been done in Lanarkshire. This places greater emphasis on

developing relationships with clients and requires a balance between technical and inter-personal skills. In developing relationships with clients, *Premier Adviser* goes some way to ensuring that the technical skills are there but needs to be evolved to encompass the soft "relationship" skills required of a Business Manager.

Recommendation 5

We would fully endorse the account management approach now being adopted with appraisal, diagnostic review (based on the 14 'growing business' characteristics), action plan and exit for all account-managed companies (with the exception of strategic cases).

However, some thought should be given to how this approach is presented. This will require a number of team sessions to discuss advantages and disadvantages in its implementation, barriers to its use and ways in which the approach can be used flexibly.

This will require investing time and engaging the Business Managers in decisions on how the process should work in practice.

Interaction

5.24   The interaction with other teams that form the LEC and/or the SE Network is the key to making account management work successfully. The structuring of teams along industry groupings can risk compartmentalising support activity and risks becoming a serious impediment to effective information flows. SEE&L already address this through the Product Awareness Days and may wish to consider other mechanisms that cement relationships across the KBAs.

5.25   Business Managers could lead "virtual" SEE&L teams for each client. This would mean, for example that an executive from the IIP Team, Export Team etc would be nominated to work with a specific client company and agree involvement with the Business Manager. More widely, Business Managers would find it helpful to produce and circulate a *skills matrix* that sets out details of each member of the team's experience and key competencies.

Recommendation 6

SEE&L should consider mechanisms to cement relationships between teams. The process should be clear and transparent within SEE&L and programme managers.

The Business Managers should be considered as leading 'virtual' SEE&L teams for each client.

Recommendation 7

Producing a skills matrix that sets out the range of individual capabilities that can be drawn on would strengthen interaction between Business Managers.

5.26   A major point for discussion is the employment status of Business Managers. Customer research suggests that customers are not concerned whether the Business Manager is a SEE&L employee or a contractor, as long as they believe that they are getting the right assistance.

5.27   The status of the Business Managers varies across the LECs. Some such as SE Renfrewshire or SE Lanarkshire employ all the Business Managers directly, in others such as SEE&L, more use is made of contractors. There are benefits and disadvantages to these structures which are beyond the scope of this study. However, in work done in SE Dumfries and Galloway it was felt particularly important that Business Managers should be dedicated to account management (regardless of employment status) rather than splitting their time among more than one role.

5.28   From the client side, one of the major criticisms of the process in SEE&L was less the quality of the Business Managers and more the number that of Managers that companies had worked with. Whatever the status of the Business Manager the most important element of the service will be continuity.

Recommendation 8

Whatever the employment status, account management should attempt to ensure continuity as far as possible.

Support should also be delivered by dedicated Business Managers rather than those with shared responsibilities.

Following up the action plan

5.29   Having produced the action plan there is little evidence of formalised review activity. Our consultations with Business Managers suggest they tend to telephone companies out of professional courtesy rather than part of a systematic review process. This raises questions of how effectively the data is captured and how the wider exit strategy works.

5.30   We would suggest that this review process is tightened, as in the SEE&L guidance. For all account managed companies, the action plan should be used as a basis for assessing progress and there should be a review with the client **each year** to:

- collect monitoring data

- review the relevance of the action plan, and

- consider whether continued account managed status is justified.

> **Recommendation 9**
>
> *The review process should be tightened along the lines of the SEE&L guidance, using the action plan as the basis for assessing progress with all account managed companies. There should be a review with the client each year to collect monitoring data, review the relevance of the action plan and justify continued account managed status.*

Exit strategy

5.31 The exit strategy process is in place, but it is not clear how it is used, nor the criteria which would be used to help Business Managers decide when exit would be appropriate. The concept should be introduced at the start of the relationship (as is now set out in the proposed 'engagement letter') and revisited each year with the company. When the Business Manager and the Team Leader review progress against the action plan, there would need to be a strong rationale for continuing to allocate account management services. In future this review should be able to draw on progress (or lack of it) against the 'growing business' characteristics. Companies should not continue to be account managed simply because they have been in the past. There must be evidence that the relationship is bearing fruit. Strengthening the monitoring framework (suggested in the following section) will help.

> **Recommendation 10**
>
> *The exit strategy should be discussed with the client at the outset, form part of the action plan, and be raised as a point for discussion in the annual review.*
>
> *This should be a two way process which also provides the opportunity for the client company to express its level of satisfaction with the support received and to end the relationship if appropriate.*

Monitoring and Evaluation systems

5.32 Without regular monitoring and evaluation, the effectiveness of market segmentation and process delivery will be seriously hampered. These systems allow an understanding of where SEE&L is as an organisation and where the client base is in terms of its development. Systems are important at the Team level to assist decision-making of an operational/tactical nature as well as at the Board level to assist decision-making at strategic level.

5.33   A further and subtler benefit of strengthening monitoring and evaluation is that it will help shift the focus of the account management process away from activities and towards outcomes and impacts. Account management and business support generally is undertaken as a *means* to achieving economic development and is not an end itself. By demonstrating the links between activities, business performance and employment the evaluation process should make this clear.

5.34   Our discussions with businesses and consultations with SEE&L highlight that whilst there is some effort directed towards monitoring and evaluation (and this study is evidence in itself of the recognition of such a requirement), s further effort is required. Consultations reveal that there is no consistent approach to gathering monitoring information . We would suggest that there be an explicit link between need, support and outcomes; that there is a clear understanding of what information is required; and that this information is collected systematically.

5.35   SEE&L acknowledge that database information systems are inadequate. Although the new information systems currently under development for the entire SE network are likely to be available next year, it remains necessary for a number of reasons (good customer service, potential delays with the new system, etc) at least to introduce monitoring processes in preparation for the new database.

5.36   Data collection for public sector monitoring purposes is not high on the list of priorities for companies. In the light of this, it is worth considering the monitoring and evaluation exercise from a client perspective and wherever possible attempting to add value for the client. This might for example involve providing benchmarking information or a short annual report on activities. The annual statement of services (referred to earlier) that compares progress with the action plan would improve communication with the company and provide transparency on the benefit (or otherwise) of the relationship. This would not be appropriate in all cases. As with the use of action plans, specific interventions for strategic reasons would be outwith this process.

5.37   Information should be collected on the following:

- requirements and baseline

- activities

- outputs

- gross impact

- net impact.

5.38   Information would be collected as part of the initial review, a six monthly telephone call or meeting and an annual progress meeting. We would also suggest planning for a more detailed evaluation at the end of three years to assess effectiveness and value for money. Table 6.1 shows the type of information required and how and when this might be collected.

5.39   How this is implemented will depend on the IT systems that are introduced and the specific requirements of the KMIS and Customer Relationship Management systems. The aim of the table is to set out an appropriate structure, an indication of the data to be collected and when. This is a starting point and will require further detailed development depending on IT systems.

Table 5.1		
Type of information	**Information required**	**Source/Procedure**
Requirements	**Description of company needs.** Mostly qualitative summary of diagnostic	**Initial diagnostic (Business Manager visit)**
	• Baseline growing business characteristics	**Overview of issues and completion of diagnostic review as set out in SEE&L material**
	• Action/development plan summary	
	• Baseline covering turnover, exports, profit, employment and labour productivity	
Activities	• Project description	**Updated against action plan as and when resources are incurred. Record under project description**
	• Programmes and funding provided	
	• Signposting	
	• Business manager time	
Outcomes	• Number of people participating in training	**Outcomes of support should be monitored after six months by telephone and annually as part of a review of progress against the action plan**
	• Number of new/improved products	
	• Qualitative changes e.g. new strategy/planning focus	
	• New market activity	
	• New physical investment made	
	• E-business capacity	
	• Accreditations achieved	
	• R&D investment made	
Gross impact	**Core impact measures: changes in**	**Collect as part of annual review against action plan**
	• Review of business growth characteristics	**Update business growth indicators**
	• Turnover	
	• Exports	
	• Employment	
	• Labour productivity	
	• Profit	
Net impact	**Core measures – value for money and review of process**	**Three-year evaluation of process. This should be a sample survey to assess the *net* benefits taking into account the additionality of support**
	• Net change in turnover	
	• Net change in employment	
	• Net change in productivity	
	• Contribution to growing business characteristics	

Recommendation 11

A simple statement of the services delivered at the end of each year would help make the scale of SEE&L's support more evident and would remind clients that this is a professional arrangement and not a free service. This would be similar to an invoice.

Recommendation 12

Monitoring and evaluation systems should be strengthened to demonstrate the links between activities, business performance and employment. It will also help shift the focus of the account management process away from activities and towards outcomes and impacts.

SEE&L should introduce monitoring and evaluation processes in preparation for the new database. Monitoring should be undertaken as set out in this report with an independent evaluation every 3 years.

6 Conclusions and recommendations

6.1 Overall, the conclusions from the study reinforce the direction which SEE&L is already taking in the delivery of the business development process. These changes are being made against the background of SE's Business Transformation process and will ultimately be shaped by it. It is clear that, regardless of Business Transformation, SEE&L are moving in the right direction and have developed a process which fits with SE's plans. Where it has been implemented, it is producing positive results. The cost per job estimates reflect a good performance that is likely to have improved over time as the process has been implemented more regularly.

6.2 The main issues are therefore less to do with the validity of the process and more with ensuring that it is implemented effectively. In this respect we have raised particular issues around the segmentation of the market, implementing the process and in monitoring and evaluation.

6.3 The first half of this chapter provides a summary of the research findings and the second brings forward the recommendations that were made in the previous chapter

Company survey

6.4 The results presented a polarity of views, with good ratings from companies that had engaged with the process and some critical remarks from others who had had more limited engagement.

- **Profile** - around half of the population have been working with SEE&L for five years or more and tend to be well established. Sixty per cent employ less than 25 people and 50% have a turnover of less than £1.4m

- **Motivatio**n – 81 percent of businesses reported that they had approached SEE&L for support rather than being targeted themselves. The main reason for contacting SEE&L was to access grant funding and predominantly for expansion activities rather than to help support weaker companies

- **Action plans** - 60% of the sample had received an action plan. These focused mostly on marketing, strategy and HRD. The majority were driven by developing access to new markets.

- **Actions and benefits** – 62% received further support from SEE&L through programmes (an average of £13,300 per company). The Business Manager's role tended to be as a sounding board or providing encouragement rather than hands on support. The supported activities contributed to the 'growing business' criteria, 60% had become more market focussed, 49% now took a longer-term view of planning. Around half felt that the support had increased flexibility of the company, and broadened their attitudes to change, ideas and the use of external support.

- **Satisfaction** was generally very high among those that had been through the process. For 19% the support had been vital and was important for a further 39%. Overall effectiveness was rated as very good or satisfactory by 88% of businesses. Scores were markedly lower for the Business Manager's understanding of operations, perhaps reflecting high expectations. Thirty five per cent would now be willing to pay for support (some with the proviso that it would lead to access to grants!)

- **Further comments** - SEE&L strengths were felt to be in networking, availability and approachability whilst weaknesses tended to be the bureaucracy and timeliness of actions. Most comments reflect the underlying perceptions that the SEE&L's support is about provision of grants. Where an action plan was prepared the majority of businesses were positive, where this was not the case, the overall views tended to be more negative.

6.5 There is also a marked correlation between satisfaction levels and the period of support of intervention. Companies assisted **after 1999** provided considerably more positive feedback. This also coincides with the introduction of the business review and action plan and it would be reasonable to conclude that the increasing use of action plans has led to a marked improvement in the performance and effectiveness of business development support.

Economic impact

6.6 The assessment of economic impact is based on the businesses that went through the account management process that was outlined to us initially and which resulted in the production of a formal or informal action plan. The results cover the period April 1999 to March 2002. The results suggest that action plans and associated support activities have had the following *net* impact on the local and Scottish economies:

- 312 FTE jobs in SEE&L and 275 in Scotland[5]

- £33.6m of additional sales in SEE&L and £29.3m in Scotland

- The proportionately greater increase in sales than employment would suggest improved labour productivity

- For those companies that have not been through the action plan process (40% of the population) it is more difficult to ascertain impact as there is effectively no starting point from which businesses will be able to identify impact. However, there is a direct a correlation between satisfaction and economic impact and it is reasonable to conclude that the impact of those businesses that did not go through the standard process is likely to be lower than those that did.

- We estimate that across all 238 businesses the total cost of support between April 1999 and December 2001 to be approximately £3.2m. For the *54 companies in the sample receiving an action plan* the total support cost £924,000. **On this basis the cost per FTE job at the Scottish level is £8,900 and at the SEE&L level £8,100.** This represents good value for money compared with many individual business support programmes that are typically of the order of £10,000. Against these benchmarks the investment made in the account management function appears sound.

Wider context

6.7 There is a wide variation in how account management has been developed across the SE Network. There is variation in the understanding of what account management is; the definition of account managed companies; the processes to support, manage and deliver account management; and the use of benchmarking tools.

6.8 These issues are all be addressed through SE's Consistent Account Management approach and will ultimately help shape the way in which SEE&L operate. However, across the network SEE&L are considered to be fairly advanced in the implementation of the main themes that will form the basis of SE's guidance. SE Lanarkshire, SE Renfrewshire and SE Dumfries and Galloway are all at various stages of moving toward a more structured approach, implementing market segmentation more rigorously and basing diagnostic reviews on the 'growing business' characteristics.

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[5] The Scottish figures include the SEE&L area, but are lower because of the wider displacement

Recommendations

6.9   This section sets out our recommendations. These build on the discussion in the previous chapter and are presented under the same three headings. Overall, these recommendations reflect our view that the approach described in the SEE&L material is the correct one and that the aspects of delivery that require strengthening are related to reinforcing this rather than changing it.

Segmentation

- Strengthen the identification of new account management prospects by developing contacts with managers of existing SEE&L programmes and other agencies; and by using existing promising and enthusiastic clients to identify other potential clients in similar fields

- The concept of segmenting clients in business development activity needs to be more firmly embedded. This should be done through training and consensus building with Business Managers

- The current portfolio of companies should be reviewed thoroughly using the seven 'Gateway Questions'. This should segment existing clients more effectively between those which should continue to be account managed, those that are strategic and those that are non-account managed

- There should be a commitment from SEE&L to the segmentation process and agreement that in tightening the approach, hard decisions may well have to be made. Business Managers must have the confidence and the backing of SEE&L to turn inappropriate companies down.

Process

- We would fully endorse the account management approach now being adopted with appraisal, diagnostic review (based on the 14 'growing business' characteristics), action plan and exit for all account-managed companies (with the exception of strategic cases).

- However, some thought should be given to how this approach is presented. This will require a number of team sessions to discuss advantages and disadvantages in its

implementation, barriers to its use and ways in which the approach can be used flexibly.

- This will require investing time and engaging the Business Managers in decisions on how the process should work in practice.

- SEE&L should consider mechanisms to cement relationships between teams. The process should be clear and transparent within SEE&L and programme managers.

- The Business Managers should be considered as leading 'virtual' SEE&L teams for each client.

- Producing a skills matrix that sets out the range of individual capabilities that can be drawn on would strengthen interaction between Business Managers.

- Whatever the employment status, account management should attempt to ensure continuity of Business Manager wherever possible.

- Support should also be delivered by dedicated Business Managers rather than those with shared responsibilities.

- The review process should be tightened along the lines of the SEE&L guidance, using the action plan as the basis for assessing progress with all account managed companies. There should be a review with the client each year to collect monitoring data, review the relevance of the action plan and justify continued account managed status.

- The exit strategy should be discussed with the client at the outset, form part of the action plan, and be raised as a point for discussion in the annual review.

- This should be a two way process and provide the opportunity for the client company to express their level of satisfaction with the support received and to end the relationship.

Monitoring and evaluation

- Monitoring and evaluation systems should be strengthened to demonstrate the links between activities, business performance and employment. It will also help shift the focus of the account management process away from activities and towards outcomes and impacts.

- SEE&L should introduce monitoring and evaluation processes in preparation for the new database. Monitoring should be undertaken as set out in this report with an independent evaluation every three years.

- A simple statement of the services delivered at the end of each year would help make the scale of SEE&L's support more evident and would remind clients that this is a professional arrangement and not a free service. This would be similar to an invoice.

APPENDIX A

CASE STUDIES

Case studies

CASE STUDY 1

This small manufacturing company from West Lothian has been supported by SE Edinburgh and Lothian from start up in the mid 90s. From the very beginning, they were looking for help with direction because they were unsure about some aspects of the business. The firm has gone through rapid expansion. In this case, there was a Business Development Review and an action plan, though both were somewhat informal. Some highly tangible items have come out of the action plan including RSA funded improvements to premises and changed management standards. There has also been help with marketing.

Overall, the firm believes that the support received has accelerated its progress by about two years. Growth is also more sustainable – the support has led them to believe that they are now on a better footing with better standards inside the firm. They are very happy with the quality of the individual business managers. A particular strength has been the ability to be able to call on SE Edinburgh and Lothian specialists, especially on the property side. The characteristics of the firm which have led to good impact and additionality appear to be that it has been a new and fast growing business where growth appeared to be on the point of outstripping management capability. External support in these circumstances has been invaluable.

CASE STUDY 2

This medium sized company based in West Lothian manufactures specialist computing equipment and was taken over two years ago by a foreign multinational. It had previously had a long-standing relationship with SE Edinburgh and Lothian with two innovation grants as well as SMART and SPUR awards during the late 90s. There has also been some assistance with training needs analysis as well as support from Scottish Development International. There has been a Business Development review and an action plan but the action plan has not been implemented and there are no plans to implement it. Little too has come out of the people development support.

While the company has found the various forms of support over the years helpful, especially the cash injections, and while it is reassuring to know that an SE Edinburgh and Lothian adviser is there on call (if required), they now have very little scope to innovate or make decisions locally - change is now driven by the parent company. The Director spoken to could see the value in SE Edinburgh and Lothian support in some cases, especially for newly formed businesses, but in their case it really came down to SMART and SPUR in the past with limited relevant intervention now.

CASE STUDY 3

This manufacturing company in West Lothian employs 60 people and on the basis of word of mouth, approached SE Edinburgh and Lothian for support on export marketing. The company was primarily interested in securing a grant to assist with the targeting of new markets and how to access them. The business manager, together with company's management, produced an action plan that looked at identifying new customers and making contact through various trade shows. Funding was then secured with the assistance of the business manager, which allowed the company to attend key trade events. This activity resulted in £1.5m sales and £750k exports each year and is forecast to increase over the next four years to £2.25m and £1.13m respectively.

According to the company none of this could have been achieved without support. Indeed the support was vital to realise the growth of the company. According to the company, the perception of the private sector of SEE&L support is that it is directed to companies coming into Scotland rather than indigenous firms. However in terms of their experience, SEE&L were very approachable and they were very happy with the service received.

CASE STUDY 4

This company manufactures and retails gifts to the tourist industry from a factory base in West Lothian where it employ 30 full time and 35 part time staff. The firm saw potential in developing an e-commerce dimension to their business that would allow them to sell to tourists after they returned to their home country. Support was sought from SE Edinburgh and Lothian through personal contacts to develop this idea. The company went through a review process with the business manager which led to the development of an action plan. The action plan focused on the general strategy of the firm and the supply of finance to implement the e-commerce side of the business. SEE&L awarded the company a £15,000 grant to invest in e-commerce and the result has been the development of the system and a number of webcams being installed in retail outlets. It was too early to identify any tangible benefits, however, the company did anticipate a significant increase in sales and exports over the next few years.

The company felt that they would have undertaken most of this activity anyway without the support, but it had allowed them to make the investment 12 months earlier. The company made the point that weaknesses in support related to the system rather than the business manager per se, for example, by refusing to support projects that had already been embarked upon. On the other hand SEE&L was felt to be very flexible in the types of support provided. The business thought that there should be quarterly meetings with the business manager to improve understanding of each others' activities.

CASE STUDY 5

This manufacturing company in Midlothian employs 35 people and was initially approached by SE Edinburgh and Lothian offering support. The company was primarily interested in securing a SCIS grant to support the development of a new product and in June 2000 their business manager, together with the company's management team, produced an action plan that looked at product development and access to potential new markets. The business manager then helped them to secure the SCIS funding. Following receipt of the funds, a product was developed that now generates around £1m in sales each year. Without the support the company would have continued to develop the product, but on a smaller scale, and the MD believes that around half of the sales might have been achieved.

By the time the company applied for the grant they were working with their third business manager, the first not having been considered competent enough to work with the business and the second allegedly selling their own private consultancy. Although they are satisfied with the performance of the current manager, their experience with the previous two has left them very sceptical of the support available and its value. The MD felt that it was only worth accessing the business manager if grants were available

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CASE STUDY 6

This company develops and manufactures computer-related equipment. They employ seven people on their site in West Lothian. Initial contact with SE Edinburgh and Lothian was specifically to seek funding for product development and this was achieved in 1999 when the company was awarded a SCIS grant. The company did not go through a review process of any kind and, in any case, the managing director claimed that he would not have been willing to go through such a process to secure the funding. The grant provided resources to invest in the development of a new product which has successfully gone into production and is now being sold. However, the company's view was that this investment would have been made anyway, although the funding had greatly helped cashflow at the time.

While the company complained that the process had been overly bureaucratic, they felt that they were supporting jobs in the area and that, on this basis, they deserved public sector support. Outwith the funding, contact with the business manager had been limited and they saw no benefit in extending this, unless it was linked to more grant support.

CASE STUDY 7

This engineering firm based in central Edinburgh employs 22 staff. Following a recommendation from another company they initially contacted SE Edinburgh and Lothian for advice on financial management as the business expanded and was putting strain on internal management systems. A business review led to an action plan which covered the strategic direction of the firm, marketing and HR as well as financial management and ICT. The company has implemented new systems to deal with administration and financial management as well as establishing a client database to allow them to undertake greater levels of targeted marketing. The company believes that the involvement of the business manager has been very important in the company's growth.

They estimate that the help and advice has allowed them to recruit an additional six staff and double their turnover to around £700k. Without the help of SE Edinburgh and Lothian they would have achieved less than half of these benefits and would not be exporting to the same degree. The company were very impressed with their business manager and were particularly impressed with their clarity, vision and overall commitment. The only criticism was that the business manager was not fully aware of what other agencies, for example the Chamber of Commerce, were offering and they would like to see closer working between the development agencies.

CASE STUDY 8

This company provides training on a range of heavy plant equipment. Formed only five years ago, the company now employs over 30 people in the West Lothian area. Having experienced significant growth for their services and having won a couple of large contracts, the company, on the advice of another business, approached SE Edinburgh and Lothian. They did so to seek advice on how to manage the growth and expansion of the company and because of perceived inefficiencies at that time. At the end of a comprehensive review of the business a five year action plan, which has subsequently been used as a business plan, was produced. The objectives of this were to focus the strategic direction, enter new markets and improve internal efficiency. Whilst this covered a range of topics (general strategy, production, marketing, HR development, financial management and ICT) it also set out specific targets and objectives for the company to work towards.

Implementation of the project is ongoing with a new IT system having been installed and, at the time of consultation, the company was in the process of establishing a subsidiary business in the Republic of Ireland. As part of the process representatives of the company have attended the IIP and Rapid Results Programmes provided by SE Edinburgh and Lothian. The involvement of the business manager was seen as vital and the company indicated that around six additional jobs and £300k of extra revenue are attributable to the action plan. In addition to these benefits, the company now views itself as more flexible and open to change. Unsurprisingly the company was very impressed with the business manager and highlighted their flexibility and approachability as well as their ability to make sound recommendations and then help implement them as key strengths.