

Supporting business growth

Fast -growing small and medium-sized enterprises (SMEs) can help economies to recover from recession, by creating new jobs and introducing innovations. Previous research from a range of countries suggests that around four to six per cent of fast-growing firms produce around half to three-quarters of all new jobs.

Government can play a crucial role in supporting these firms, by providing business information, supporting networks and skills development, and ensuring access to business finance. However, creating effective support policies to ensure sustained growth is challenging, and evaluation evidence from existing policy programmes remains limited.

The ESRC-led Enterprise Research Centre's White Paper *Supporting sustained growth among SMEs - policy models and guidelines* has reviewed international support measures for fast and sustained SME growth.

The research covered a broad spectrum of measures, ranging from systemic measures (to correct market failures) and holistic approaches (combining business and leadership development), through to thematic approaches (specifically targeting areas such as financial support, technology adaptation or management development).

The review suggests that there is a need for partnerships and a regional focus, and highlights the value of holistic support measures for sustained growth.

Key findings

- Support schemes are significantly affected by the quality and engagement of participating firms, making it important to encourage a high degree of self-selection amongst firms in order to attract those with the most potential.
- Effective support schemes are typically intensive and rely on shared learning between participating firms. As well as self-selection there should therefore also be a scheme selection of participants.
- Schemes need to be designed to provide sustained support and engagement with businesses over a period of years.
- Supporting sustained growth is likely to require a holistic rather than thematic support model, focusing both on the development of the business and the leadership team.
- Measures to support sustained growth should be partnership-based, drawing on the expertise and networks of a range of support organisations.
- A regional model is likely to be more effective in terms of attracting firms to scheme events, running face-to-face mentoring or hosting peer-group sessions.

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Policy relevance and implications

- New policy measures should have a dual focus on business and leadership development, peer-group learning and sustained engagement with businesses.
- A National Growth College (NGC) should be established, targeting ambitious businesses to grow turnover from £1-2 million to £3-5 million over three years. The college could be based on business school or university-led regional delivery consortia involving banks, Chambers and other business support partners.
- Regional NGC consortia should provide an intensive programme of SME leadership training, mentoring, growth planning, peer-group workshops and accredited personal development activities - a 'growth MBA'.
- Regional consortia should be supported by a small national group to co-ordinate a 'curriculum for growth' and share best practice.



BRIEF DESCRIPTION OF THE PROJECT

The Enterprise Research Centre White Paper *Supporting sustained growth among SMEs* reviews a number of international support measures designed to provide SMEs with optimal support towards fast, sustained growth. Findings suggest that policy guidelines should emphasise the need for partnership and region-based delivery, and highlights the potential value of holistic supports.

Stephen Roper, Mark Hart: *Supporting sustained growth among SMEs – policy models and guidelines*

Web: enterpriseresearch.ac.uk/publications/erc-white-papers/

FOR MORE INFORMATION

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The Enterprise Research Centre (ERC) is an independent research centre which aims to provide trusted, robust and independent commentary on SME research and policy. It is funded by the ESRC; the Department for Business, Innovation and Skills; the Technology Strategy Board; and the British Bankers Association.
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