EVALUATION OF THE INVERCLYDE BUSINESS STORE

A report to:
Inverclyde Council and Scottish Enterprise Renfrewshire

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Executive summary

This document summarises the findings of a study conducted by SQW Limited during 2003-4 of the Inverclyde Business Store (hereafter the Store), located at 75-81 Cathcart Street, Greenock. The study, commissioned by Inverclyde Council and Scottish Enterprise Renfrewshire (SER), sought to:

- provide evidence of the added value benefits that the services offered through the integrated "one stop shop" approach followed by the Store are providing to local businesses
- develop recommendations to guide Inverclyde Council and SER in their decision making on future format and delivery.

The study had *ex-post* evaluation and forward looking components and considered *strategic* as well as *operational* level issues.

The study involved a review of monitoring records, a postal survey and telephone interviews with companies, as well as consultations with other key stakeholders in the Store and with staff managing comparable operations in other LEC areas. The study obtained primary feedback from 48 client companies. This was a very weak response, representing only 8% of the population of c.2800 individuals or businesses we were able to identify as clients of the Business Store.

Strategic issues

The Business Store was set up with 11 original objectives:

- **Access:** to make it easier for individuals and companies to access business support and reduce confusion in the market place by providing a one-stop-shop venue for business enquiries
- **Fragmentation:** to address the fragmentation issue in the delivery of business support services by providing a range of services from a single location
- **Inclusiveness**: to support a more inclusive approach to developing businesses, achieving a greater penetration of the small business community and providing clients with a more proactive and accessible menu of services
- **Attitudes:** to encourage more enterprising attitudes to business and to inspire more people to start their own business
- **Start-up and growth**: to provide assistance to new start companies and develop wider small business growth

- **Community-based businesses:** to raise awareness and provide assistance to new and existing community-based businesses

- **Awareness of organisational issues:** to provide information and learning experiences which raise the awareness of key organisational issues, e.g. e-commerce, IIP, exporting, environmentally and socially sustainable activity etc.

- **Quantifiable outputs:** to achieve increased quantifiable outputs such as higher number of business starts, rising survival rates and growth in jobs/sales within the small business community

- **Performance delivery:** to improve upon performance delivery areas such as more efficient use of resources, faster response times, greater continuity and stronger active partnership communication and joint working

- **Quality service:** to encourage a quality delivery service to the business community across all partner organisations through the development of a more open approach for businesses to all support areas

- **Encourage co-operation:** to provide an environment which encourages co-operation and joined up thinking with regard to communication with the business community

In our judgement, the Business Store has shown largely positive progress against the original objectives, however there are some weaknesses. The Store has shown:

- most progress in *improving access* to support*, addressing fragmentation* of support services*, raising awareness of organisational issues* in client businesses and *delivering a quality service*.

- weakest progress in improving *inclusiveness, supporting community based businesses,* and *encouraging co-operation* amongst providers.

Progress against original objectives demonstrates that the rationale is still valid and there is a strategic fit with funders' priorities. Client views on accessibility are particularly positive but views on reducing overlap and duplication are more mixed.

In terms of Store performance, our very low survey response together with the nature of some of the responses suggests many clients have had little engagement/interest/commitment with, in or to the Store. Notwithstanding this, the Business Store would appear well embedded in the local area as informal methods (for example 'word of mouth') are the most important in generating an awareness of the Store.

The majority of clients sought and accessed grant, start-up support and general business advice. A sizeable proportion have benefited from 'one-stop shopping': nearly half the sample had additional business needs highlighted and were encouraged to contact others in the Store. In terms of satisfaction, clients are positive about the Store but less so on the issue of overlap and duplication.

The very low survey response seriously limits any estimate of business and economic impact. This said, the findings suggest clients have experienced positive business performance since receiving support. When asked further about changes in business performance, attribution to the support received through the Store is high. Despite high attribution levels, it appears the support has low additionality, with many clients suggesting they would have undertaken actions anyway if support had been unavailable. When this issue is probed further, the evidence suggests the Store support potentially crowds out other sources of assistance.

Operational issues

The management and delivery of support services through the Business Store suffers from a number of weaknesses. These include inadequate monitoring of data and a contributing issue of separate IT systems: there is no common CRM system and this frustrates client tracking. Notwithstanding these difficulties, most consultees within the Store feel co-location is valuable.

Communication between partners operating from the Store is also an area of weakness. Our fieldwork indicates dissatisfaction over the middle management role of the funders: the absence of a steering group has meant there has been no mechanism for partnership working and operational issues to be aired, worked through and resolved. There is also evidence of an 'us and them' culture in the Store.

Recommendations

We would recommend the following actions:

- make continued effort to reduce overlap and duplication as this issue still concerns some clients
- review resources attached to aftercare services.
- review the types of services being provided and the types of clients supported in order to maximise additionality, avoid suspected crowding out and avoid supporting clients which simply displace sales elsewhere in the economy
- compare the impact results of this evaluation with the impact of approaches in other parts of the SE Network
- promote the benefits of more specialist support to clients and monitor the uptake of this support

- explore an alternative, real-time evaluation methodology for the future to ensure that necessary and robust evaluation can be achieved

- review IT systems in the Store and develop or adopt a single integrated contact data management system to facilitate monitoring

- re-introduce a steering group to allow middle management to tackle issues as they arise. SER should have a higher middle management profile and more opportunities for inter-agency interaction should be found

- adopt a more inclusive approach to strategic target setting and resourcing between the partner agencies.

- make an explicit distinction in target setting between ‘light touch’ clients and those supported substantially.

1 Introduction

1.1 This document presents the findings of a study conducted by SQW Limited during 2003-4 of the Inverclyde Business Store (hereafter the Store), located at 75-81 Cathcart Street, Greenock. The study, commissioned by Inverclyde Council and Scottish Enterprise Renfrewshire (SER), had a number of operational and strategic level objectives. It also had both the backward looking dimension of an ex post evaluation as well forward looking objectives.

Objectives

1.2 The key issues addressed in the study include:

- *at the strategic level*
  - progress made against the original objectives for the Store project
  - performance of the Store - achievements to date and potential outputs and impacts that may still be realised
  - developments or modifications that should be introduced to the service, its operation and delivery model for the future - in line with the Business Gateway model
- *at the operational level:*
  - management and delivery of services in support of existing small businesses and new start businesses
  - communication between partners operating from the Store.

1.3 The objectives of the study are (a) to provide evidence of added value benefits that the services offered through the integrated *"one stop shop"* approach followed by the Store are providing to local businesses, and (b) to develop recommendations to guide Inverclyde Council and SER in their decision making on future format and delivery.

1.4 The objective has not been primarily to evaluate the impact of individual services available to clients through the Store. Many of these - for example, the services of the Small Business Gateway (now the Business Gateway) and those of the Prince's Scottish Youth Business Trust (PSYBT) - are conducted as stand-alone operations in other areas of Scotland. In reality, however, it is difficult for clients to make the distinction between the value of the Store and the value of the individual services they have received: for the most part, they are not in a position to benchmark the *"one stop shop"* operation against alternative organisational models.

1.5 In this report, we draw out and emphasise evidence that provides particular insights into the success or otherwise of the integrated, co-location model of operation adopted in Inverclyde.

2 Background: nature of the Business Store

2.1 The Store was established in 2001 through the joint action and funding of Inverclyde Council and SER. This followed a review in 1999 of business services being provided in the Inverclyde area. A number of key drivers can be identified in the decision to establish the Store as a *"one stop shop"* for businesses within Inverclyde:

- the wish to provide an integrated business development service for existing and start-up companies
- the perceived benefits for clients of a single location
- benefits for clients of a more comprehensive range of business development support services
- added value from an advocacy role towards others services available to businesses
- a wish to encourage and facilitate networking, co-operation and integration among staff of the organisations that have taken up tenancies in the Store - that is, integration behind the public interface.

2.2 In addition to recommendations regarding co-location of delivery organisations, the 1999 review also suggested the introduction of an agreed account management system backed by a common client tracking system. It proposed more pro-active marketing on a multi-agency basis.

2.3 The target market for the Store has included existing SMEs and start-up entrepreneurs in the Inverclyde area. The proposed advocacy role towards other services extended to include those concerned with businesses interested in moving into the area.

2.4 The Store provides hot desking facilities for non-core staff (e.g. visiting SER staff) and also provides boardroom/training room facilities.

2.5 The information in the consultants' brief for this study indicated that visitors are recorded on the basis of the organisation visited and the purpose of the visit, with the data capable of being analysed on a monthly basis. Information on enquiries received and support given is held individually by each of the partner organisations.

2.6 The Store initiative was progressed against a backdrop of concern both locally and subsequently nationally about overlap and duplication between public sector organisations delivering support to businesses. There was concern expressed, not least by the Enterprise and Life Long Learning Committee of the Scottish Parliament, over the consequent confusion in the business-base about the services being provided.

2.7 This catalysed local reviews of business support services by Local Economic Fora and led to the establishment of the Small Business Gateway service, and now the Business Gateway, across the Scottish Enterprise Network.

The Business Store partners

2.8 On opening in 2001, the Store incorporated the following organisations - Scottish Enterprise Renfrewshire, Inverclyde Council Economic Development Services, Small Business Gateway Start-up and Information Services, the Small Business Development Initiative, the Prince's Scottish Youth Business Trust (PSYBT) and Greenock Chamber of Commerce.

2.9 Currently the Store's web-site (www.inverclydebusinessstore.com) identifies the following organisations as having representatives *"Working in Partnership"* within the Store: Inverclyde Council Economic Development Services, Business Gateway (formerly Small Business Gateway), PSYBT, Greenock Chamber of Commerce, James Watt College, Careers Scotland, Inverclyde Training and Employment Initiative (ITEI). JobCentre Plus also has an association with the Store.

2.10 Operationally, some organisations such as Careers Scotland and JobCentre Plus only have a physical presence when their staff come to the Store to meet clients referred to them by other Store partners.

Objectives of the Business Store project

2.11 One of the requirements of this study is to assess progress against the original objectives. These are listed in Table 2.1 below. Eleven different objectives - three broad (numbers 1 to 3) and eight more specific - were set for the Store.

Table 2.1: Summary of objectives set for the Business Store	
1) access	to make it easier for individuals and companies to access business support and reduce confusion in the market place by providing a one-stop-shop venue for business enquiries
2) fragmentation	to address the fragmentation issue in the delivery of business support services by providing a range of services from a single location
3) inclusiveness	to support a more inclusive approach to developing businesses, achieving a greater penetration of the small business community and providing clients with a more proactive and accessible menu of services
4) attitudes	to encourage more enterprising attitudes to business and to inspire more people to start their own business
5) start-up and growth	to provide assistance to new start companies and develop wider small business growth
6) community-based businesses	to raise awareness and provide assistance to new and existing community-based businesses
7) awareness of organisational issues	to provide information and learning experiences which raise the awareness of key organisational issues, e.g. e-commerce, IIP, exporting, environmentally and socially sustainable activity etc.
8) quantifiable outputs	to achieve increased quantifiable outputs such as higher number of business starts, rising survival rates and growth in jobs/sales within the small business community
9) performance delivery	to improve upon performance delivery areas such as more efficient use of resources, faster response times, greater continuity and stronger active partnership communication and joint working
10) quality service	to encourage a quality delivery service to the business community across all partner organisations through the development of a more open approach for businesses to all support areas
11) encourage co-operation	to provide an environment which encourages co-operation and joined up thinking with regard to communication with the business community

Project funding

2.12 The total cost of refurbishing and fitting out the Cathcart Street premises was shared equally by SER and Inverclyde Council. The total capital costs incurred amounted to £460,300. Additional IT infrastructure costs amounted to £75k, of which SER contributed £50k and the Council the balance. Running costs to provide general purpose services are shared equally by the two organisations. Other running costs associated with operating the building are apportioned on the basis of usage where specific costs can be identified, including costs borne in proportion to space occupied in the building. Annual running costs are estimated to be £152k. These are subject to annual review.

An initial commitment was made by SER and the Council to fund the Store for three years, with the intention of trying to secure an additional two years funding beyond this. It is recognised that in the short term the capital outlay increases the overall cost of delivering services.

3 Study methodology

3.1 The methods adopted for this study comprised:

- review and analysis of contextual information and project monitoring data
- face-to-face consultations with partners and stakeholders in the Store - the names of consultees are given in Appendix A
- face-to-face consultations with staff engaged in managing small business support services analogous to those delivered via the Store in three other Local Enterprise Companies - Ayrshire, Dunbartonshire and Forth Valley (see Appendix A for names of consultees)
- a postal survey of clients of the Store (see copy of survey questionnaire in Appendix B)
- telephone interviews with clients of the Store.

3.2 The study commenced with an inception meeting on 12 May, 2003. The review of background documents and the programme of consultations with partners, stakeholders and other LECs were completed during June 2003. However, a number of severe operational difficulties were faced in the conduct of the postal survey.

Conduct of the postal survey

3.3 We set out below the difficulties encountered in conducting the postal survey. We do so at length not only to highlight reasons behind the delay to the completion of this study and the limitations of the data obtained, but mostly because we consider the difficulties point up lessons which should be borne in mind in the future management of the Store.

3.4 In summary:

- the full list of contact details for Store clients only became available to the Study Team in the week beginning 22 September 2003
  - contact data had to be assembled from two different sources within the Store
- client feedback and approval of our draft questionnaire and introductory letter was given the week beginning 6 October 2003
- upon reviewing Store client data, it was realised that out of c.2827 contact names provided, the nature of support the client had received from the Store could be discerned for only 1120 (or 40%) directly or indirectly:

- some of this information was provided at the time with the help of the Store manager using his tacit knowledge

- upon reviewing the Store client data, it was realised that out of c.2827 client names, 84 (or 3%) had no contact addresses

- we distributed c. 600 questionnaires in October, 2003 with a covering letter from SER explaining our purpose, but only 41 (6.8%) were returned - a surprisingly and disappointingly low response rate

- during a period of two weeks after the deadline for the return of questionnaires, SQW staff made c. 250 phone calls to recipients. On making these calls using the contact data provided to us, a significant number (c. 80 or 32%) proved to be wrong numbers.

3.5 During the follow-up 'phone calls to Store clients, a number of options were offered when contact was made:

- to return the questionnaire that had been received

- to receive a replacement questionnaire for one that had been lost/destroyed or had otherwise gone missing

- to be interviewed at a convenient time by phone as an alternative way of obtaining feedback

- to be interviewed face-to-face as an alternative way of obtaining feedback.

3.6 As a result of these 250 calls, we are not aware of any additional questionnaires being returned. Six telephone interviews were conducted. It was not possible to get Store clients to agree to face-to-face interviews. 10 Store clients stated that they had no contact with the business store and 27 refused to be interviewed.

3.7 Following a meeting between SQW staff and Inverclyde and SER representatives on 8 January, 2004, a further attempt was made to increase the response rate from the Store's clients. The Council and SER directly and via SER's account managers sought to identify clients known to have received significant levels of support and that could be expected to respond to the survey. Questionnaires were sent to a further 22 Store clients: this resulted in one further response, giving a total of 48 responses. The responses suggest 43 of these were businesses, and five were individuals.

Sampling

3.8 It is relevant to describe briefly the sampling method adopted for both the postal survey and the consequent follow-up, as this reinforces our concerns. Within the population of Store clients, the monitoring data provided to us had information on the nature of the services received for only 122 clients - services were described in the monitoring records as training; property guidance; property support; business development. All these clients were sent a questionnaire.

3.9 In addition, 1004 of the Store clients we were able to class as start-ups – either because they were classed as such or the data implied receipt of some kind of start-up support. We sent questionnaires to 250 of these start-up clients (c.25%), selected by a quasi- random method.

3.10 The remaining questionnaires, 227, were sent to contacts for which we had no information on the services they had received, divided on a pro-rata basis between clients with a business address and those only listed as private individuals.

3.11 In selecting Store clients to receive a postal questionnaire, we decided therefore on a purposive approach: we biased our sampling heavily towards clients that had received a specified service and then towards those classed as start-ups. Table 3.2 summarises the distribution of questionnaires. The significance of this is that the poor response rate to the survey was despite that fact that the sample was strongly biased towards those that appear to have received most support.

Table 3.2: Summary of Survey sample

	Number on client databases	*Number of questionnaires issued*
Companies receiving specified support (namely training, property assistance. property guidance, and/or business development)	122	121
Companies described as "start-up" and known to have received additional specified support	6	4
Companies described as "start-up" but not known to have received any additional specified support	998	248
Companies described as "growing businesses" and known to have received additional specified support	8	7
Companies described as "growing businesses" but not known to have received any additional specified support	28	4
Other companies – no record of any specific support	1544	199
Individuals – no record of any specific support	135	24

Conclusions and recommendations

3.12 Obtaining information on what services had been provided to Store clients proved to be problematic. Data from different sources provided different levels of information. These problems appear to link to comments by consultees working in the Store (see Chapter 5) on their problems with the use of current IT systems, notably the customer relationship management system.

3.13 To avoid some of these difficulties in future, we recommend better integration and consistency in client contact data management systems within the Store. There is merit in holding more information on what clients receive from the Store - at present for a large majority of Store clients there appears to be no record of what service they received and therefore little opportunity to test what services prove most popular and most useful.

3.14 We also recommend an explicit distinction in target setting and monitoring between those clients that visit the Store for the most basic service, e.g. to pick up a leaflet or have a single, simple enquiry answered - i.e. those that the Store and its staff engage with a "light touch" - and clients that receive more substantial help.

3.15 Given the reluctance of clients of the Store to respond to the kind of ex post evaluation methodology adopted for this study, we would recommend for the future that funders design and deploy a real-time evaluation method that accesses the views of Store clients closer to the time of service delivery. Capturing feedback, say six months after support has been received, might prove more fruitful.

4 Views of clients using the Store

Characteristics of the businesses

4.1 The study sought to establish the characteristics of those clients that contact the store for support. Characteristics of interest include:

- nature of business - commercial, social or other kind of enterprise
- scope of operation
- business size by employment
- business age
- type of business activity.

4.2 The vast majority (95%) of clients we contacted are 'for profit' organisations, the remaining 5% being 'not for profit'. A sizeable majority (88%) of the respondents have their headquarters in the Inverclyde area, with only 12% being branches of larger organisations headquartered outside Inverclyde.

Size by employment

4.3 A breakdown of clients by numbers of full and part time staff is shown in Table 4.1. Thirty four responded to this question.

4.4 In total, the respondents employed 260 full time staff and 63 part time staff. This represents a total of 292 FTE posts. The vast majority of these are small: 65% employ five full time employees or less.

Table 4.1: Respondent size by staff numbers (full time equivalents)

	Frequency	*Valid Percent*
Sole trader	1	3
1-5 staff	22	65
6-9 staff	5	15
10-19 staff	2	6
20-29 staff	1	3
30 staff +	3	9
Total responses	**34**	**100**

Age of organisation

4.5 Respondents were asked to specify how long their firm had been trading. Thirty two responses were received, the results shown in Table 4.2. Most organisations are young: 28% of the respondents are 'new starts' who had begun trading within the last year. A further 47% are between 2-3 years old.

Table 4.2: Age of organisations responding to the survey

	Frequency	*Valid Percent*
New start	9	28
2-3 years trading time	15	47
4-5 years trading time	3	9
6-7 years trading time	2	6
8-10 years trading time	1	3
10+ years trading time	2	6
Total	**32**	**100**

Main business activity

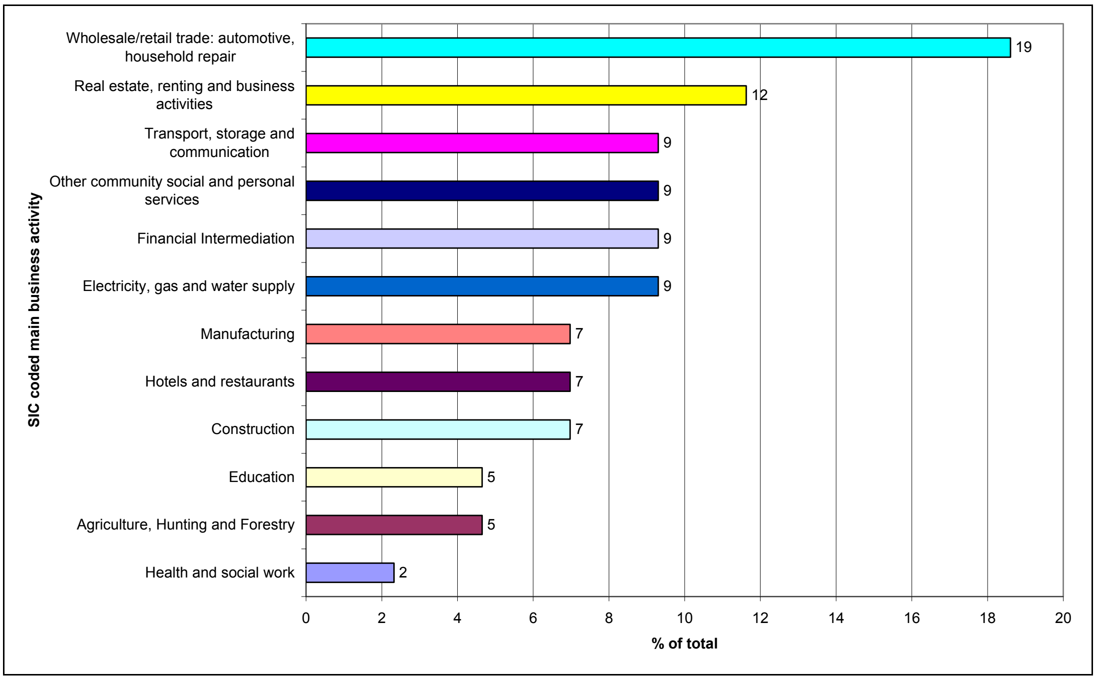
4.6 Respondents were asked to describe their main product and market. This information was then recoded to Standard Industry Classification (SIC) codes. This breakdown is given in Table 4.3 (and Figure 4.1).

4.7 Business activity over the sample is broadly with two distinct groupings. Nineteen percent of respondents are involved in wholesale or retail trade, automotive or household repair, whilst 12% are involved in real estate, renting and business activities.

Table 4.3: Respondents by business activity

	Frequency	*Valid Percent*
Agriculture, Hunting and Forestry	2	5
Manufacturing	3	7
Electricity, gas and water supply	4	9
Construction	3	7
Wholesale/retail trade: automotive, household repair	8	19
Hotels and restaurants	3	7
Transport, storage and communication	4	9
Financial Intermediation	4	9
Real estate, renting and business activities	5	12
Education	2	5
Health and social work	1	2
Other community social and personal services	4	9
Total	**43**	**100**

Figure 4.1: Distribution of business activities among survey respondents



Prior employment status of clients

4.8 The study sought to establish clients' employment status prior to becoming involved with the Business Store. Thirty four responded to this question. The majority (76%) were previously in employment before starting their present business. The remaining responses were 'unemployed' (12%) or 'owned previous company' (12%).

Support received from the Store

4.9 Having established the characteristics of the respondents, we wished to investigate the nature of their relationship with the Store. Issues of particular interest included how individuals had learned about the Store, what motivated them to use it and what support they received.

Finding out about the Store

4.10 We asked respondents to tell us (a) from *whom* and (b) *how* they had first learned of the Store. A breakdown of the response to each are outlined in Tables 4.3 and 4.4.

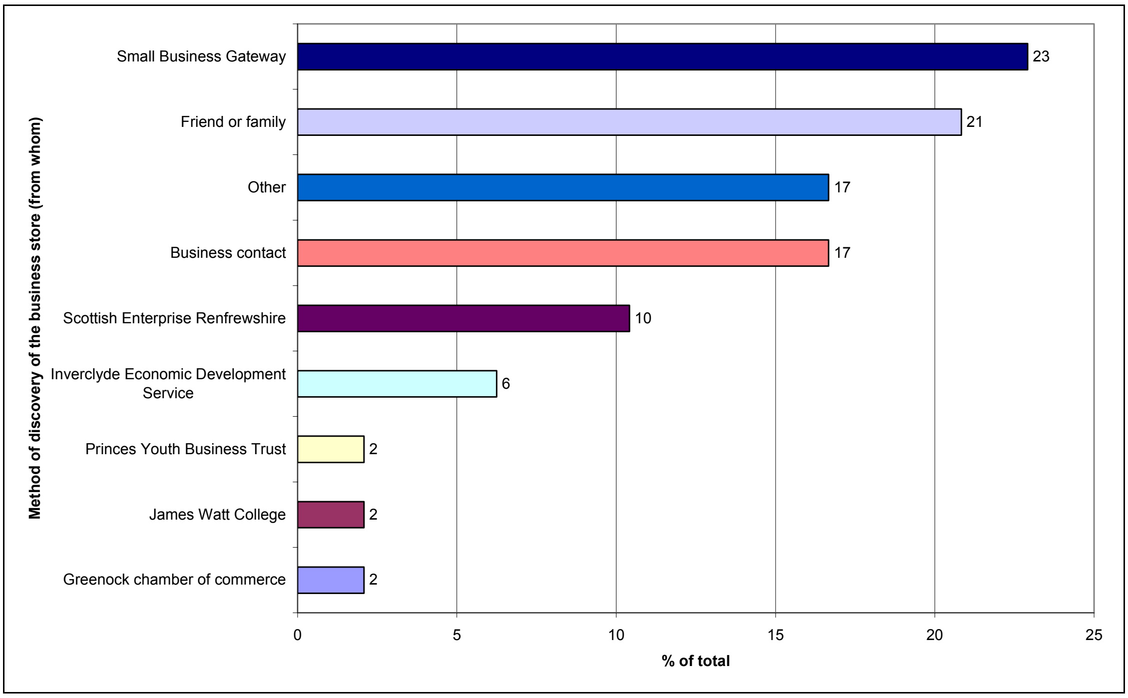
4.11 Informal contacts, the Small Business Gateway and SE Renfrewshire are of most significance in raising awareness of the Store. We note relatively few respondents attribute learning of the Store to others in the partnership. In terms of 'other' sources of information, responses included learning through:

- previous employment with Scottish Enterprise
- attending a course on enterprise
- through the Inverclyde Regeneration Partnership.

Table 4.4: How respondents first learned about the Store

	Frequency	*Valid Percent*
Friend or family	10	21
Business contact	8	17
Scottish Enterprise Renfrewshire	5	10
Inverclyde Economic Development Service	3	6
Small Business Gateway	11	23
Greenock Chamber of Commerce	1	2
James Watt College	1	2
PSYBT	1	2
Other	8	17
Total	**48**	**100**

Figure 4.2: How respondents first learned of the Store



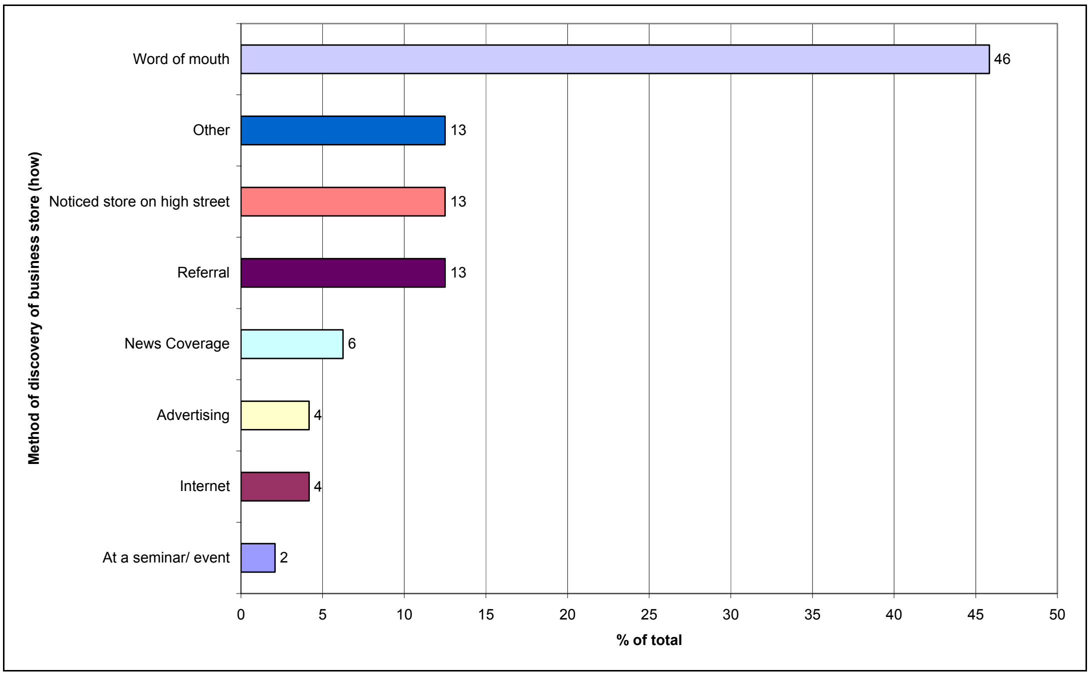
4.12 In addition to asking from whom they had learned of the Business Store, the study was interested to establish exactly how i.e. the information channel. The most frequently used channel was informal word-of-mouth or personal referral. Less frequently quoted were formal channels of news coverage, advertising or the internet.

4.13 A number of respondents noted that they had first become aware of the Store because of its location on the high street. Others learned of the store at a PACE event at James Watt College.

Table 4.5: How respondents first learned of the Store

	Frequency	*Valid Percent*
Word of mouth	22	46
News Coverage	3	6
Referral	6	13
Noticed store on high street	6	13
At a seminar/ event	1	2
Internet	2	4
Advertising	2	4
Other	6	13
Total	**48**	**100**

Figure 4.3: How respondents first learned of the Store.



Initial reasons for contacting the Store

4.14 To gain insight into motivations, respondents were asked about their initial reasons for contacting the Store. Forty eight responded to this question, the results are outlined in Table 4.6. The most frequently given reasons include:

- to access grant support
- to obtain business start up advice and
- to obtain general business advice.

4.15 Other reasons for first contacting the business store included advice on new product ideas, on renting property in Victoria House and occasions where visits were first undertaken with relatives.

Table 4.6 : Initial reasons for contacting the Store

Initial reasons for contacting the business store	*Frequency (N=48)*	*% (N=48)*
Advice on starting a new business	26	54
Business planning	18	38
Financial advice	13	27
Training	11	23
Exporting	2	4
Market research information	10	21
Marketing	10	21
General business advice	23	48
Specialist advice	4	8
Mentoring/networking	7	15
Access to an advisor	18	38
Access to grant support	27	56

Additional support highlighted through the Store

4.16 The rationale for the establishment of the Store included the need for a 'one stop shop' to meet more effectively the multiple and varied requirements of clients. There was a wish to deliver a more integrated service to clients.

4.17 The study sought to establish whether using the Store for one purpose, had led to other requirements being highlighted. Forty four responded to this question, with mixed results. Forty five percent of respondents stated that their visit had indeed highlighted additional needs and 55% stated that it had not. For those that had additional needs highlighted, further support included:

- access to finance
- training
- marketing advice
- business plan advice
- accounts advice
- property assistance
- insurance assistance

- website assistance.

4.18 The study also revealed that of the 46 clients who responded to the question, 52% had a single contact at the store and 48% had multiple contacts.

4.19 Respondents were pressed further in order to provide specifically a view on whether their contact at the Store had actively encouraged them to seek support from other organisations within the Store. Of the 43 who responded to this further question, again the results were mixed - 47% stated that they had been encouraged to obtain support from others in the Store.

4.20 The additional needs and/or other organisations they were encouraged to access included:

- the Local Enterprise Company on different loan funding possibilities
- a book-keeping course
- Alba Smart Thinking Ltd
- Inverclyde Economic Development team referral to the Business Gateway
- SER's High Growth team
- Royal Bank of Scotland- business account and business plan support
- Inverclyde Council to seek financial and other support.

4.21 The most common response however was the individual had simply come into the Store with an idea, but with little knowledge of what support was available and what support was needed. However, they left better informed and supported.

The most frequently used partners in the Store

4.22 The study was keen to provide a view on the pattern of take up of support among Store partners. The survey asked clients to indicate the partners they had used and also which ones they did not know were present in the Store. The responses are given in Table 4.7.

4.23 The less well known and/or less heavily used partners are,

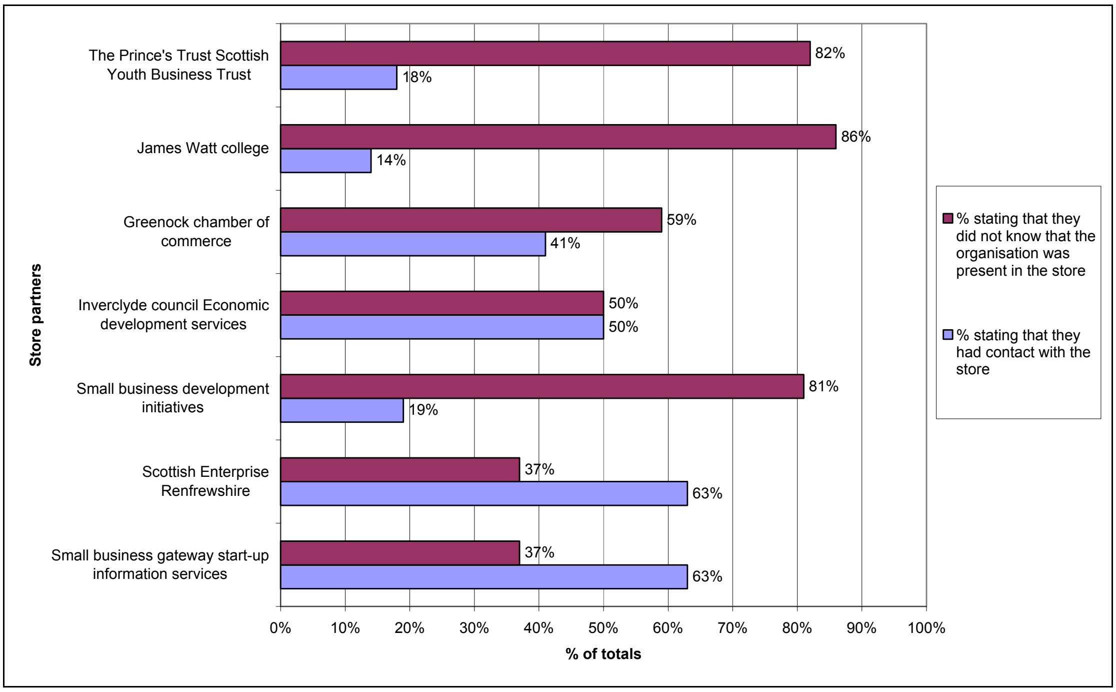
- the Small Business Development initiative
- James Watt College, and
- PSYBT.

4.24 It should be noted however in the case of the latter that many of the respondents would have been ineligible for PSYBT support as they are too old to be its clients.

Table 4.7 : Partners in the Store used by respondents

	No. of responses	*Had contact within the Store (%)*	*Did not know that the organisation was present in the Store (%)*
Small Business Gateway start-up and information services	40	63%	37%
Scottish Enterprise Renfrewshire	38	63%	37%
Small Business Development initiative	37	19%	81%
Inverclyde Council Economic Development Services	38	50%	50%
Greenock Chamber of Commerce	37	41%	59%
James Watt College	35	14%	86%
The Prince's Scottish Youth Business Trust	33	18%	82%

Figure 4.4: Respondents' knowledge and use of partners in the Store



Types of support received and the value of that support

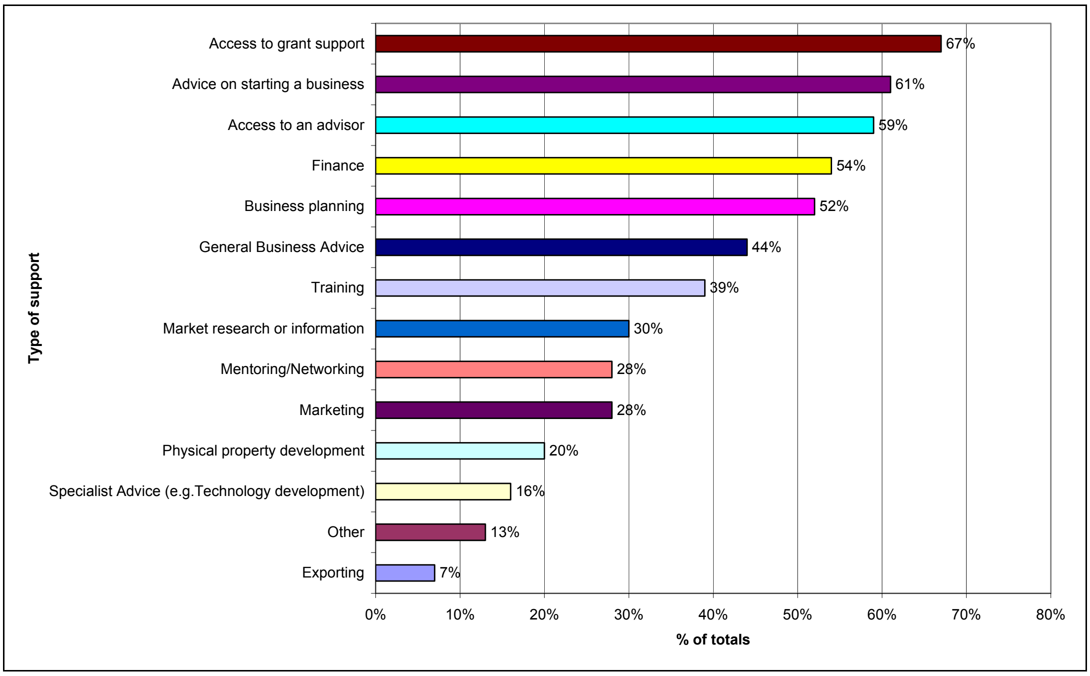
4.25 Having provided their reasons for approaching the Business Store in the first place, we asked respondents to indicate the support they had received to date. We were also interested in the value placed on that support by those that had received it. A breakdown of the percentage of respondents using each of the various types of support is outlined in Table 4.8.

4.26 The response shows the most frequently received support to be access to grants, advice on starting a business and other general business advice. More specialist advice, including export advice, appears to be accessed much less often. This might be expected given that many of the clients are still relatively young businesses and will therefore tend to have a number of fairly generic 'start-up' needs. As they move through the business life cycle, their needs can be expected to change and the more specialist advice may become more valuable. Also, given the nature of the business activities, few respondents are likely to have the need for export advice.

Table 4.8 : Type of support obtained by respondents

	Number of responses	*% of respondents receiving this support*
Advice on starting a business	46	61%
Business planning	46	52%
Finance	46	54%
Training	46	39%
Exporting	46	7%
Market research or information	46	30%
Marketing	46	28%
General Business Advice	46	44%
Specialist Advice (e.g. technology development)	45	16%
Mentoring/Networking	46	28%
Access to an advisor	46	59%
Access to grant support	45	67%
Physical property development	46	20%
Other	46	13%

Figure 4.5: Breakdown of respondents using each type of support



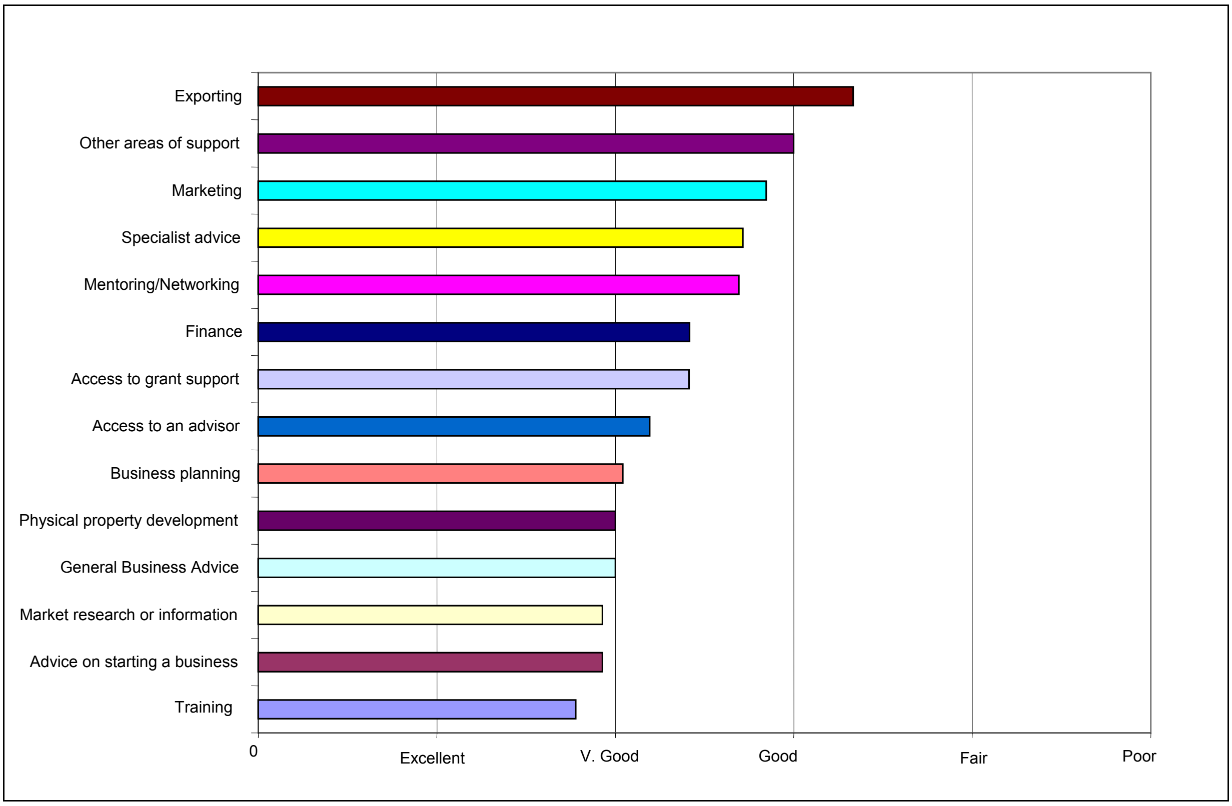
4.27 In order to examine the value of the support received, respondents were asked to rate this on a scale from Excellent (score of 1) to Poor (score of 5). An average score was calculated from the responses. The results are shown in Table 4.9 and Figure 4.6.

4.28 Overall, the support is generally highly valued. The results indicate that the most valued support is training, advice on starting a business and market research information. Export advice is least valued.

Table 4.9: Rating of the value of support services provided by the Store

	Total respondents rating the support	*'Excellent'*	*'V.Good'*	*'Good'*	*'Fair'*	*'Poor'*
Advice on starting a business	28	46%	25%	21%	4%	4%
Business planning	24	42%	25%	25%	4%	4%
Finance	24	29%	25%	29%	8%	8%
Training	18	56%	22%	17%	0%	6%
Exporting	3	0%	33%	0%	67%	0%
Market research or information	14	50%	14%	29%	7%	0%
Marketing	13	23%	8%	39%	23%	8%
General Business Advice	20	50%	20%	15%	10%	5%
Specialist Advice	7	29%	14%	29%	14%	14%
Mentoring/Networking	13	8%	39%	39%	8%	8%
Access to an advisor	26	35%	23%	31%	12%	0%
Access to grant support	29	45%	10%	17%	17%	14%
Physical property development	8	38%	38%	13%	13%	0%
Other	4	25%	0%	50%	0%	25%

Figure 4.6: Value of support received (average of respondents' views)



Level of client satisfaction with the Store

4.29 Of equal import to the study was the extent to which clients of the Store were satisfied with the service they received. Respondents were asked to what extent they agreed with statements concerning:

- location
- operation
- reception staff
- their main contact within the Store,
- the support provided, and
- a ‘catch all’ query concerning support.

4.30 These various responses are outlined in Table 4.10 and Figure 4.7. In general, respondents provide very positive feedback on the Store, particularly on location and operation, and on reception staff. Responses are slightly less positive with regard to their main contact and support provision. However, we consider the feedback to provide a general endorsement of the Store by its clients.

4.31 A number of more specific conclusions can be drawn from the data:

- ***on location and operation*** - a large majority agree or strongly agree that the Store is conveniently located. There is slightly less agreement on the convenience of opening hours. Also, 85% agreed or strongly agreed that they were quickly transferred to the correct person

- ***on reception arrangements*** - a large majority agree or strongly agree that the reception arrangements are clear and welcoming and that reception staff are courteous and efficient.

  - (as an aside, as new visitors to the Store, our own staff found the presence of two reception desks, one to the right and left of the entry, confusing - during our several visits we were greeted by reception staff located at different desks on different occasions.)

- ***main contacts at the store*** - respondents tended to agree that their contacts in the Store were very approachable (87%) and that support was provided in a timely manner (82%). There was also a high level of agreement that their contacts have a good understanding of business issues (83%) and of the support provided being of a high quality (79%)

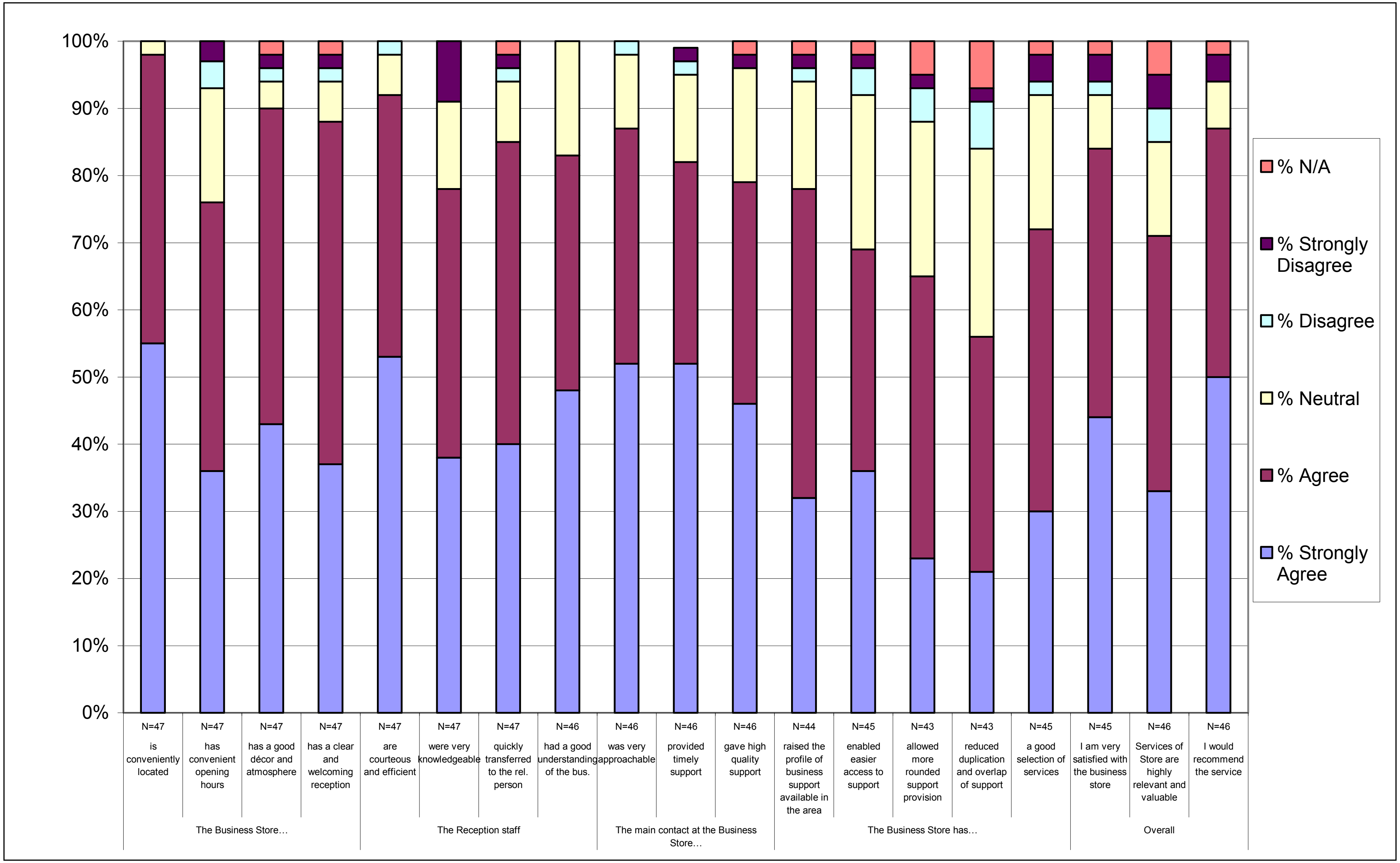
- ***access to support*** - 69% of respondents agreed or strongly agreed that the Store enabled easier access to support, 65% that it enabled a more rounded provision and 56% indicated that it reduced duplication and overlap in support. A large proportion of respondents (78%) agreed or strongly agreed that the Store had raised the profile of business support available in the area.

4.32 Overall, there is very high praise for the Store. The specific aim to increase awareness of the availability of business support services receives ringing endorsement. However, although opinion is divided, there would appear to be more work needed to reduce overlap and duplication in the provision of support.

Table 4.10: Client satisfaction with the Business Store

Tested statements	*Number of total responses*	*Strongly Agree %*	*Agree %*	*Neutral %*	*Disagree %*	*Strongly Disagree %*	*N/A %*
The Business Store…							
…is conveniently located	47	55%	43%	2%	0%	0%	0%
…has opening hours which are convenient	47	36%	40%	17%	4%	3%	0%
…has appealing décor and a good atmosphere	47	43%	47%	4%	2%	2%	2%
…has a clear and welcoming reception	47	37%	51%	6%	2%	2%	2%
The Reception staff							
…are very courteous and efficient	47	53%	39%	6%	2%	0%	0%
…were very knowledgeable	47	38%	40%	13%	0%	9%	0%
…quickly transferred them to the relevant person	47	40%	45%	9%	2%	2%	2%
Their main contact at the Business Store…							
…had a good understanding of the business issues	46	48%	35%	17%	0%	0%	0%
…was very approachable	46	52%	35%	11%	2%	0%	0%
…provided support in a timely manner	46	52%	30%	13%	2%	2%	0%
…provided support which was of a high quality	46	46%	33%	17%	0%	2%	2%
The Business Store has…							
…raised the profile of business support available in the area	44	32%	46%	16%	2%	2%	2%
…enabled easier access to support	45	36%	33%	23%	4%	2%	2%
…allowed more rounded support provision	43	23%	42%	23%	5%	2%	5%
…reduced duplication and overlap of support	43	21%	35%	28%	7%	2%	7%
…a good selection of services	45	30%	42%	20%	2%	4%	2%
…Overall, I am very satisfied with the business store	45	44%	40%	8%	2%	4%	2%
…The services of the Business store are highly relevant and valuable to the needs of my organisation	46	33%	38%	14%	5%	5%	5%
…I would recommend the services of the business store to others	46	50%	37%	7%	0%	4%	2%

Figure 4.7: Client satisfaction with the Business Store



Services in the store

4.33 To provide further insight into the service experience, clients were asked to provide examples of good as well as poor service (Tables 4.11 and 4.12). Thirty two respondents gave anecdotal evidence of good service (72% of the 42 who answered the question). Only nine respondents could give an example of a poor quality service (21% of 43 respondents).

4.34 Of the examples given:

- ***of good service*** - a focus on initial contact with the Store and the quality of the people and advisors.
- ***of poor service*** - a focus on poor aftercare and failures to deliver on promises.

Table 4.11: Examples of good service provided by the business store
'Advisor worked through application for health theme to BNSF with us.'
'All aspects of support well detailed and met on time as discussed'
'Development aid for web marketing'
'Store contact, always very helpful and supportive'
'Efficiency of getting a grant'
'Everything, advice and navigator and after'
'Excellent advice on completing a business plan'
'I can phone them at any time and they can help me'
'I dealt with economic development regarding support for training, My contact visited studio, identified support was helpful and approachable in follow up.'
'Information on capital grant from IDC'
'Initial contact for advice was very good'
'Initial contact was supportive and informative'
'Knowledge of advisor'
'Last visit about planning problems, new advisor contacted planning and made sure someone got back to me'
'Mentoring/ Advice on Business Development. They always try to find a way to help'
'Sending information and returning calls very quickly and efficiently'
'Some good marketing ideas'
'Start up advice was excellent and contacts were very helpful'
'Supplied a list of companies who might be interested in marketing my product'
'Supplying PSYBT accounting records folder'
'Support and advice in initial preparation of a business plan and also sourcing local funding'
'Very helpful and courteous reception staff very knowledgeable and helpful business advisor'
'When I was looking for property the receptionist helped me find it in no time'
'When starting to prepare business I was advised that I could claim 50 plus allowance which I was unaware of'
'Women into business. Access to market information from business information officer'

Table 4.12: Examples of poor service provided by the business store
'After care is not great, initial contact is good but after care is questionable'
'After initial contact my next contact could never find the time to speak to me and I was passed to another. Internet withdrawn too quickly, financial adviser used off the list and she was appalling I ended up doing my own accounts.'
'After support'
'We asked business gateway for support information on health and safety in Dec, so far no reply'
'I have asked people questions re-tax and other problems, they said they couldn't help but would get back to me, I'm still waiting. In July 2003 I was offered software for bookkeeping, said yes but I'm still waiting.'
'I was not happy with the first aftercare worker'
'Very difficult trying to establish what grants/financial assistance available. Once business was going, I seemed to be 'dropped', no follow up advisor etc'.
'Never gained access to grants available, always one excuse or another'
'Red tape- specifically with funding. Was led to believe £25,000 award from the business growth fund was in the bag, but didn't materialise and were relying on the cash'

4.35 The location of several support organisations within the Store is intended to enhance the levels of support that businesses receive. The study sought to test this directly with respondents. The findings were broadly positive. Of the 46 individuals who responded, 46% stated that the location of several support organisations within the Store had a positive impact on the level of support they received, with a further 26% stating that they did not know and only 28% seeing no positive effect on the level of support received.

The future

4.36 Clients were asked for their input into how the Business Store could be improved in terms of:

- the nature of the support is provided, and
- the *delivery* of that support.

4.37 They were also asked to comment on both the strengths and weaknesses of the Store.

4.38 Ways to improve the support and how it is delivered are given in Table 5.7.

Table 5.7: Suggested improvements in support and how it is delivered

Improvements in types of support ...	*Improvements in delivery of support …*
Accountancy specifically for small businesses. Web development extended to companies to get them talking. From own experience, a sensor technology company got in touch and they were able to work together to produce a product they took to Texas expo	*Be more proactive. I have had no contact since January this year!*
Be more proactive in providing information and help when for example, legislation that effects SMEs changes	*Contact declined since business up and running, I believe they should have been in touch a long time ago as promised*
Better (any) networking. Contacts with local businesses. Why withdraw the internet facilities so quickly?	*Get back to clients*
Market research development info/ Infrastructure. Local tendering opportunities	*More flexible advisers, too busy to make time*
More International support	*Not to change advisors*
More support in after care	*Provide info on the web*
More support in after care and better support after initial start up phase	*Understanding the profile of SME in Inverclyde and the effects of 'Globalisation'*
More visible in the local business community	*Deliver within a two week time frame*
One to one	
Place a bank manager inside. Having to go from there to a bank and report everything is stressful and time consuming. Being able to sit with a bank advisor would be much easier	
They should become more knowledgeable in what they should know, e.g. grants/financial support	

Strengths and weaknesses

4.39 The perceived strengths and weaknesses of the Store are reported in Table 5.8.

Table 5.8: Perceived strengths and weaknesses of the Store - clients' perspective

Strengths	*Weaknesses*
Advisors were knowledgeable	*Advisors are overworked and don't have time for after-care*
All staff were very helpful, courteous and knowledgeable in their own areas	*Although I have not used the business store directly at any time I have heard a lot about it and hope some day I may get some advantage using its facilities*
Great services	*Could perhaps feature more local services as providers in the signposting dept.*
Having been made redundant I was looking for options for the future, the business store was put to me & I attended a start up course, which I found to be excellent but I have not started up anything yet but found the help invaluable & asset for future	*Get the feeling as a 1 man company I am too small for small business gateway. I can understand that but that's all the more reason that networking would help. Offered a grant towards IT equip. but couldn't due to paperwork. No other supp. worthwhile.*
I found the business store to be of vital importance in encouraging me to turn my dream into a reality	*I thought it disgraceful that when I got £500 for an IT grant, the advisor got paid an extra £500. I think too many SE advisors have their own vested interests to protect, bodies like this enable them to all the competition ?*
It is an excellent service that they provide	*Quite slow to engage in financial matters & give level of EEC support in area of PA 14. Lack of support is evident from local environment. No infrastructure here to actually support, giving agencies a hard job. Evidence of small business disappearance*
People, Support	*Self employed didn't get funding which is fine. Business store helped draw business plan, and sent PSYBT accounts book. Since then they have suggested setting up a showroom which I don't want to do. Business growth is not due to store.*
Services and people at start	*Sometimes in courses the handover from one lecturer to another had a lack of continuity and there was therefore some repetition of things*
	The store needs to be brightened up as it gives the impression of a wasted space
	They should talk English not technical garbage which makes it too complicated to follow or be bothered with
	Unpleasant experiences with Scottish enterprise. Business end of James Watt college design and development leaves a lot to be desired- ex-student who will now use Paisley University or consultant. Need more small bus. accountants.
	Weak after care

Conclusions and recommendations

4.40 Given the overall poor response to the survey, it is possible to argue that a large number of clients appear to have had little engagement or have little interest or commitment to the Store.

4.41 Most clients responding to the survey were small businesses, with 5 or fewer staff, and relatively young, trading for 3 years or less. Most learned of the Store by word-of-mouth and most came to the Store to access grant funding or to obtain start-up or more general business advice.

4.42 Among our respondents, 45% had additional business needs highlighted when they visited the Store and 47% indicated that they had been encouraged to make contact with another organisation present in the Store. The Store does appear to offer a fuller 'more rounded' level of support to individuals and in many cases additional needs have been highlighted across a wide range of issues after an individual has initially contacted the store.

4.43 Of the 46 clients who responded, 46% stated that the location of several support organisations within the Store had a positive impact on the level of support they received, with a further 26% stating that they did not know and only 28% seeing no positive effect on the level of support received.

4.44 The low value accorded to more specialist support may be a consequence of the relatively young businesses and of the types of clients we surveyed. We recommend that the management of the Store ensures that the benefits of more specialist support are made known to clients and that the uptake of this support is monitored.

4.45 Respondents are very positive about the Store, especially its location, the way it operates and the reception arrangements. Clearly it has raised awareness of the business services available in the area. Overall there is a high level of endorsement of the Store. A small majority consider that issues of duplication and overlap have been resolved: this is an area that requires continued attention.

4.46 Looking at areas for potential improvement in the store, clearly there appears to be an issue with follow-up and aftercare - this may be linked to the nature of target setting with a front-end emphasis on increasing client numbers or new business starts. Often setting targets leads to effort being directed specifically in the direction of those targets to the detriment of wider objectives in other areas. Although it is also worthy of note that due to finite resources, business advisors and other individuals have limited time to deal with enquires and problems and this will impact on aftercare service.

5 Business and economic impact of the Store

5.1 An important part of the study was to quantify as far as possible the benefit and impact of the Business Store on clients. In this chapter we examine changes in business performance for respondents, and the benefits and impacts arising from the support obtained through the Store, paying due attention to issues of attribution, additionality and displacement.

5.2 As we set out below, *there are some important limitations on what has been achieved in this investigation due to the small number of Store clients able or willing to provide business performance data.*

Business performance

5.3 Information was sought on business performance (a) at the time when contact was first made with the Store; (b) current performance and (c) expected performance in the next four years. Business performance has been measured using four variables:

- number of full time staff (FTE)
- annual sales (£)
- annual export earnings (£)
- productivity (output per employee).

5.4 A breakdown of the total responses given for each time period together with average values are set out in Table 5.1. The low number of responses severely reduces the value of findings on exports and productivity especially.

5.5 Notwithstanding this, performance in terms of staff and sales is positive over time. On average, staff numbers have increased by 60% to date since clients first approached the Store. At the same time, sales have increased by 124% on average. Although future projections are always beset by issues around optimism bias, on average respondents expected a 63% increase in staff and a 56% increase in sales.

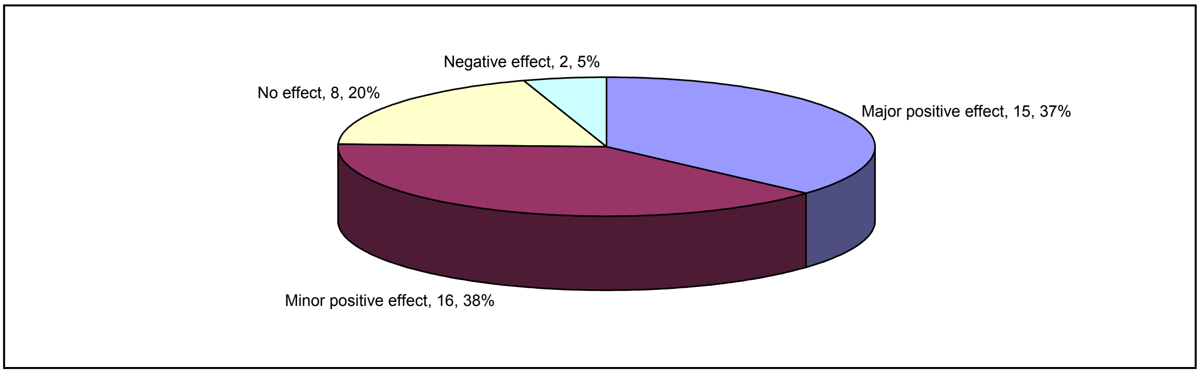
Table 5.1: Summary of responses on business performance

Business performance	*When you first approached the business store*		*At present*		*Expected in four years*	
	Total responses (N)	*Average value*	*Total responses (N)*	*Average value*	*Total responses (N)*	*Average value*
Number of full time staff (FTE)	24	5	26	8	23	13
Annual sales	21	£702,286	20	£1,569,975	18	£2,452,667
Annual exports	8	£1,275,000	9	£1,457,778	8	£728,750
Productivity (output per employee)	8	£59,376	8	£103,449	5	£57,820

Attribution and additionality

5.6 Respondents were asked to give a view on how much of the change in overall business performance could be attributed to support obtained from the Store. Of the 41 who responded, over three quarters (76%) considered that the support obtained from the Store had made a positive impact on business performance. Thirty seven percent stated that it had a 'major positive effect'. Two respondents (5%) said the support had a negative effect. The breakdown of attribution is given in Figure 5.1.

Figure 5.1: Attribution of support from the business store



Additionality versus deadweight

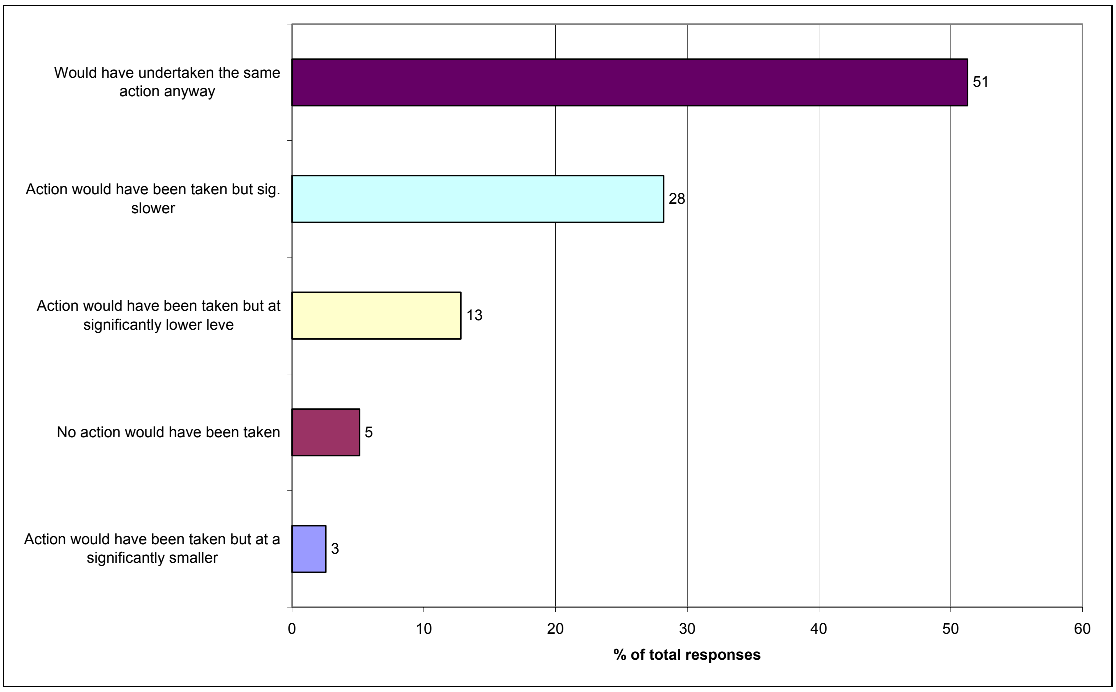
5.7 Despite a positive change in business performance and a high level of attribution given to the support from the Store in bringing about the change, there remains the issue of how much this might have happened in any case without the Store. We therefore asked respondents to indicate the extent to which they would have taken actions that led to the change in business performance had they not received support from the Store.

5.8 The responses are shown in Table 5.2. The results show a large degree of deadweight or non-additionality - around 50% of respondents indicated that if the Store had not provided the support they would have undertaken the same actions to achieve the changes in business performance anyway. Of the remaining clients, most suggested the support was additional but only partially, enabling respondents to undertake activities at a higher quality, on a bigger scale or faster. A minority of two (5%) felt they would not have undertaken the action at all in the absence of the Business Store, i.e. for only two clients was 100% additionality achieved by the public sector intervention.

Table 5.2: Level of action that would have been undertaken in the absence of the Store

Actions and additionality levels (n=39)	*% of total*
Would have undertaken the same actions anyway	51%
Action would have been undertaken but at a significantly lower quality	13%
Action would have been undertaken but at a significantly smaller scale	3%
Action would have been undertaken but would have been significantly slower	28%
Proportion for whom no action would have been undertaken at all	5%

Figure 5.2: Level of action that would have been undertaken anyway in the absence of the Store



5.9 Of those 22 clients who would have undertaken the same action anyway, 48% would have achieved this using their own internal company resources, 37% would have paid for outside expertise. The other 18% would have achieved these actions through,

- using friends and family
- using local contacts
- through other business contacts.

5.10 It is noticeable that over a third would have paid for outside expertise. In such circumstances the Business Store support is potentially crowding out professional business service providers.

Displacement of sales locally and in Scotland

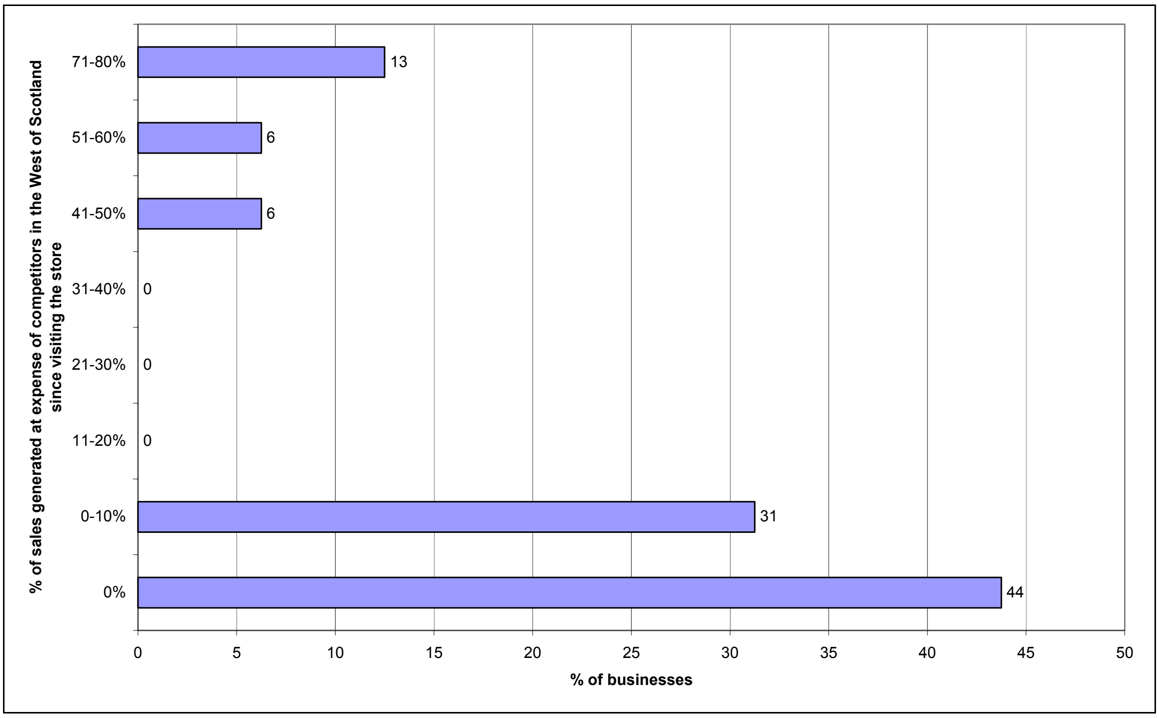
5.11 Of further interest in assessing net economic impact, is the extent to which the changes in business performance have been at the expense of competitors, either locally or elsewhere in Scotland. At the local and national levels, the data reveal a polarity in displacement. The responses are shown in Tables 5.3 and 5.4.

5.12 At the local level two sub samples are evident at either end of the displacement spectrum. The first subgroup claim their change in performance is generally not at the expense of competitors. The second sub-group claim a change in business performance but largely on account of winning business from local competitors. A quarter of respondents said over 40% of their change in sales since firms first received support from the Store had been at the expense of competitors in the West of Scotland.

Table 5.3: Percentage of additional sales at the expense of competitors in the West of Scotland

% sales	*No of respondents*	*Valid Percent*
0%	7	44
0-10%	5	31
11-20%	0	0
21-30%	0	0
31-40%	0	0
41-50%	1	6
51-60%	1	6
71-80%	2	13
Total (N)	16	100

Figure 5.3: Percentage of additional sales at the expense of competitors in the West of Scotland

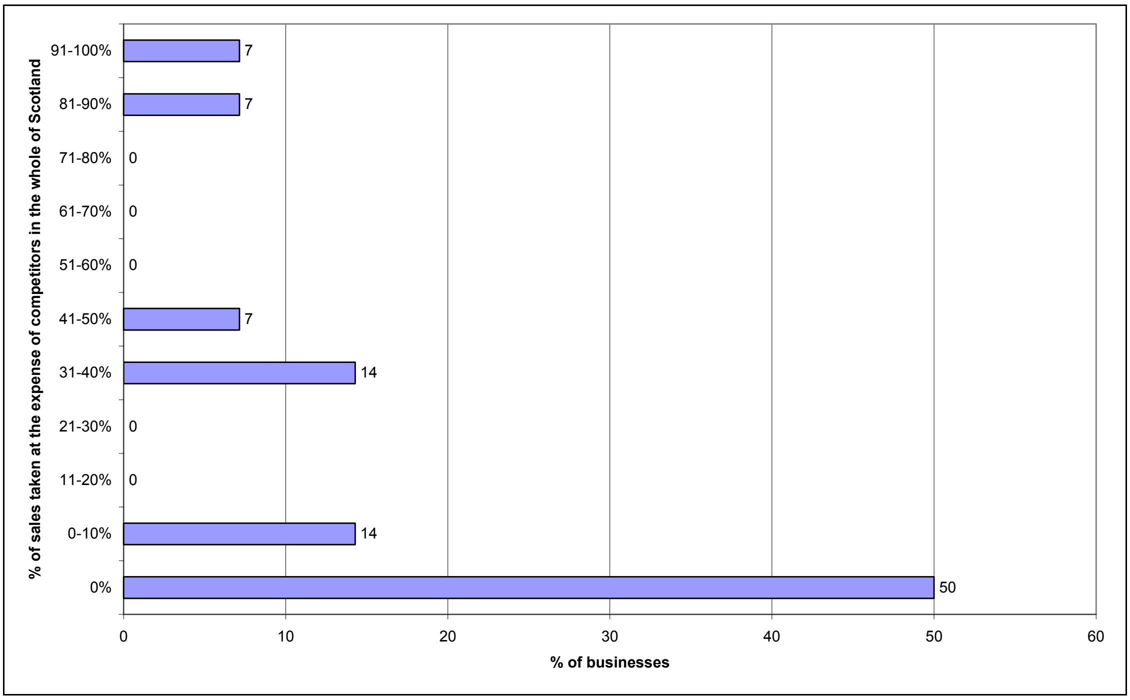


5.13 Further analysis is required to characterise those clients in receipt of support that simply displace other business activity and those that are contributing to economic growth. There is a need for the support providers to be more discerning in the provision of support especially given the added concerns about levels of low additionality and potential for crowding out.

Table 5.4: Percentage of additional sales at the expense of competitors in Scotland

	Frequency	*Valid Percent*
0%	7	50
0-10%	2	14
11-20%	0	0
21-30%	0	0
31-40%	2	14
41-50%	1	7
51-60%	0	0
61-70%	0	0
71-80%	0	0
81-90%	1	7
91-100%	1	7
Total (N value)	**14**	**100**

Figure 5.4: Percentage of additional sales at the expense of competitors in Scotland



5.14 Finally, we sought to capture the multiplier effect of the changes in business performance. This is the effect of the performance change as it ripples through the local economy through higher spend with suppliers. Respondents were asked to provide information on their current level of turnover. Of the 27 responding businesses, the average level of turnover is £1,234,222 p.a. A larger number (30 respondents) provided us with data to indicate a spend of on average 47% of turnover on bought-in goods and services, with 34% of spend being with suppliers in Renfrewshire.

Estimate of net economic impact

5.15 In estimating net economic impact of an intervention we would usually calculate the estimated impact on a sample of clients and then extrapolate this to the entire client population. However, given the likely diverse nature of the client base and the small number of clients on which this calculation is based, we would not wish to make this leap. The calculation of net economic impact is provided here merely to *illustrate* the type of impact some clients have experienced.

5.16 The robustness of the estimate of net economic impact is constrained significantly by the low level of response to the survey. There are risks in scaling up the following impact calculation beyond the sample of clients. Our calculation is based upon the following algorithm:

- the change in gross sales for each responding client
- a deduction for deadweight (non-additional) sales
- a deduction for sales displaced from other businesses in the local (and national) economy
- an addition for the increase in spend with suppliers.

5.17 The number of responses to each question (concerning attribution, additionality, displacement, supplier spend) varied. We have been unable to use all responses in the impact calculation as only seven clients provided sufficient information required (i.e. responded to all the above categories) to allow a calculation to be made. The economic impact for the sample is based on those seven clients.

5.18 There are limitations in using the seven responses as these differ from the total responses to any one question. We have sought to illustrate the differences between this group of seven clients and the total number responding to attribution (41 responses) and additionality (39 responses) as illustrated in Table 5.4. Both attribution and additionality are much lower amongst the seven clients. The economic impact for the seven clients is summarised in Table 5.5.

Table 5.4: Comparison of attribution, additionality and displacement between overall sample and impact sample

	Sample	*Impact sample*
Attribution	**(N=41)**	**(N=7)**
Major positive	37%	14%
Minor positive	38%	57%
No effect	20%	29%
Negative effect	5%	0%
Additionality	**(N=39)**	**(N=7)**
Would have undertaken the same actions anyway	51%	72%
Action would have been undertaken but at a significantly lower quality	13%	14%
Action would have been undertaken but at a significantly smaller scale	3%	0%
Action would have been undertaken but would have been significantly slower	28%	14%
Proportion for whom no action would have been undertaken at all	5%	0%

5.19 All seven clients had a positive change in gross sales since being supported by the Store. Gross sales amounted to £3,161,000. However, not all of this is attributable to the support obtained from the Store. We have assumed the following percentages against levels of attribution:

- major positive (75%)
- minor positive (25%)
- no effect (0%)
- negative effect (-25%)

5.20 Based on the responses and applying the above factors, we have estimated gross sales attributable to the Business Store to be £730,250. Unlike the generally high levels of attribution in the wider sample, the seven clients had lower attribution levels: this accounts for the sharp reduction in sales attributable to the Business Store.

5.21 A deduction must be made to gross sales to account for those sales that would have been made even if the support from the Store had not been available. Some clients have already indicated that they would have undertaken the same activity anyway, or slightly differently. Others have said they would not have undertaken the same activity without the support of the Store. We have used the following percentages against levels of additionality:

- would have undertaken the same actions anyway (0%)
- action would have been undertaken but:
    - at a significantly lower quality (0.5%)

  - at a significantly smaller scale (0.5%)
  - would have been significantly slower (0.5%)

- no action would have been undertaken at all (100%)

5.22 We have applied these percentages to the responses to estimate deadweight sales. On the basis of responses received the change in sales after deadweight amounts to £18,125.

5.23 The further deduction for sales displacement and the addition of multiplier effects has been done at a west of Scotland level and also at a Scotland level. Some clients have enjoyed additional sales at the expense of competitors, effectively displacing sales. We estimate the change in sales after displacement is taken into account to be £7,563 at the West of Scotland level and £17,188 at the Scotland level.

5.24 Suppliers have enjoyed additional sales brought about by the performance change in Store clients. Businesses provided details of the proportion of turnover they spend on bought-in goods and services, and the proportion of these supplies sourced from local suppliers. We have used this information in each case to calculate the local multiplier effect. In calculating the sales effect on suppliers we have used the standard Scotland level multiplier of 1.2. The addition of these sales provides an estimate of net impact of £8,463 at the West of Scotland level and £20,625 at the Scotland level. Applying turnover per head ratios for each of the seven clients we are able to estimate this as being the equivalent of just under 0.5 jobs in the West of Scotland, and one job in Scotland.

Table 5.5: Economic impact summary for seven clients	
Sample size	7
Gross change to sales	**£3,161,000**
After accounting for attribution	**£730,250**
After non – additionality (deadweight) deducted	**£18,125**
At west of Scotland level	
After allowance for displacement	**£7,563**
Adding multiplier effects - total net sales impact	**£8,463**
Total jobs	**0.48**
At Scotland level	
After allowance for displacement	**£17,188**
Adding multiplier effects - total net sales impact	**£20,625**
Total jobs	**1**

Qualitative benefits from interaction with the business store

5.25 The survey sought to investigate further the impact of the Store by asking respondents about changes in other, 'softer' aspects of business performance. The results of this can be seen in Table 5.6.

5.26 In addition to the attributed benefits in terms of turnover, employment etc there are evidently substantial benefits in terms of *encouraging firms to be more ambitious* and *open to more ideas internally*.

5.27 Other important changes that were noted include:

- encouraging partnership working
- increasing the long term viability of the business.

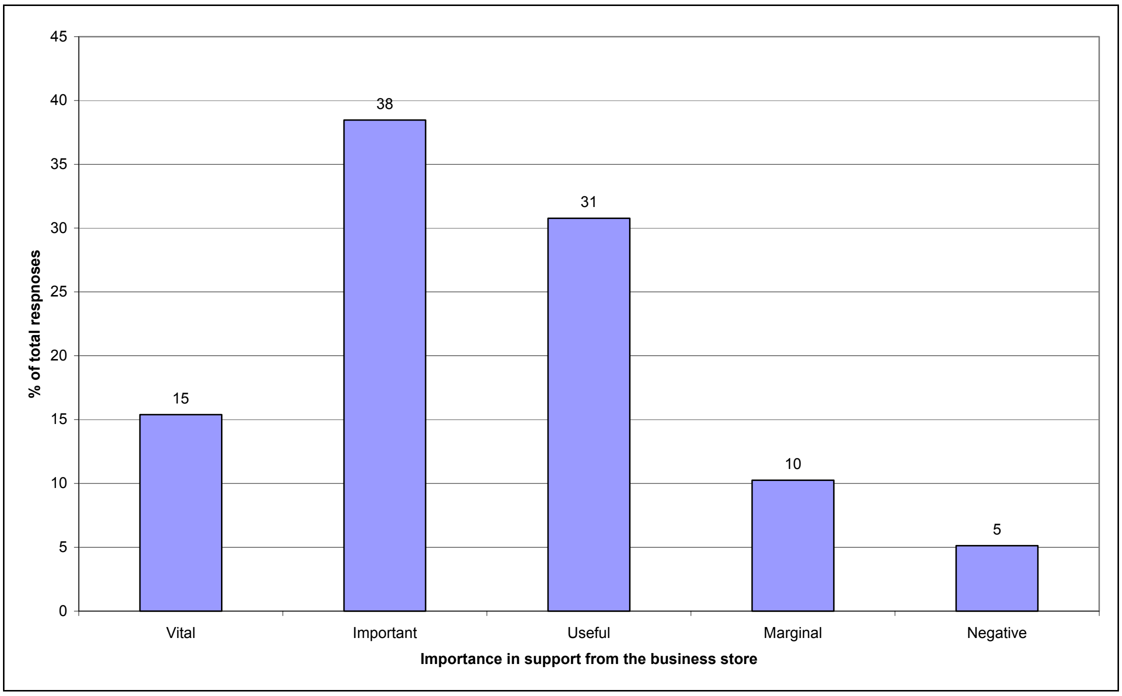
Table 5.6: Qualitative business benefits arising from use of the Store

The store has…	*Total responses (N value)*	*% of individuals receiving these benefits from the store*
..increased company flexibility	41	39%
..encouraged the company to be more open to change	41	32%
..encouraged the company to be more open to ideas internally	41	42%
..encourage the company to be more open to external ideas/support	41	32%
..encouraged the company to become significantly more ambitious	41	46%
..other significant changes	40	7%

Overall importance of the Store

5.28 Clients were asked to indicate the overall importance of the support provided by the business store. Thirty nine responded and the breakdown of these can be seen in Figure 5.5. A large majority (84%) of respondents have stated that the support from the Store was useful or more than useful. Only two (5%) stated that it had a negative effect.

Figure 5.5: Overall importance of the Store in the performance of the individual companies



Conclusions and recommendations

5.29 The robustness of the impact assessment is seriously limited by the small number of clients responding to our survey and the partial data they have been able or willing to provide. Notwithstanding this, business performance in terms of increased employment and sales is positive over the time they have been clients of the Store.

5.30 A large majority of respondents indicated that support from the Store had a "positive" or "major positive" effect on their business performance. Therefore there is a high level of attribution of the Store and its services to improved business performance.

5.31 However, the picture in terms of the level of additionality achieved by the public sector intervention through the Store is less positive. Among the respondents, 51% would have taken the same actions to achieve changes in business performance anyway, i.e. if the Store and its services had not been available they would have taken the actions in any case. Only for 5% of the respondents was 100% additionality achieved.

5.32 Of those 22 respondents who would have undertaken the same action anyway, 48% would have achieved this using internal company resources, 37% would have paid for outside expertise. There appears therefore to be a danger here of crowding out third party private sector provision.

5.33 This is an important factor that should be examined carefully in terms of what services are being provided to clients in the Store and for what reasons. We note the issue here is likely to be the additionality associated with the services being provided, many of which are generic and delivered throughout the SE Network area, and may not be with the Store as a model of delivering these services. Comparisons of service evaluations from other parts of the SE Network should be undertaken to compare the Inverclyde results, based on a small sample of clients, with levels of additionality being achieved elsewhere.

5.34 There is a notable level of displacement taking place. A quarter of respondents said over 40% of their change in sales since firms first received support from the Store had been at the expense of competitors in the West of Scotland. Further analysis is required to characterise those clients in receipt of support that simply displace other business activity and those that are contributing to economic growth. There is a need for the support providers to be more discerning in the provision of support, especially give the added concerns about levels additionality and potential for crowding out.

6 Views of other stakeholders

6.1 In addition to sounding out the views of Store clients, we also wished to learn the views of other stakeholders associated with the Store - representatives of its funders, SER and Inverclyde Council; staff on site, including the Store management and Business Gateway contractor; and representatives of other tenants, in particular PSYBT and the Chamber of Commerce.

6.2 The feedback we received centred around the following topic areas which we consider below, in turn:

- rationale and strategic fit
- integration of activities/services
- management
- marketing and branding
- infrastructure
- impact, including significance of co-location

Rationale and strategic fit

6.3 There is a consistent level of support among stakeholders for the underlying rationale of the Business Store and its continued "fit" with the strategy of the funders. There is broad agreement that the concept remains valid. It has enjoyed a degree of success, but most consultees recognise that some practical issues still need to be put right.

6.4 Our consultations confirmed the context in which the Store was initiated and has operated:

- the recommendations contained in the report of the Enterprise and Life Long Learning Committee (ELLC) of the Scottish Parliament to address confusion and duplication of business support service provision by the public sector in Scotland, and
- findings of a local evaluation of business support services in Inverclyde.

6.5 The imperatives around reducing overlap/duplication/confusion in business support are still very much around today within the context of the Business Gateway (BG) launched in 2003.

6.6 Consultees pointed out however that the Inverclyde Business Store concept pre-dated the ELLC report and the Small Business Gateway (SBG) initiative. SER and Inverclyde Council staff claim to have been *"ahead of the game"* in terms of finding ways to integrate services. A one-stop-shop aspiration developed for the Inverclyde area. Formerly, there were three different physical locations in Greenock – the Store at the very least has addressed this aspect of potential confusion. The situation prior to the Store was described to us as "total confusion" in service provision. Previous Council office accommodation was viewed as unsuitable in terms of location, function and access: SER was *"remote"* in Paisley.

6.7 While client confusion may not have gone away completely, there does seem to have been a significant improvement in the joined-up nature of delivery. Communication with the "grassroots" and in client-facing services are considered to be much improved. No one, however is complacent: no one is suggesting the job is complete.

Integration of activities and services

6.8 An interesting distinction was drawn for us between the BG dealing with "business services" and the Council dealing with "services for business", the latter including environmental services, property-related services, roads etc. This distinction is likely to be more than a semantic one: it will influence the nature of targets set for services from different agencies and of the business impact metrics that can be applied.

6.9 Views on levels of integration vary. Some consider that staff in the Store work well together: however, above the level of operational staff things appear to work less smoothly. For some, duplication and overlap is still present *"behind the scenes"*, but the client-facing aspect is more coherent. Confusion and duplication internally appears to be due in part to the absence of a common, central database of client information.

6.10 Attempts at better integration of staff, such as having team meetings in the Store, have not been very successful – SBG/BG contractors' staff have been unable or unwilling to find time for staff meetings with others in the Store.

6.11 The targets set for the SBG/BG are those set by the Enterprise Network. In the view of some, they take too little account of other partners' targets. Indeed, some argue that the SBG and now BG is working out what needs to be done without seeking much input from a local level. More generally, some consultees argue that achieving truly shared objectives and targets will require a better amalgamation of all partners' objectives and an improved method of correlating between their targets and outcomes. The process of multi-agency target setting and "buy-in" needs to be reviewed.

6.12 Also, there have been tensions from time-to-time between the authority of the Store Manager and the management of the SBG/BG and its contractor. In addition, some consultees highlighted concerns about an *"us and them"* culture in the Store. ("The Council staff think the Store is theirs and the others are mercenaries working out of the Store".) The contractor sometimes seems caught between SER, Council and Store Manager in making the cross-agency working effective.

6.13 However, our consultees stressed that better relationships within the Store would not make a significant difference to what the client sees and gets – it would make the working environment more agreeable.

6.14 We were alerted to the fact that the Store is only one of a number of delivery mechanisms for SER and the SBG/BG, and that Inverclyde is only one part of SER's territory. For the Council, it is the whole of their domain of interest. For the Store and its clients, SER is only one of a number of referral agencies. There are natural sensitivities around these different roles and perspectives that need to be considered in the development of effective partnership working.

6.15 Some consultees suggest that business advisors may not be motivated to integrate more fully because of the following:

- their targets and payments may be managed only on basis of delivery to their own clients
- the open office - evidence of an unwilling to be overheard on the phone
- the evidence of their irregular attendance at meetings in the Store.

6.16 However, we were given anecdotes of successful cross-agency working e.g.

- arranging between organisations a system for 'buddying' new attendees at Chamber of Commerce meetings in the Store
- bundling support from across different agencies - e.g. a relocation funding package from PSYBT, the SER business growth advisor, Renfrewshire Investment Fund and Inverclyde Council's small business assistance scheme plus from the banks' Small Firm Loan Guarantee scheme. The overall package for the client was put together all under one roof. "*In these situations, agencies' staff work as a team: it would be difficult if in different locations*".
- new customers are received at the SBG/BG reception desk staffed by an SER employee. This staff member deals with initial enquiries and passes clients on to advisors. As a result, client "flow" is regarded as better, as is knowledge of what partners can do to assist clients.

6.17 There are mixed views on how the cross-referral process is working. For some it works well- co-location appears to be bringing some logistical benefits. The client businesses see less evidence of duplication/confusion, but some consultees indicate these things are still around in the background. Integration of business support is a "long journey" according to one contact ... and a journey that still has some way to go.

6.18 From our consultations, we understand that only rarely do staff in the SBG/BG have clients referred to them by Council staff. The Princes' Trust will refer clients to the SBG/BG. Rarely will SBG/BG staff in the Store refer new start clients back to SER. This may happen however downtrack, during the aftercare programme for new starts.

6.19 Community business development is a target for some in the Store. However, the local community development team representative is not located in the Business Store. This could be a helpful next step in the Store's development.

Management

6.20 There is a monthly marketing group meeting to which all the bodies resident in the Store are invited. Initially there were weekly team meeting of all partners. These were dropped because some partners attended only on an irregular basis. Some resident organisations would like these to be restarted, perhaps on monthly basis, to help keep everyone up to speed with what is happening within the Store.

6.21 In the view of some consultees, SER takes little active part in the Store. It does not send a representative to attend internal meetings. It is argued that SE Account Managers should have a profile in the Store and provide updates on progress with local businesses. It appears that very few SER staff visit the Store or work out of it – it has one staff member in the Business Information Centre, otherwise all BG staff are sub-contractors. Essentially the face of SER in the Store is BDA Ltd, its contractor. SER’s management focus is perceived to be on the SBG/BG only, rather than on the Store as an integrated facility and on the working arrangements with the other partners in the context of the Store.

6.22 There is no longer a Steering Group for the Store – this stopped after year 1. Commonality of services was a key agenda item for this Group. Now any issues concerning inter-agency working would be addressed at meetings between SER and Council CEOs and/or at meetings of the Local Economic Forum. In reality, we understand that the Store is rarely an issue at meetings of the CEOs and rarely on the agenda of the LEF.

6.23 A number of consultees argued for more SER –Council meetings on the subject of the Store. This would help relieve tensions it was argued. Team meetings with all parties present are requested.

6.24 A number of issues around communication and working relationships emerged during these stakeholder consultations. The common solutions proposed were "meetings". We would caution against moving to set up a host of additional meetings immediately. We propose reintroducing the "Steering Group" at this stage, with this Group being given the task of exploring more deeply what underlies the concerns noted above and how to address them.

Marketing and branding

6.25 Marketing of the Store itself is limited. The SBG/BG is the focus for marketing. Despite this, resident agencies report an increasing demand for their services.

6.26 SBG and latterly BG have taken away a lot of SER's autonomy with respect to how its involvement in the Store is carried out. SBG/BG has national standard guidelines and a national brand. It means that in working with the Council and others to develop an integrated approach for Inverclyde, much of what SER and the local SBG (now BG) needs to do is "non-negotiable".

6.27 Almost all promotion is of the SBG (now BG) brand and services. There is rarely any marketing of the Store, although the Council does publish a newsletter called IMPACT which sometimes carries information about the SBG/BG and the Store. One consultee expressed concern about present promotion and branding. We were alerted to the significance of the Inverclyde (i.e. local) branding of the Store – *"even a Renfrewshire brand would not work as well here."* In the view of this consultee, businesses see the Store as the *"business gateway"* – a valuable *"one-stop-shop"* for local business people.

Infrastructure and working environment

6.28 A number of specific concerns were expressed concerning the Store and its operation:

- there are mixed views on how well the Drum circulation/exhibition/meeting area works
- back-of-house is generally felt to work well by some. For others, the accommodation is very bland/grey and can be very dark
    - "the open plan office still feels like a council office"
- the Customer Relationship Management system is described consistently in negative terms - including, it is "dreadful". There appears to be problems of functionality, reliability and variations in levels of access. Better sharing of information will help clarify areas of duplication and be a step towards reducing it
- some advisors would prefer a room on their own to meet with clients rather than having to deal with clients in an open office. Business advisors also prefer a private room for making phone calls
- some business advisors have a habit of block-booking rooms - room booking is a contentious issue.

- some staff feel under scrutiny/exposure when making calls in a big open plan office
- "new start employees feel a negative atmosphere between groups"
- there appears to be a shortage of larger meeting rooms in the Store.

Impact and significance of co-location

6.29 Views on the merits of co-location are mixed. In the view of one consultee, co-location does not appear to add much value "*to the SBG/BG operation*". An anecdote recounted to us was of an SBG staff member with a client approaching a member of the Council's staff seated nearby about a Council initiative. The Council member was unwilling to provide information/opinion until the client was formally referred across to the Council.

6.30 Another consultee argued that co-location and especially working from one open plan office is a good thing. Asked if there is now more joining up (packaging) of services between agencies, our consultee replied "*it's hard to say*".

6.31 Organisations such as PSYBT report an increase in its number of clients due to the operation of the Store. There is a marked increase in awareness of the Trust in its market. Feedback generally suggests that the volume of clients is increasing but with no change in the general mix of clients.

6.32 Consultees report that the Store does get people coming in *"off the street"* wondering about starting a business and /or wanting to find out what services are available.

6.33 The SER Growth Programme has a presence in the Store – one member of staff of the contractor, Business Growth Team, is located on site. Organisations such as Careers Scotland and JobCentre Plus tend only to have a presence in the Store when a meeting with clients has been arranged, usually as a result of SBG/BG referrals.

6.34 Community business development is a target for some in the Store. However the local community development team representative is not located in the Business Store. This could be helpful next step.

Impact

6.35 On impact, one informed consultee admitted it was difficult if not impossible to disentangle the impact on uptake of services due to (a) the presence on the high street of the facility (the building); (b) to SBG/BG marketing; (c) the efforts of BDA as business advisors and (c) the integration/co-location of agencies.

6.36 Co-location helps with informal networking: it is easier to access other agencies. Also, proximity makes communications more efficient. While the internal "*us and them*" culture exists, our consultees insist it does not affect services to clients - but without co-location inter-agency co-operation would be much more difficult to sustain.

6.37 Consultees working out of the Store indicated that the aim of a one-stop-shop has been achieved and that it "*is super for the client businesses*". It has made Council services and Council staff more accessible. It has encouraged cross-agency working which now happens within the Store on an informal basis. The operations are described as "seamless" by more than one consultee – "*the client does not know and does not need to know the source of assistance*".

6.38 Our consultation with the CEO of a local business organisation provided a positive view of the impact of the Store on business start-ups locally. Also, the duplication/overlap of services in the view of this business representative is "*no longer an issue*". Even if there is some overlap, it is now sorted within the Store and "*clients don't have the problem*".

6.39 There is some potential for overlap identified where PSYBT provides aftercare to start-ups as well as BG staff.

6.40 However, consultees note that improvements in response time towards clients are much harder to discern.

Conclusions and recommendations

6.41 From these consultations, we would draw attention to the following:

- the consistent view that the concept remains valid and continues to "fit" with the strategies of the funders

- the mixed views on whether the key issues of confusion/duplication/overlap in service provision have been resolved, but note that one business organisation offers a very positive view of progress and another consultees argue that remaining issues of this kind are kept in the "*back office*" , with clients experiencing a much more coherent service

- there is dissatisfaction over the middle management role of the funders, and notably the absence or at least very limited presence of SER - the re-introduction of a Steering Group to address and resolve issues as they emerge seems warranted

- efforts to bring operational staff in the Store together in team meetings have been tried and failed, at least in part because of the inability or lack of willingness of the SBG/BG contractor to engage. Given that we have uncovered concerns about an *"us and them"* culture, more opportunities for interaction should be found

- there appear to be major problems with IT systems, including notably, the client tracking system. Some consultees suggest this is contributing to unnecessary overlap and duplication of service provision

- although quantifying the benefits of co-location of staff and services is acknowledged as difficult, most consultees regard co-location as valuable. We sense that without co-location what has been achieved to date would have proved much more difficult.

6.42 We recommend a re-assessment of the internal working arrangement of the Store and in particular the formal arrangements for inter-organisation communication and team working. Progress on breaking down the perceived "*us and them*" culture needs to be taken further. We suggest that SER as a key stakeholder in the Store should have a higher middle management profile and not simply leave its Business Gateway contractor to be "the face of SER" in the Store. The re-introduction of a Steering Group for the Store should be considered with an in-depth review of working relations between agencies a key early agenda item.

6.43 We recommend a thorough review of the IT systems in the Store. These seem to be hampering both the achievement of collaborative working and of removing unnecessary overlap and duplication in services to clients. The systems do not appear to be fit for purpose.

7 Organisation in other LECs

7.1 We wished to compare and contrast the approach adopted to inter-agency working in Inverclyde with that being used in other Local Enterprise Company areas. With the agreement of the client, we chose to consult with LEC representatives in Ayrshire, Forth Valley and Dunbartonshire.

7.2 Key issues to emerge are listed below:

- there is a higher level of fragmentation evident in other some areas, at least in terms of the location of services and advisors. There is a variety of delivery models in place, even within the SBG/BG itself e.g. the Business Information Service centralised and other resources such as business advisors dispersed
- "part-time" Gateway outlets are maintained in some areas, notably in Social Inclusion Partnership (SIP) areas
- the parallel use of different IT systems seems to be commonplace, i.e. limited integration of the enabling IT systems
- co-location of staff is not high on the agendas of the other LECs - the location of Business Information staff at different office locations rather than centrally is seen as an expensive option
- cultural differences between SE Network/Gateway staff and Council staff are seen as presenting difficulties in achieving integration, but co-location does not seem to figure in plans to address this
- some consultees take a very positive view of what has been achieved in terms of resolving issues of duplication and overlap already - achievements made without the need to co-locate
    - a single point of contact rather than co-location is seen as the key factor
- the key step towards rationalisation in some areas has been to reduce the number of sub-contractors, including through the merger of Enterprise Trusts.

Conclusions

7.3 There is a high degree of variability in the organisational models operating in the SE Network based on our review of three other LECs. Co-location does not appear to be a priority: clarity over points of contact for clients appears to be given greater priority.

7.4 There are recurring issues around difficulties posed by cultural differences between partner organisations and by problematic IT systems. In these regards, the circumstances in the Store are far from unique. Co-location may make them more evident and may lead to more tensions in the working environment if unresolved.

8 Summary of conclusions and recommendations

8.1 The objectives of this evaluation as set out in the terms of reference are to:

- provide evidence of added value benefits that the services offered through the integrated "*one stop shop*" approach followed by the Store are providing to local businesses

- develop recommendations to guide Inverclyde Council and SER in their decision making on future format and delivery.

8.2 The key issues to be addressed in the study include:

- *at the strategic level*
  - progress made against the original objectives for the Store project
  - performance of the Store - achievements to date and potential outputs and impacts that may still be realised
  - developments or modifications that should be introduced to the service, its operation and delivery model for the future - in line with the Business Gateway model

- *at the operational level:*
  - management and delivery of services in support of existing small businesses and new start businesses
  - communication between partners operating from the Store.

8.3 Below we summarise our conclusions and recommendations, including those relating to both operational and strategic issues of relevance to the Store and its partners.

Conclusions

Strategic

- ***rationale***: there is a consistent view among stakeholders that the concept remains valid and continues to "fit" with the strategies of the funders

- ***access to services:*** among our respondents, 45% had additional business needs highlighted when they visited the Store and 47% indicated that they had been encouraged to make contact with another organisation present in the Store. The Store does appear to offer a fuller 'more rounded' level of support to individuals and in many cases additional needs have been highlighted across a wider range of issues after an individual has initially contacted the store

- ***reduction of overlap and duplication***: there are mixed views on whether key issues of confusion/duplication/overlap in service provision have been resolved, but one business organisation offers a very positive view of progress and another consultee argue that remaining issues of this kind are kept in the "*back office*" , with clients experiencing a much more coherent service

- ***"light touch" clients:*** Given the overall poor response to the survey, a large number of clients appear to have had little engagement with or have little interest or commitment to the Store.

- ***characteristics of the client base***: most clients responding to the survey were small businesses, with 5 or fewer staff, and relatively young, trading for 3 years or less.

- ***awareness of the Store:*** respondents to our Survey had first become aware of the Store in a number of different ways, but the less formal methods - word-of mouth and personal referrals from business contacts, friends or family - appear to be especially important. This suggests that the Store is becoming well embedded in its local community

- ***benefiting from "one stop shopping":*** a number of respondents (45% of our sample) benefited from in-Store services beyond those which they had initially sought from the Store. A similar percentage indicated that they had been actively encouraged to obtain support from others in the Store. Of course it is possible that the remainder did not need or were not eligible for further support.

- ***knowledge of the offering***: asked about their contacts with and knowledge of partner tenants within the Store, survey respondents gave a mixed picture, with significant gaps especially in knowledge of what organisations are present. Lack of knowledge of what is available limits the client's ability to self-select. So long as the triage role and subsequent cross referral system works effectively, this may not be critical - the client should be directed to the service required

- ***specialist services:*** the low value accorded to more specialist support may be a consequence of the relatively young businesses we surveyed. Our fieldwork did not specifically request details of specialist services so we are unable to shed more detailed light on this issue. Technology development was provided as an example of the type of support under this "catch all" category. Those responding to this category could have received support for technology development but equally could have received support such as advice on intellectual property.

- ***overall client view:*** respondents are very positive about the Store, especially its location, the way it operates and the reception arrangements. Clearly it has raised awareness in the area of the business services available. Overall there is a high level of endorsement of the Store. A small majority consider that issues of duplication and overlap have been resolved: this is an area that requires continued attention.

- ***areas for improvement:*** looking at areas for potential improvement in the Store, there appears to be concerns among clients with follow-up and aftercare - this may be linked to the nature of target setting with a front-end emphasis on increasing client numbers or new business starts. Although it is also worthy of note that due to finite resources, business advisors and other individuals have limited time to deal with enquires and problems and this will impact on aftercare service

- ***limitations on impact assessment:*** the robustness of the impact assessment is seriously limited by the small number of clients responding to our survey and the partial data they have been able or willing to provide. Notwithstanding this, business performance in terms of increased employment and sales is positive over the time they have been clients of the Store.

- ***attribution:*** a large majority of respondents indicated that support from the Store had a "positive" or "major positive" effect on their business performance. Therefore there is a high level of attribution of the Store to improved business performance.

- ***additionality:*** the picture in terms of the level of additionality achieved by the public sector intervention through the Store is less positive. Among the respondents, 51% would have taken the same actions to achieve changes in business performance any way, i.e. if the Store and its services had not been available. Only for 5% of the respondents was 100% additionality achieved.

- ***crowding out:*** of those 22 respondents who would have undertaken the same action anyway, 48% would have achieved this using through internal company resources, 37% would have paid for outside expertise. There appears therefore to be a danger here of crowding out third party private sector provision.

Operational

- ***monitoring data***: we found it difficult to access and analyse information on the clients of the Store. We would recommend a single, integrated contact data management system for the Store which provides a fuller characterisation of the client and what he/she receives, from whom and when

- ***IT infrastructure:*** there appear to be major problems with IT systems, including notably client tracking systems. Some consultees suggest this is contributing to unnecessary overlap and duplication of service provision. We recommend a thorough review of the IT systems in the Store.

- ***value of co-location for staff:*** although quantifying the benefit of co-location of staff and services is acknowledged as difficult by stakeholders, most consultees regard it as valuable. We sense that without co-location what has been achieved to date would have proved much more difficult

- ***management***: there is dissatisfaction over the middle management role of the funders, and notably the absence or at least very limited presence of SER. Partnership requires interaction at all levels; senior level (CEO, LEF); middle management level (Steering group of Business Gateway Manager, Head of Economic Development, Business Store Manager, and other Partner managers); and operational level (staff, or team, meetings). There has been no mechanism through which partnership working and operational issues at the Business Store could be aired, worked through and resolved. Normally this mechanism would be the Steering group. Our findings suggest the management of the store had been left at a very senior level (CEO, Local Economic Forum) but in fact had never been discussed at this level. Moreover as the required mechanism (the Steering group) provides the 'glue' for closer integration and shared direction, its absence means this element of partnership working is stymied. The re-introduction of a Steering Group to address and resolve issues as they emerge seems warranted

- ***inter-agency working and communication:*** efforts to bring operational staff in the Store together in Team Meetings have tried and failed, at least in part because of the inability or lack of willingness of the SBG/BG contractor to engage. This was never an explicit comment by any one representative but our interpretation of comments made by a range of partners. The issue we raise is that the SBG/BG contractor has very clear priorities and targets, these are reasonably self contained as might be expected in a contractual relationship. However the unintended consequence of this is that the contractor will be entirely focussed on its own activities: there is little incentive to work with other partners for a shared cause beyond their contract with SE Renfrewshire. Given that we have uncovered concerns about an *"us and them"* culture, more opportunities for interaction should be found

8.4 The Business Store set out with several original objectives (para 2.11). We now consider each of these in turn to give a view on how the Business Store has performed on the basis of the evidence we have gathered. In the absence of defined targets and metrics that might inform progress against each of these objectives, we have given a view on whether progress is:

- neutral (where there is no evidence to provide a view **or** where evidence suggests the objective has not been supported)

- minor positive, or
- major positive.

8.5 In our judgement the Business Store has largely shown positive progress against the original objectives, however there are some weaknesses. The Store has shown:

- most progress in *improving access, addressing fragmentation, raising awareness of organisational issues*, and *delivering a quality service*.
- weakest progress in improving *inclusiveness, supporting community based businesses,* and *encouraging co-operation*.

Table 8.1 Performance of the Business Store against original objectives

Theme	Objective	Neutral	Minor positive	Major positive
Access	*to make it easier for individuals and companies to access business support and reduce confusion in the market place by providing a one-stop-shop venue for business enquiries*			*The Store appears to provide a fuller, more rounded level of support, and evidence of reduced overlap and duplication*
Fragmentation	*to address the fragmentation issue in the delivery of business support services by providing a range of services from a single location*			*The Store hosts a range of support services that would otherwise be delivered separately.*
Inclusiveness	*to support a more inclusive approach to developing businesses, achieving a greater penetration of the small business community and providing clients with a more proactive and accessible menu of services*	*We are unable to provide a view on this objective as a result of shortcomings in the quality of monitoring data, and small survey response and the lack of baseline for comparison.*		
Attitudes	*to encourage more enterprising attitudes to business and to inspire more people to start their own business*		*It is difficult to identify any change in enterprise attitudes from the study evidence. However the PSYBT report an increase in client numbers and anecdotally there is evidence of people wandering in off the street wondering about starting a business.*	
Start-up and growth	*to provide assistance to new start companies and develop wider small business growth*		*Evidence reveals the SER Growth Programme has a presence in the Store. Nearly two thirds of respondents had received advice on starting a business and nearly three quarters rated this as excellent or very good. However there are concerns over aftercare support.*	
Community-based businesses	*to raise awareness and provide assistance to new and existing community-based businesses*	*The study evidence does not supports this objective. We understand there is the local community development team representative is not located in the Store.*		
Awareness of organisational issues	*to provide information and learning experiences which raise the awareness of key organisational issues, e.g. e-commerce, IIP, exporting, environmentally and socially sustainable activity etc.*			*Nearly half of survey respondents had been actively encouraged to obtain support from others in the Store. The evidence suggests clients have benefited from in-Store services beyond those which they had initially sought from the Store*
Quantifiable outputs	*to achieve increased quantifiable outputs such as higher number of business starts, rising survival rates and growth in jobs/sales within the small business community*		*Our evidence that this objective has been supported is seriously limited. Notwithstanding this, a large majority of survey respondents feel the Store support has had a positive or major positive effect on business performance.*	
Performance delivery	*to improve upon performance delivery areas such as more efficient use of resources, faster response times, greater continuity and stronger active partnership communication and joint working*		*In the absence of baseline for comparison the evidence is reduced to subjective opinions. For example a large majority of respondents agree that they were quickly transferred to the relevant person and the Store provided more rounded support provision. Stakeholders provide mixed views on levels of integration. There is no common CRM system.*	
Quality service	*to encourage a quality delivery service to the business community across all partner organisations through the development of a more open approach for businesses to all support areas*			*Our evidence suggests this objective has been supported to some degree. Nearly 70% of respondents felt the Business Store had enabled easier access to support. Nearly 90% felt the Business Store staff were very approachable.*
Encourage co-operation	*to provide an environment which encourages co-operation and joined up thinking with regard to communication with the business community*	*There is little evidence of co-operation or joined up thinking with regard to communication with the business community. Promotion is almost entirely Business Gateway marketing. This follows national standard guidelines; much of which is 'non-negotiable'*		

Recommendations

Strategic

- ***reduction of overlap and duplication***: given the mixed messages on the extent to which confusion/duplication/overlap in service provision have been resolved, this aspect of service delivery should be given continued attention

- ***benefiting from "one stop shopping":*** it will be important to ensure that front-line staff in contact with new clients have the time, experience and incentive to perform a triage role with respect to other needs and opportunities, if the full benefits of integrated, *"one stop shopping"* are to be realised

  - initial assessment by highly experienced advisors is especially important given the feedback that many clients come to the Store with an idea but with little knowledge of what support is available and what support they need

- ***areas for improvement:*** the concerns expressed by clients in relation to follow-up and aftercare suggest a need to respond to these issues within resource limitations.

- ***re-appraisal of services and client selection:*** given the above findings on additionality and crowding out, there is a need to re-assess services being provided and to what kinds of client. We note the issue here is likely to be the additionality associated with the services being provided, many of which are generic and delivered throughout the SE Network area, and may not be with the Store as a model of delivering these services

- ***displacement:*** there is a notable level of displacement taking place. A quarter of respondents said over 40% of their change in sales since firms first received support from the Store had been at the expense of competitors in the West of Scotland. Further analysis is required to characterise those clients in receipt of support that simply displace other business activity and those that are contributing to economic growth. There is a need for the support providers to be more discerning in the provision of support, especially give the added concerns about levels additionality and potential for crowding out.

- ***comparisons of evaluation results:*** comparisons of service evaluations from other parts of the SE Network should be undertaken to compare these Inverclyde results, based on a small sample of clients, with levels of additionality being achieved elsewhere.

- ***specialist services:*** we recommend that the management of the Store ensures that the benefits of more specialist support are made known to clients and that the uptake of this support is monitored

Operational

- ***future approach to evaluation:*** given the apparent reluctance of the Store's clients to assist in this kind of evaluation study, the management of the Store should investigate the use of an alternative, real-time evaluation methodology for the future to ensure that necessary and robust evaluation can be achieved

- ***monitoring data***: we would recommend a single, integrated contact data management system for the Store which provides a fuller characterisation of the client and what he/she receives, from whom and when

- ***IT infrastructure:*** given the major problems with IT systems, we recommend a thorough review of the IT systems in the Store.

- ***management***: the re-introduction of a Steering Group to tackle and resolve issues as they emerge seems warranted. This would address, and avoid any growing, dissatisfaction with middle management role of the funders

- ***cultural change:*** we recommend a re-assessment of the internal working arrangements in the Store and in particular the formal arrangements for inter-organisation communication. Progress on breaking down the perceived "us and them" culture needs to be take further. We suggest that SER as a key stakeholder in the Store should have a higher middle management profile and not simply leave its Business Gateway contractor to be "its face" in the Store. The re-introduction of a Steering Group for the Store should be considered

- ***inter-agency working and communication:*** given that we have uncovered concerns about an *"us and them"* culture, more opportunities for interaction should be found

- ***"light touch" clients:*** we recommend an explicit distinction in target setting and monitoring record keeping between those clients that visit the Store for the most basic service, e.g. to pick up a leaflet or have a single, simple enquiry answered - "light touch" clients - and those that seek and receive more substantial assistance.

- ***target setting and resourcing:*** for the success of the Store as a fully integrated vehicle for service delivery, there needs to be a more inclusive approach to strategic target setting and resourcing between the partner agencies. To achieve fuller and more effective integration, we propose that all partners have the opportunity to develop *targets for the Store*. It would be unlikely that the *targets for the Store* would be equivalent to targets for the individual parties. An overly restrictive focus on hard targets within individual partner agencies is unlikely to optimise fully the interagency partnership working.

Appendix A

Face-to-face consultations were undertaken with 10 individuals representing partners and stakeholders in the Store. In addition face-to-face consultations were undertaken with staff engaged in managing small business support services analogous to the Inverclyde Business Store in three other Local Enterprise Companies: Ayrshire, Dunbartonshire and Forth Valley. The names of consultees are given in Table A.1

Table A.1 Consultees

Name	Organisation
Madelaine Smith	SE Dunbartonshire
Jill Baillie	SE Ayrshire
Julie Ann McShane	SE Forth Valley
Peter Haig	BDA Ltd (Small Business Gateway)
Lyn Chalmers	BDA Ltd (Small Business Gateway)
Hugh Bunten	Greenock Chamber of Commerce
Edith Baird	PSYBT
Fraser Kelly	Inverclyde Council
Stuart Jamieson	Inverclyde Council
Rosemary Grace	Inverclyde Council
Lynne Sutherland	SER
Brenda Burke	SER
Marion Swinney	SER