

BIS | Department for Business
Innovation & Skills

SOLUTIONS FOR BUSINESS

Customer Monitoring Survey

JULY 2012

Report prepared for BIS by

Paul Braidford, Ian Stone, Steve
Lomax, Lydia Reynolds, Ben
Davies, John Newton

Policy Research Group, Durham
Business School/St Chad's
College

IFF Research



Contents

Executive Summary	1
1 Background	19
1.1 Aims of the study	19
1.2 Structure of the report.....	19
1.3 Solutions for Business	19
1.4 Economic background.....	21
2 Outline methodology	24
3 Profile of respondents	25
3.1.1 Business characteristics.....	25
3.1.2 Characteristics of intervention.....	29
4 Common impacts	32
4.1 Outcomes	32
4.1.1 Outputs.....	32
4.2 Employment and turnover impacts	34
4.2.3 Concentration of changes	35
4.2.4 Self-reported additionality: employment impact.....	36
4.2.5 Self-reported additionality: turnover impact.....	37
4.2.6 Deadweight and displacement effects.....	38
5 Product-specific impacts: Starting a High Growth Business	39
5.1 Outcomes and outputs	39
5.1.1 Impact on exports	39
5.1.2 Actions facilitating increased growth	40
5.2 Targeting	41
5.2.1 Potential for high growth.....	41
5.3 Additionality	41
5.3.1 Performance against prior expectations	41
5.3.2 Effect on likelihood and characteristics of start-up.....	42
5.3.3 Deadweight loss and displacement effects	43
6 Product-specific impacts: Understanding Finance for Business	44
6.1 Outcomes and outputs	44
6.1.1 Impact on level of applications for finance	44
6.1.2 Impact on range of finance applied for	44
6.1.3 Impact on success of finance applications.....	45
6.1.4 Impact on awareness of finance options.....	46
6.2 Targeting	47
6.3 Additionality	48
6.3.1 Deadweight and displacement effects.....	50
7 Product-specific impacts: Coaching for High Growth	51
7.1 Outcomes and outputs	51

7.1.1	Impact on exports	51
7.1.2	Actions facilitating increased growth	52
7.2	Targeting	53
7.3	Additionality	53
7.3.1	Performance against prior expectations	53
7.3.2	Deadweight and displacement effects	54
8	Product-specific impacts: Finance for Business	55
8.1	Outcomes and outputs	55
8.1.1	Amount and type of finance obtained	55
8.1.2	Use of funding	56
8.2	Targeting	57
8.3	Additionality	58
8.3.1	Additional finance obtained	58
8.3.2	Deadweight and displacement effects	58
9	Product-specific impacts: Manufacturing Advisory Service	59
9.1	Outcomes and outputs	59
9.2	Targeting	62
9.3	Additionality	63
9.3.1	Deadweight and displacement effects	64
10	Product-specific impacts: Knowledge Transfer Partnerships	65
10.1	Outcomes and outputs	65
10.2	Targeting	66
10.3	Additionality	67
10.3.1	Deadweight and displacement effects	67
11	Product-specific impacts: Grant for Research & Development	68
11.1	Outcomes and outputs	68
11.2	Targeting and additionality	70
11.2.1	Deadweight and displacement effects	71
	Appendix I Questionnaire	72
	Technical Annex	107

List of Tables

Table 1	Gains in employment and jobs retained as a direct result of use of the product.....	2
Table 2	Mean increase in turnover per business as a direct result of use of the product	2
Table 3.1	Sample of clients.....	25
Table 3.2	Legal status of respondent businesses	28
Table 3.3	Source from which client first found out about the support (%)	29
Table 3.4	Investigation of similar support from other sources	30
Table 3.5	Success in finding other sources of support.....	30
Table 3.6	Applications for other sources of finance and success rate among those users who investigated other sources.....	31
Table 4.1	Self-reported impact on business skills as a direct result of using the product (% indicating improvement to a large extent or to some extent).....	33
Table 4.2	Mean number of areas in which use of product directly impacted on business skills	34
Table 4.3	Trends in employment, previous 12 months.....	35
Table 4.4	Trends in turnover, previous 12 months	35
Table 4.5	Increases in employment and retained jobs, by product, as a direct result of using the product	37
Table 4.6	Turnover impact, by product, as a direct result of support	38
Table 5.1	Realised or planned increases in exports of goods and/or services.....	39
Table 5.2	Comparison of realised and anticipated growth against expectations of growth prior to accessing support.....	42
Table 5.3	Likelihood of establishing respondent's current business in the absence of having used support	42
Table 5.4	Effect of support on (i) timing of start and (ii) size of business at start, compared with prior expectations	43
Table 6.1	Timing of applications for finance by UFFB clients (% of all accessing UFFB)	44
Table 6.2	Use of different sources of finance before and after accessing UFFB (% of those applying for finance)	45
Table 6.3	Difficulties in obtaining finance before and after accessing UFFB (% of those applying for any finance).....	46
Table 6.4	Extent to which UFFB increased clients' understanding of sources of finance.....	47
Table 6.5	Difficulties in obtaining finance before accessing UFFB, in comparison with broader SME population (% of those applying for any finance).....	48
Table 6.6	Difficulties in obtaining finance before and after accessing UFFB, in comparison with SME population (% of those applying for finance)	49

Table 7.1	Realised or planned increases in exports of goods and/or services.....	52
Table 7.2	Comparison of realised and anticipated growth against expectations of growth prior to accessing support.....	54
Table 8.1	Amount of finance obtained through FFB.....	55
Table 8.2	Type of finance obtained through FFB.....	56
Table 8.3	Purpose of initial application to FFB.....	57
Table 9.1	Influence of MAS on the focus of business.....	59
Table 9.2	Actions already completed as part of MAS.....	60
Table 9.3	Outcomes achieved or anticipated to be achieved as a direct result of using MAS61	
Table 10.1	Activity in respondent business as a direct result of accessing KTP.....	66
Table 10.2	Performance of KTP associate.....	66
Table 10.3	Contribution of KTP to respondent business.....	67

List of Figures

Figure 1	Self-reported impact on business skills as a direct result of using the product (% indicating improvement to a large extent or to some extent).....	3
Figure 2	Level of satisfaction with support, by product.....	4
Figure 3	Impacts on SaHGB users as direct result of use of support.....	5
Figure 4	Selected product-specific impacts, SaHGB (% of users reporting).....	6
Figure 5	Impact of product on skills and capabilities, SaHGB (% of users reporting)	6
Figure 6	Impacts on UFFB users as direct result of use of support.....	7
Figure 7	Selected product-specific impacts, UFFB (% of users reporting).....	8
Figure 8	Impact of product on skills and capabilities, UFFB (% of users reporting)	8
Figure 9	Impacts on CfHG users as direct result of use of support.....	9
Figure 10	Selected product-specific impacts, CfHG (% of users reporting).....	10
Figure 11	Impact of product on skills and capabilities, CfHG (% of users reporting)	10
Figure 12	Impacts on FFB users as direct result of use of support	11
Figure 13	Selected product-specific impacts, FFB (% of users reporting)	12
Figure 14	Impact of product on skills and capabilities, FFB (% of users reporting)	12
Figure 15	Impacts on MAS users as direct result of use of support.....	13
Figure 16	Selected product-specific impacts, MAS (% of users reporting)	14
Figure 17	Impact of product on skills and capabilities, MAS (% of users reporting).....	14
Figure 18	Impacts on KTP users as direct result of use of support	15
Figure 19	Selected product-specific impacts, KTP (% of users reporting).....	16

Figure 20	Impact of product on skills and capabilities, KTP (% of users reporting)	16
Figure 21	Impacts on GRD users as direct result of use of support.....	17
Figure 22	Selected product-specific impacts, KTP (% of users reporting).....	18
Figure 23	Impact of product on skills and capabilities, GRD (% of users reporting).....	18
Figure 1.1	Quarterly percentage changes in GDP 2006-2010.....	21
Figure 1.2	Household final consumption expenditure - percentage change, quarter on quarter	21
Figure 1.3	Gross lending and repayments to major UK lenders by businesses.....	22
Figure 1.4	Business investment (chained volume measure, seasonally adjusted, ref year 2006)	23
Figure 3.1	Composition of sample by number of employees.....	26
Figure 3.2	Composition of sample by turnover band	27
Figure 3.3	SIC 2007 Sector of respondents, by product.....	27
Figure 3.4	Age of businesses.....	28
Figure 5.1	Actions undertaken or anticipated to be undertaken as a direct result of using the product (%)	40
Figure 5.2	Respondents having undertaken actions relating to growth.....	41
Figure 6.1	Confidence of UFFB clients in their ability to access finance after using the support	49
Figure 7.1	Actions undertaken or anticipated to be undertaken as a direct result of using the product.....	52
Figure 7.2	Respondents having undertaken activities relating to growth.....	53
Figure 9.1	Percentage by which businesses estimate costs will reduce as a result of participation in MAS.....	62
Figure 9.2	Primary business objective when first applying to MAS.....	63
Figure 9.3	Extent to which business would have undertaken similar actions without participation in MAS.....	64
Figure 11.1	Achieved or anticipated activity as a direct result of using GRD	69
Figure 11.2	Activities undertaken or anticipated as a result of using GRD	70

Executive Summary

1. Aims of the Study

The aims of this study are to:

- i. Summarise the characteristics of businesses using seven Solutions for Business products.
- ii. Assess businesses' experiences of engaging with and using the products.
- iii. Assess businesses' satisfaction with the processes and the products.
- iv. Produce an early stage assessment of the impacts from using the products on businesses behaviours and performance - both those already realised and those anticipated in the future.

2. Method

This study provides substantive interim assessments of seven Solutions for Business products:

- i. Starting a High Growth Business (SaHGB)
- ii. Coaching for High Growth (CfHG)
- iii. Understanding Finance for Business (UFFB)
- iv. Finance for Business (FFB)
- v. Knowledge Transfer Partnerships (KTP)
- vi. Manufacturing Advisory Service (MAS)
- vii. Grant for Research & Development (GRD)

The research was conducted during January and February 2011 and involved a telephone survey of 960 SfB clients.

3. Aggregated self-reported impacts for all seven products surveyed

Self-reported impacts on employment

- As a direct result of using the Solutions for Business (SfB) product, 28 per cent of respondent businesses have already increased employment. These employment increases are equivalent to three per cent of the total workforce across all respondents.
- Approximately 51 per cent of respondents anticipate increased employment in the future as a result of their use of the SfB product. This anticipated rise is equivalent to a 9 per cent increase in employment across all businesses in the sample. 28 per cent of businesses reported both already achieved and anticipated further gains.
- The self-reported proportionate impact on employment (including anticipated rises) was highest among users of Starting a High Growth Business, followed by Finance for Business.
- Approximately 3,000 jobs out of a total workforce of approximately 32,000 (10 per cent) have been retained in respondent businesses as a direct result of their use of the product.

Table 1 Gains in employment and jobs retained as a direct result of use of the product

	MAS	KTP	SaHGB	FFB	UFFB	CfHG	GRD	All
Gains realised to date	2.0%	0.6%	21.6%	36.4%	6.1%	3.8%	5.3%	2.8%
Anticipated gains	5.4%	2.1%	102.1%	26.8%	33.0%	6.6%	20.5%	8.6%
Jobs retained	17.9%	4.0%	36.4%	45.0%	12.5%	14.4%	11.9%	9.6%

N=960; numbers shown as percent of workforce for all businesses using the product, including those which reported no employment effects

Self-reported impacts on turnover

- 22 per cent of respondent businesses indicated that their turnover had already increased as a result of using the product, and 62 per cent anticipate future rises. The mean achieved turnover increase per business directly attributable to the product is six per cent, and the mean anticipated increase is 26 per cent.
- Self-reported proportionate impacts on turnover were highest among products aimed at supplying finance for particular projects – Grant for Research & Development and Finance for Business.

Table 2 Mean increase in turnover per business as a direct result of use of the product

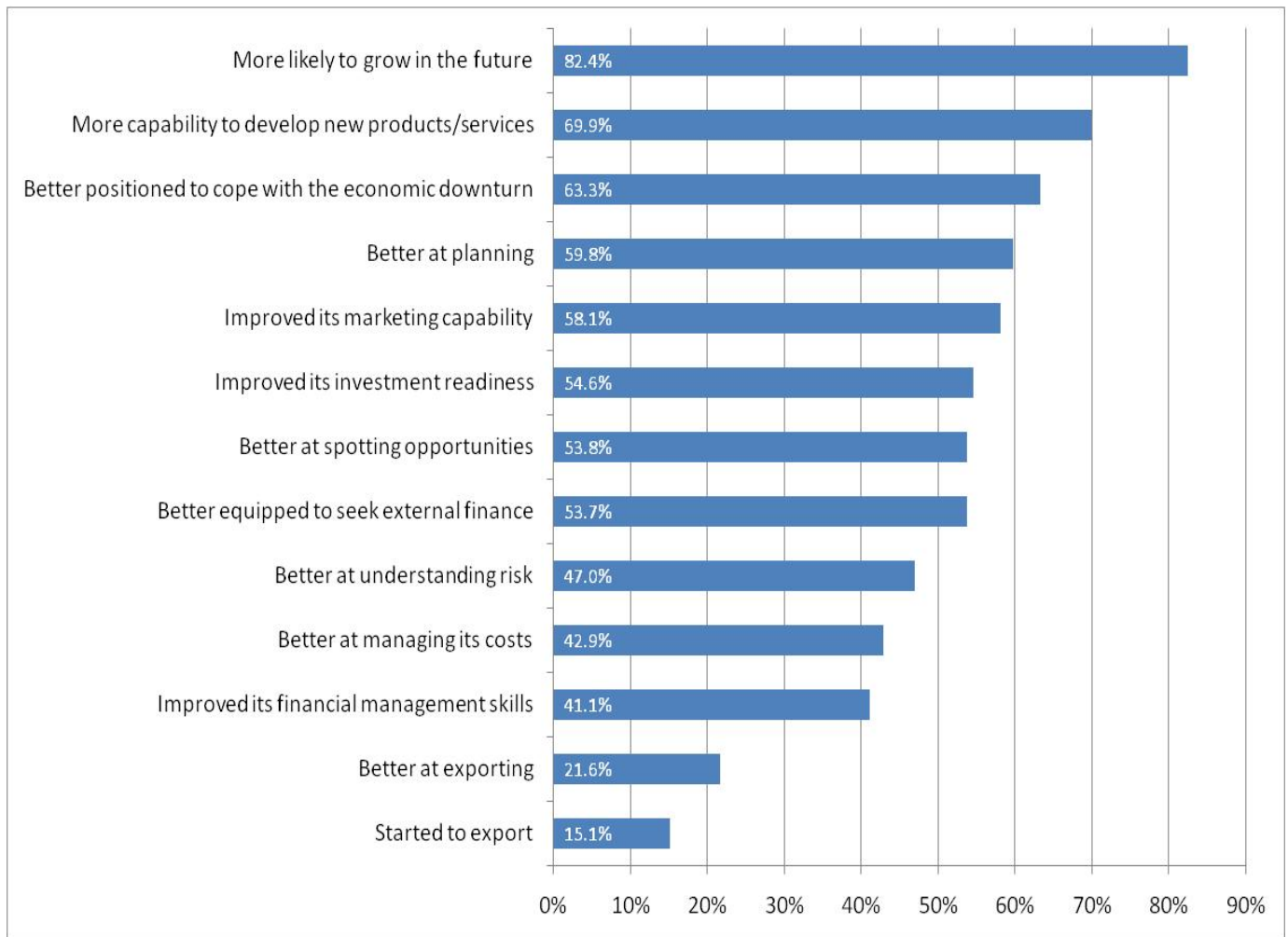
	MAS	KTP	SaHGB	FFB	UFFB	CfHG	GRD	All
Gains realised to date	8.9%	2.7%	8.0%	12.6%	4.3%	3.0%	7.9%	6.3%
Anticipated gains	14.4%	11.6%	32.5%	55.1%	28.7%	14.1%	45.8%	26.2%

N=960; averages include those businesses which reported that the support had no impact on turnover

4. Other impacts

- The impacts expected in terms of skill development and enhanced management capacities were realised by the majority of clients. Almost 70 per cent of respondents reported an improvement in their capability to develop new products or services and 63 per cent reported being better able to cope with the economic downturn.
- 82 per cent of all respondents reported that the support had led to the business being more likely to grow in the future.
- A high proportion of clients (93 per cent) reported that, as a result of using the product, they had undertaken activities or improved specific skills which would facilitate growth in the future. On average, businesses reported that they had improved to some extent or a large extent skills and capabilities in six different areas.

Figure 1 Self-reported impact on business skills as a direct result of using the product (% indicating improvement to a large extent or to some extent)



5. Targeting of products

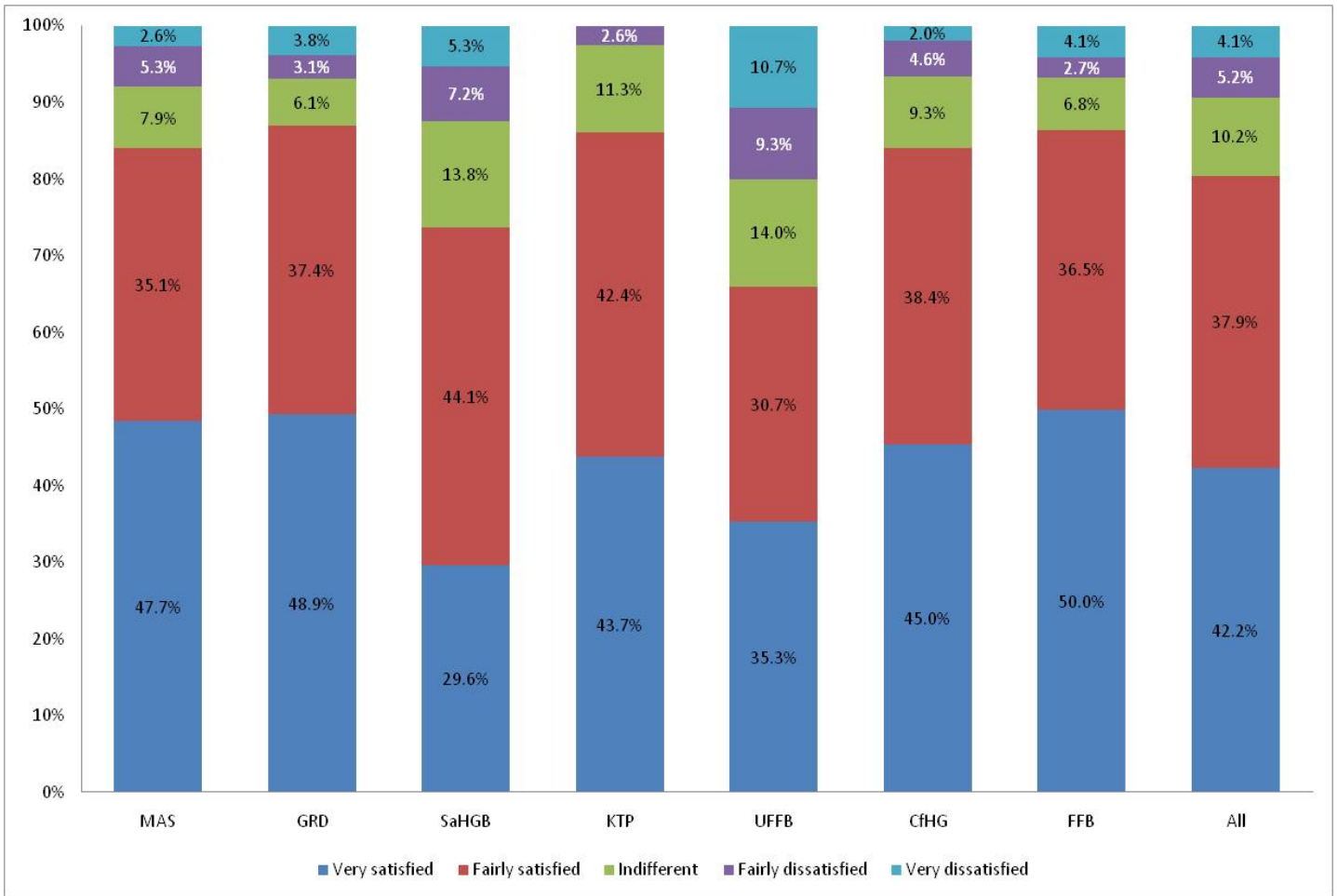
The survey findings show that the products have generally managed to attract the type of clients at whom they are targeted. For example:

- GRD effectively targeted SMEs with a viable R&D project but which were unable to obtain commercial finance to fund it.
- UFFB attracted businesses which required finance, but were finding it more difficult to obtain than the SME population as a whole.

6. Satisfaction

Overall, 80 per cent of respondents were very or fairly satisfied with the service they had received, and over 90 per cent were likely to recommend the product to another business owner.

Figure 2 Level of satisfaction with support, by product



7. Concentration of impacts

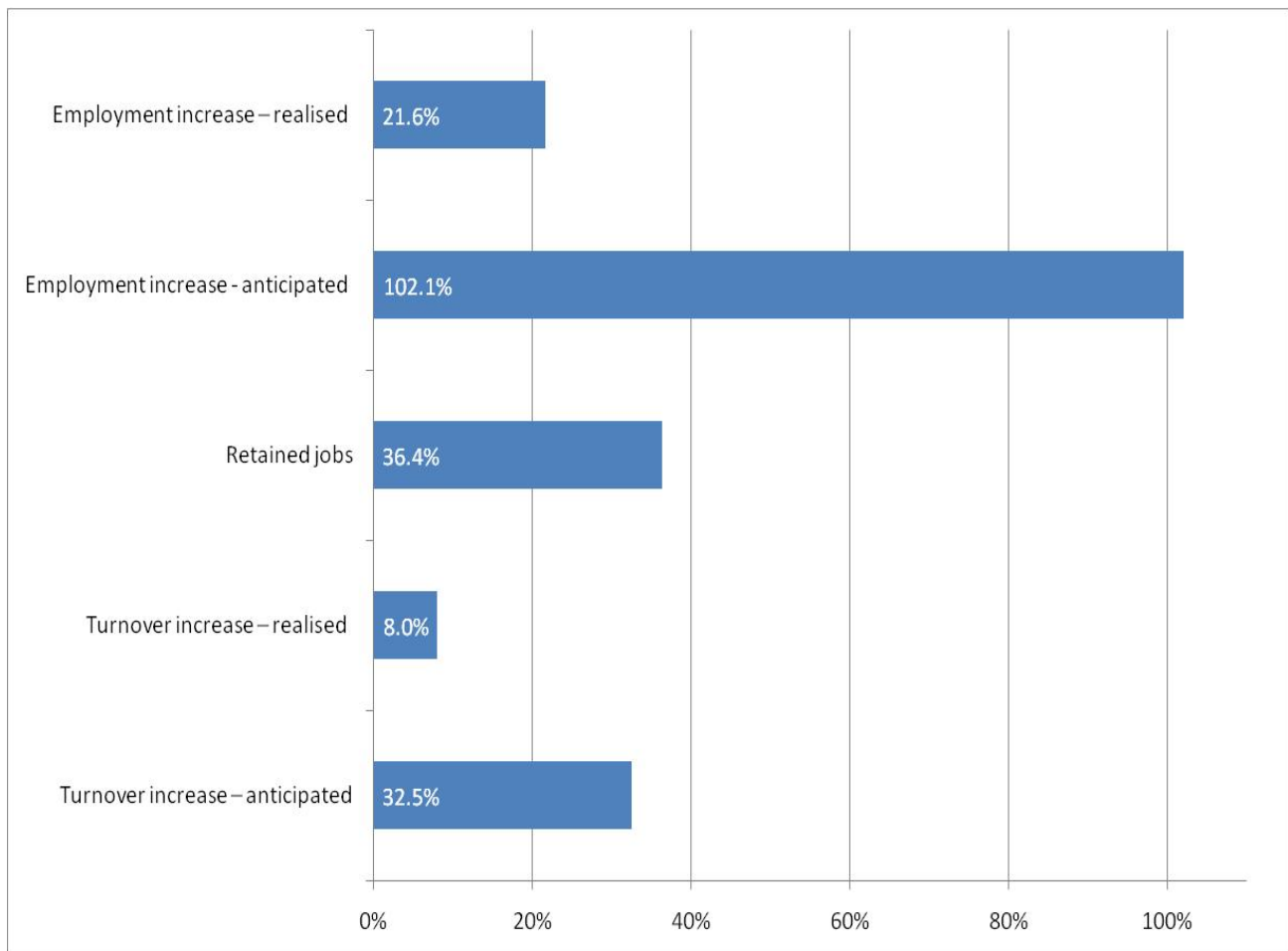
Although increases in employment and turnover are high overall, these changes are concentrated in a minority of businesses (spread fairly evenly across sizebands of both turnover and employment). For example, while employment in respondent businesses rose by three per cent as a direct result of using the support, only 28 per cent of businesses actually added extra jobs. Similarly, the six per cent mean rise in turnover as a result of the support was concentrated among the 22 per cent of businesses which reported an increase. However, it should be noted that these are early stage results, from businesses which may have only recently completed or are still accessing the support. While only a minority may have grown to date, virtually all businesses reported improvements in skills or the implementation of changes within their businesses which are likely to lead to growth in the future. This is particularly true among users of those products where there may be a long lead time before the full impacts are felt – for example, users of GRD or KTP, where the outcomes associated with improvements to innovation may not be fully realised for some years.

8. Product-specific quantitative impacts

Starting a High Growth Business

- SaHGB had a positive impact on the likelihood of start, or made a positive contribution to the speed and/or size of start-up in the case of 48 per cent of business starts.
- Clients of SaHGB reported large increases in both turnover (a mean rise of 42 per cent, including anticipated increases) and employment (22 per cent to date, with a further 102 per cent anticipated) directly attributable to use of the support, while 240 jobs (36 per cent of the workforce) have been retained.
- Increases in employment and turnover over the past twelve months were higher than among other products: employment across all SaHGB businesses, for example, increased by nine per cent against an average of six per cent for all products.
- More than three-quarters of product users (87 per cent) reported an improved likelihood of future growth.
- The greatest impact on skills and competencies were related to planning (75 per cent), marketing capability (70 per cent) and capability to develop new products or services (69 per cent).

Figure 3 Impacts on SaHGB users as direct result of use of support



Figures relate to all users of product; turnover: mean rise per business; employment: percentage of workforce

Figure 4 Selected product-specific impacts, SaHGB (% of users reporting)

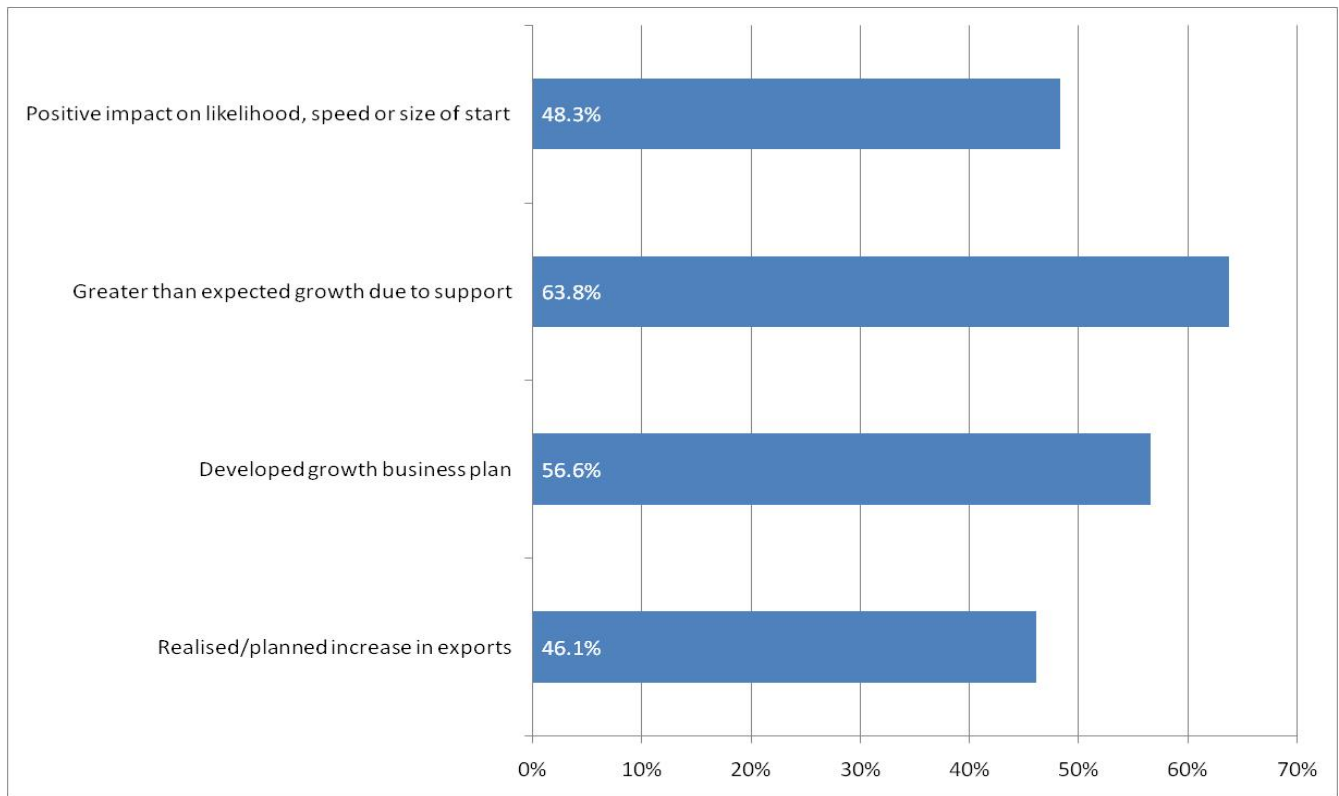
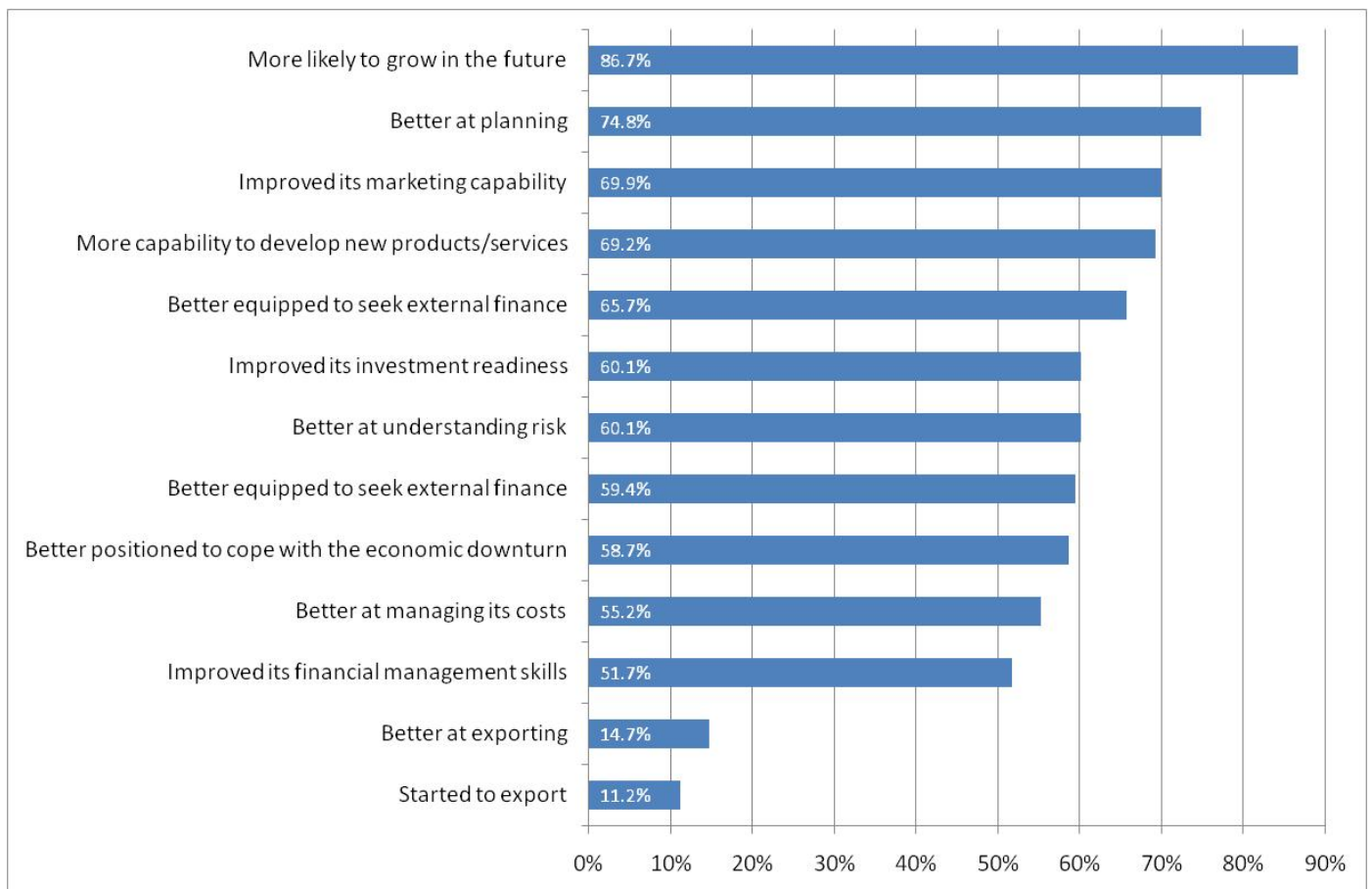


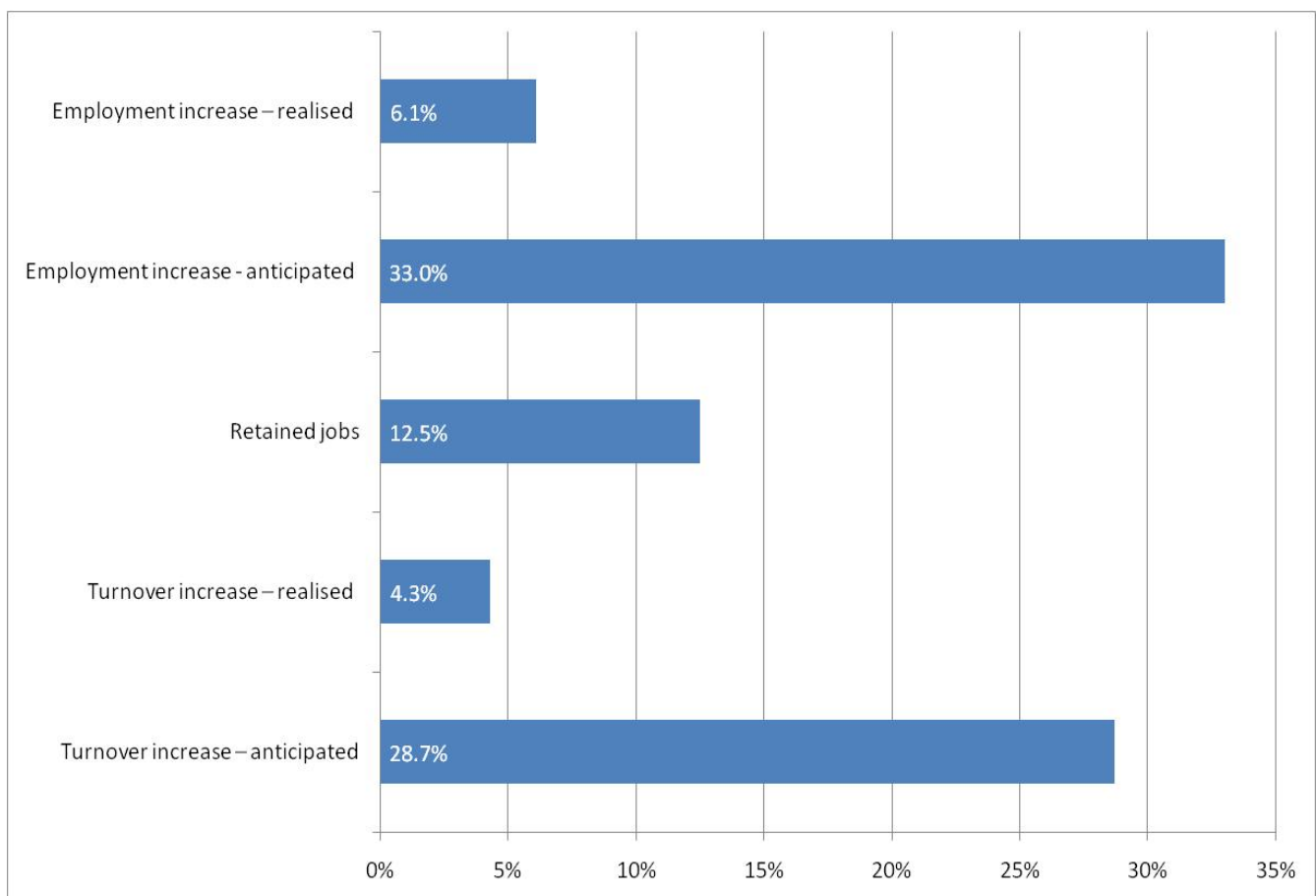
Figure 5 Impact of product on skills and capabilities, SaHGB (% of users reporting)



Understanding Finance for Business

- The proportion of UFFB respondents reporting an improvement in their financial management skills (54 cent) is the highest among the seven products, and in their ability to seek external finance is joint second highest (59 per cent). The greatest impact on skills and competencies came in the area of improving the likelihood of future growth (reported by 71 per cent),
- Almost half (49 per cent) of UFFB clients applying for finance prior to accessing the product had been unable to obtain any funds; after using the support, this proportion declined to thirty per cent.
- Employment in UFFB client businesses increased by six per cent in the twelve months to January 2011 and turnover rose by an average of four per cent per business as a direct result of using the support. UFFB clients anticipate employment rising by 33 per cent in the future as a direct result of using the product, the second highest of any product.
- Just under 200 jobs (13 per cent of the workforce) have been retained with the help of the support.

Figure 6 Impacts on UFFB users as direct result of use of support



Figures relate to all users of product; turnover: mean rise; employment: percentage of workforce

Figure 7 Selected product-specific impacts, UFFB (% of users reporting)

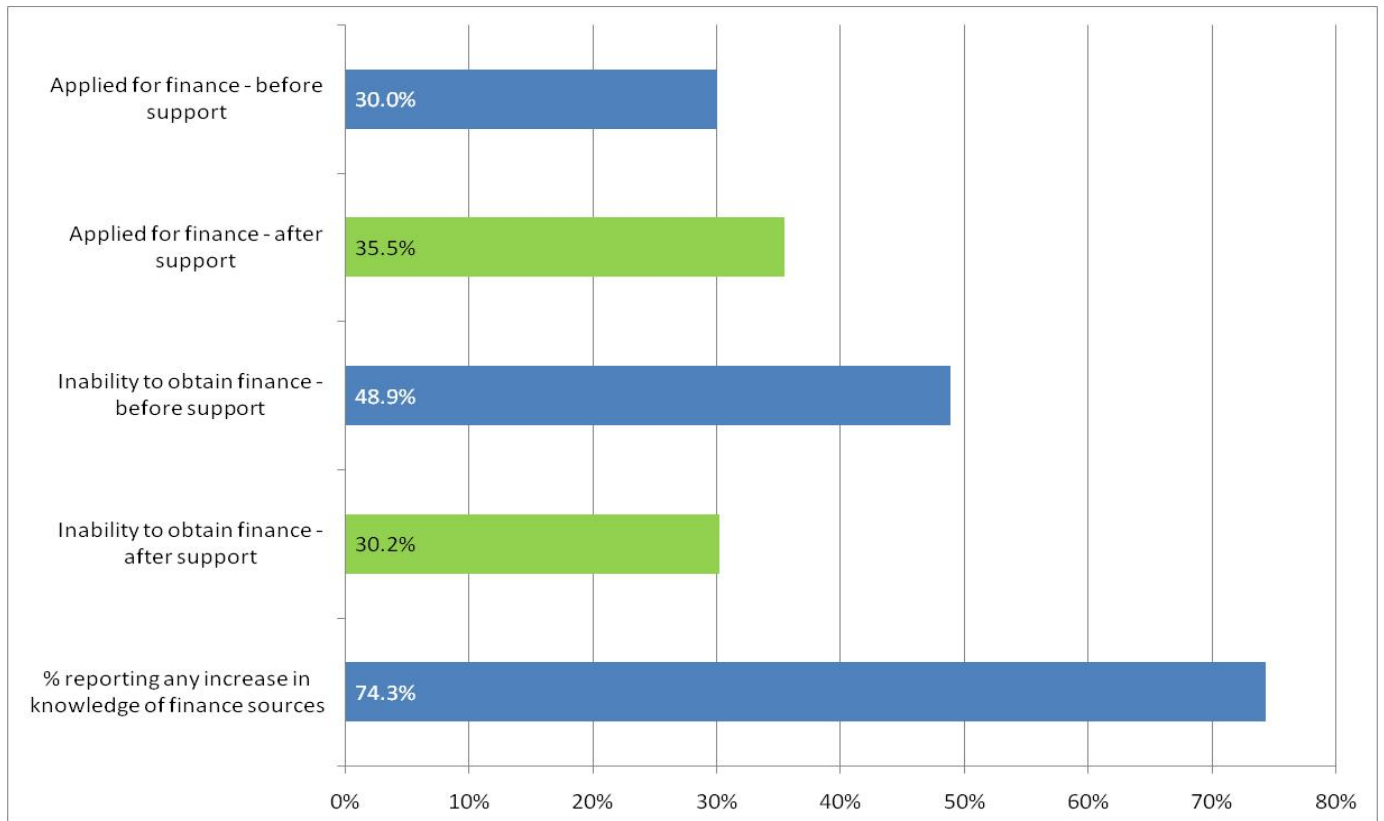
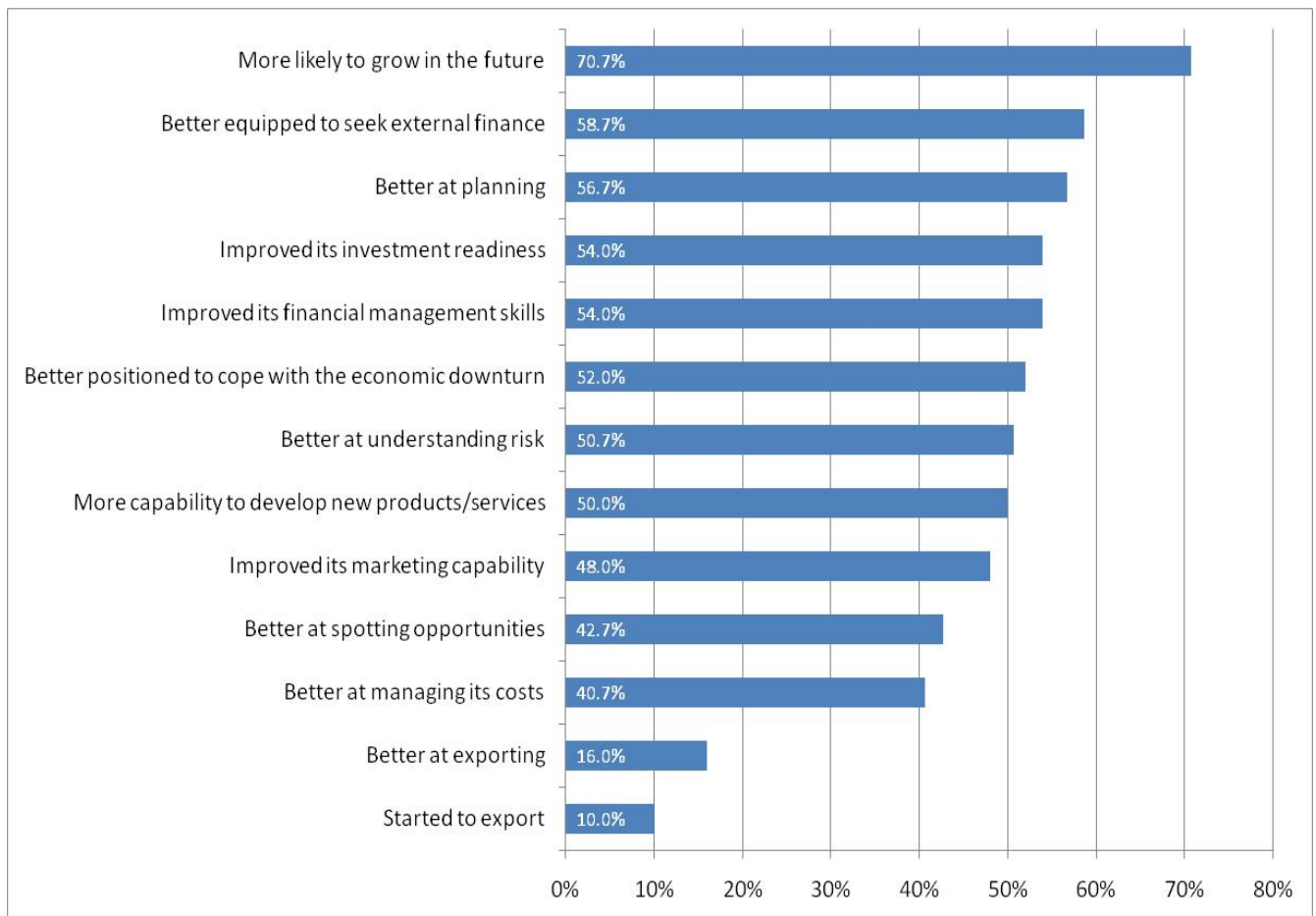


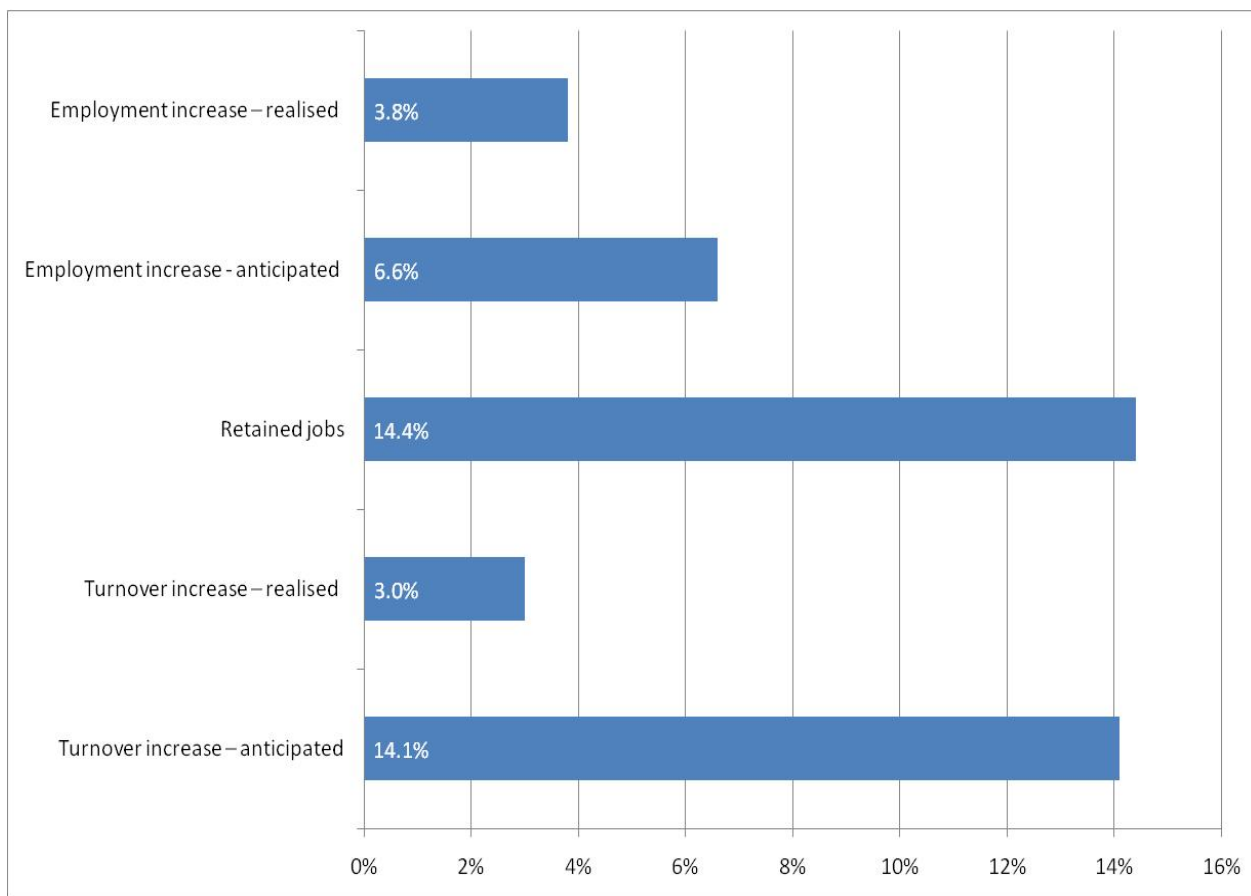
Figure 8 Impact of product on skills and capabilities, UFFB (% of users reporting)



Coaching for High Growth

- Over the twelve months to January 2011, employment in CfHG client businesses has risen by nine per cent and turnover by a mean of seven per cent.
- Support provided through CfHG has helped retain nearly 400 jobs (14 per cent of the workforce).
- Clients reported that the mean turnover rise directly attributable to the product (including anticipated rises) was 19 per cent
- The support has been particularly effective in improving the perceived likelihood of the business growing in future (80 per cent) and encouraging an improvement in marketing, with 71 per cent of clients introducing new processes in this area and 70 per cent reporting an improvement in their marketing skills.
- It has also been effective at improving planning skills (among 68 per cent of respondents, while 60 per cent have developed new strategic plans); and 51 per cent of businesses have increased their investment in training.
- 48 per cent of businesses have grown or anticipate growing at a rate faster than they had expected prior to accessing the support.

Figure 9 Impacts on CfHG users as direct result of use of support



Figures relate to all users of product; turnover: mean rise; employment: percentage of workforce

Figure 10 Selected product-specific impacts, CfHG (% of users reporting)

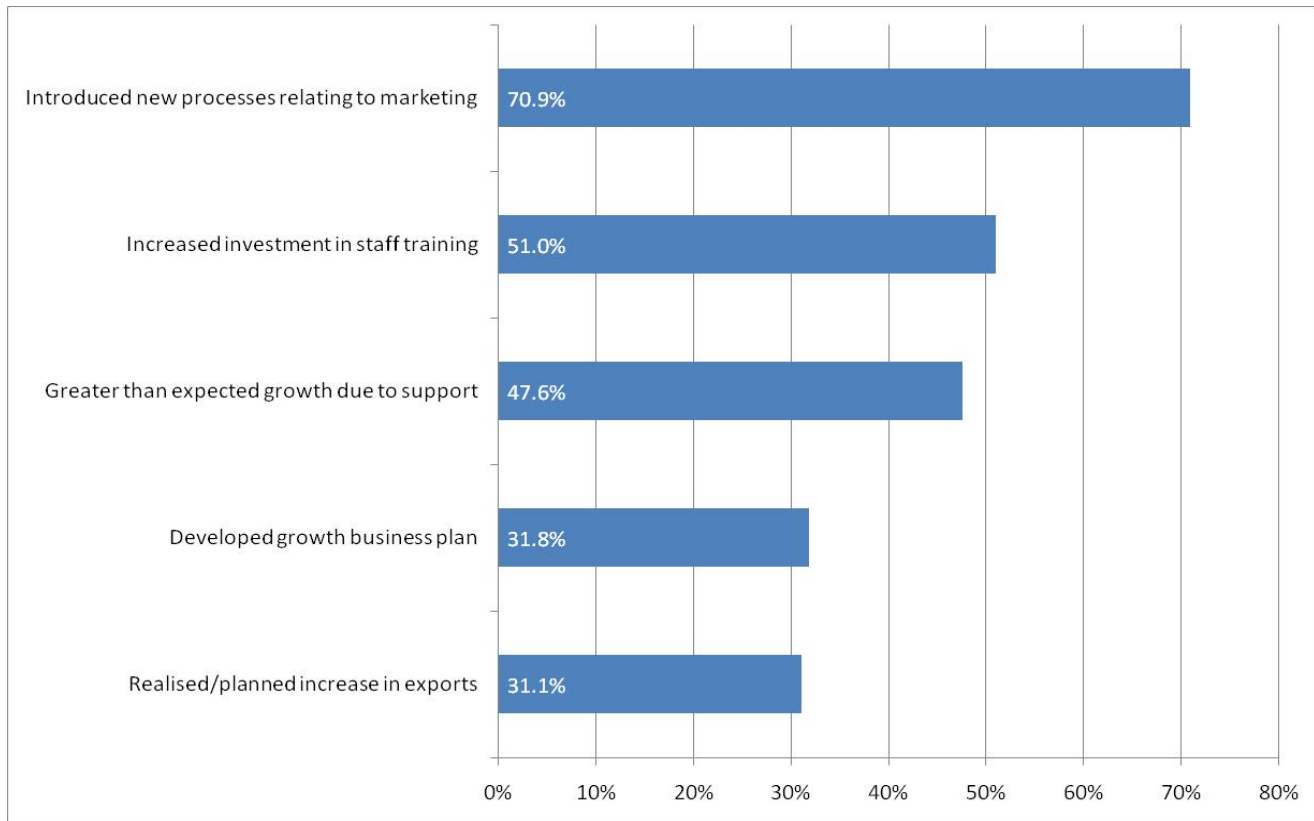
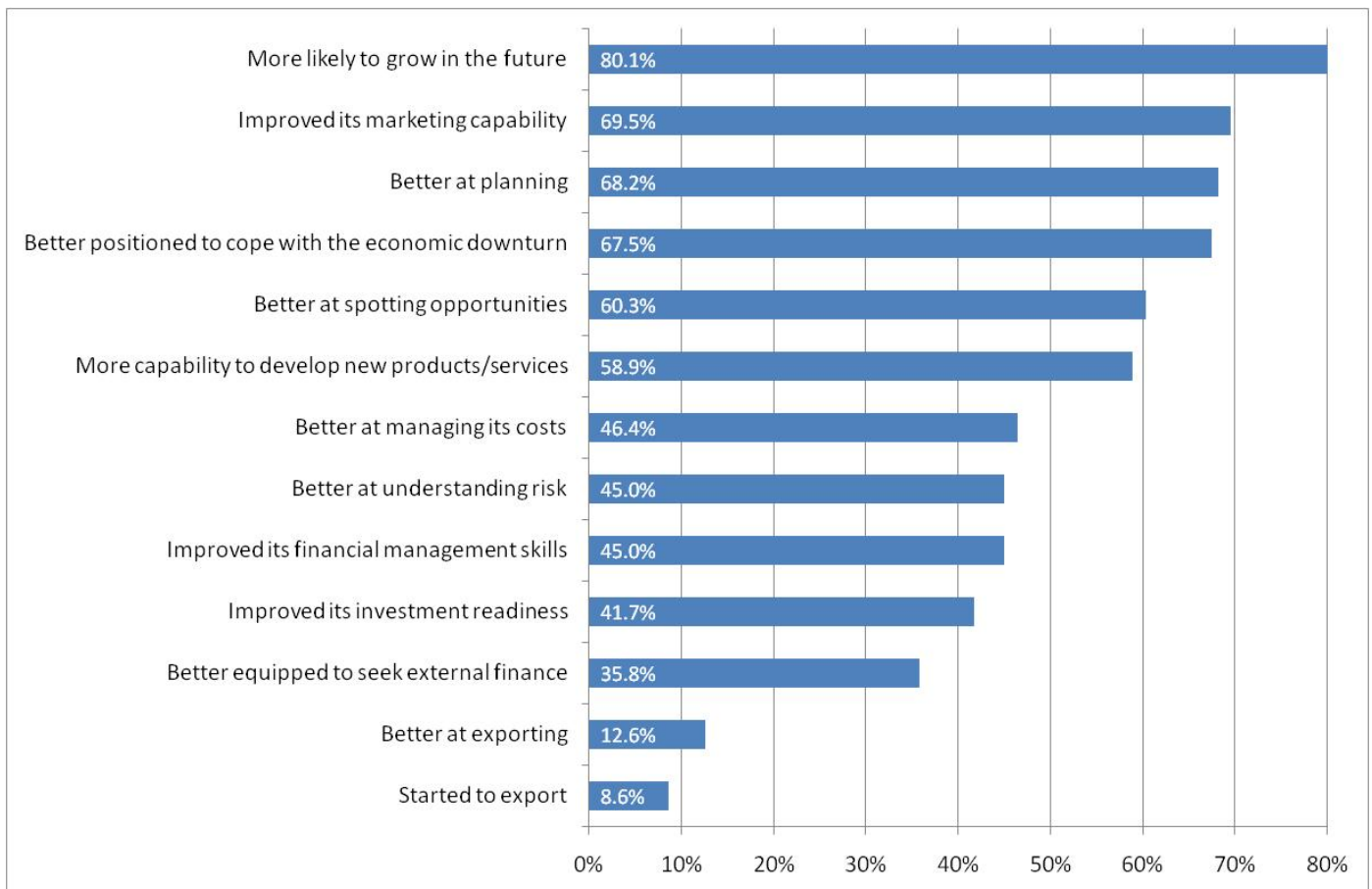


Figure 11 Impact of product on skills and capabilities, CfHG (% of users reporting)

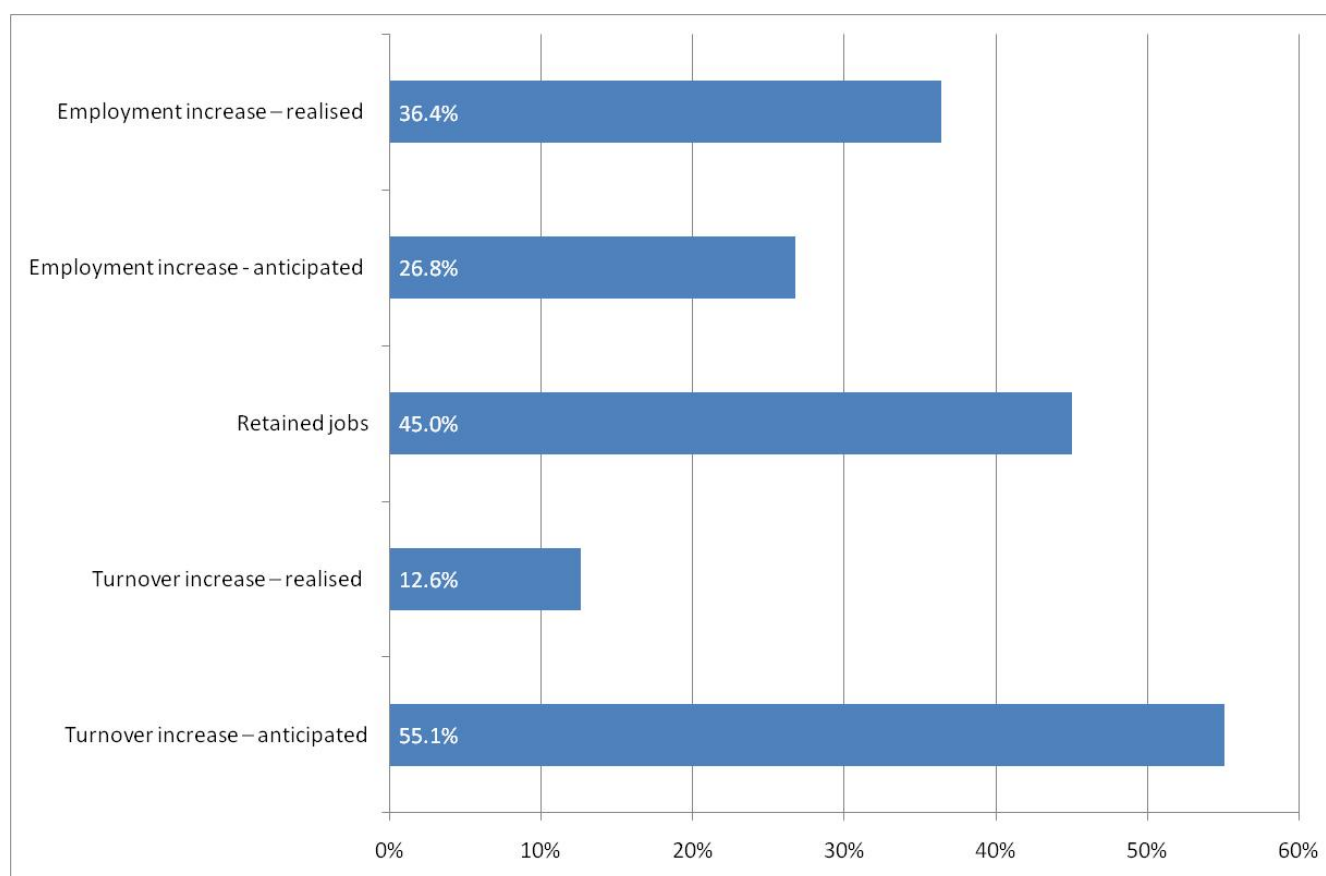


Finance for Business

- FFB clients reported the greatest achieved increase in employment due to use of the support (36 per cent), with a further 27 per cent rise anticipated. The mean turnover increase achieved and/or anticipated and attributable to use of the support (82 per cent) is also well above average. Two-thirds of users have introduced new products, services or processes since obtaining finance.
- The finance obtained by the majority of FFB users (86 per cent) would not have been obtained elsewhere. The support has also aided in leveraging in additional outside funding among 37 per cent of respondents.
- Some 93 per cent of FFB indicated that their business was more likely to grow in the future because of FFB, the highest among the seven products. Similarly, 84 per cent had improved their investment-readiness, 82 per cent considered that they had developed their capability to develop new products or services and 80 per cent were better-equipped to seek external finances.

FFB impact - summary

Figure 12 Impacts on FFB users as direct result of use of support



Figures relate to all users of product; turnover: mean rise; employment: percentage of workforce

Figure 13 Selected product-specific impacts, FFB (% of users reporting)

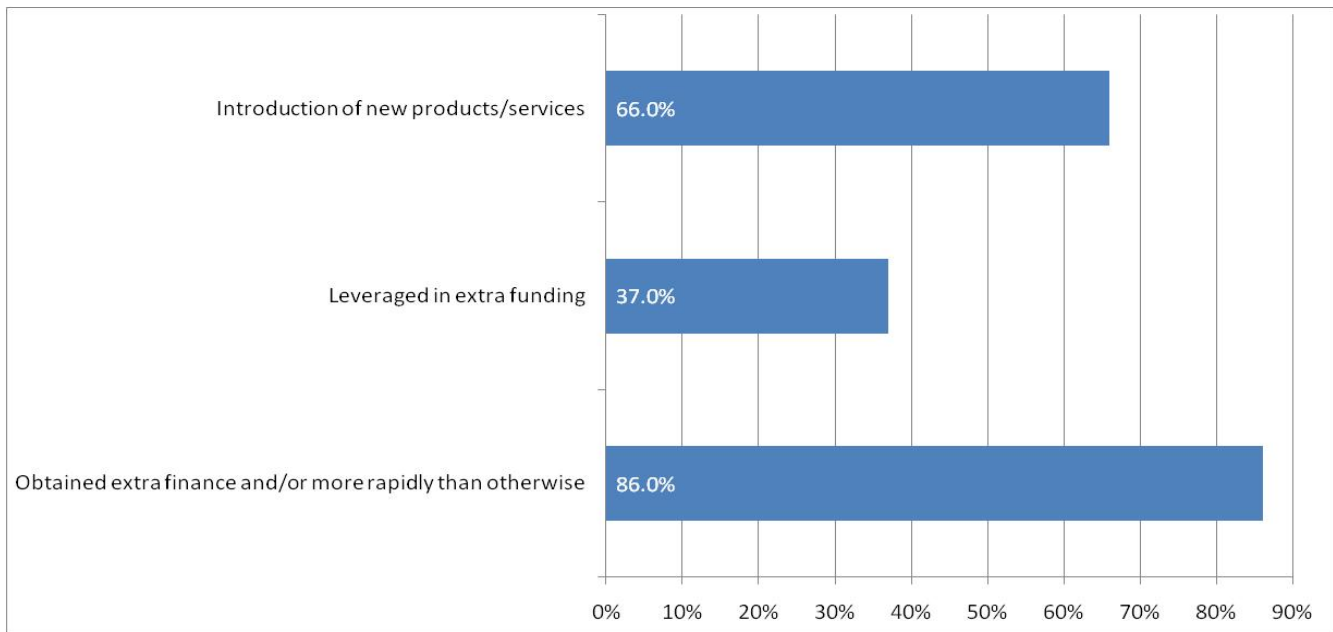
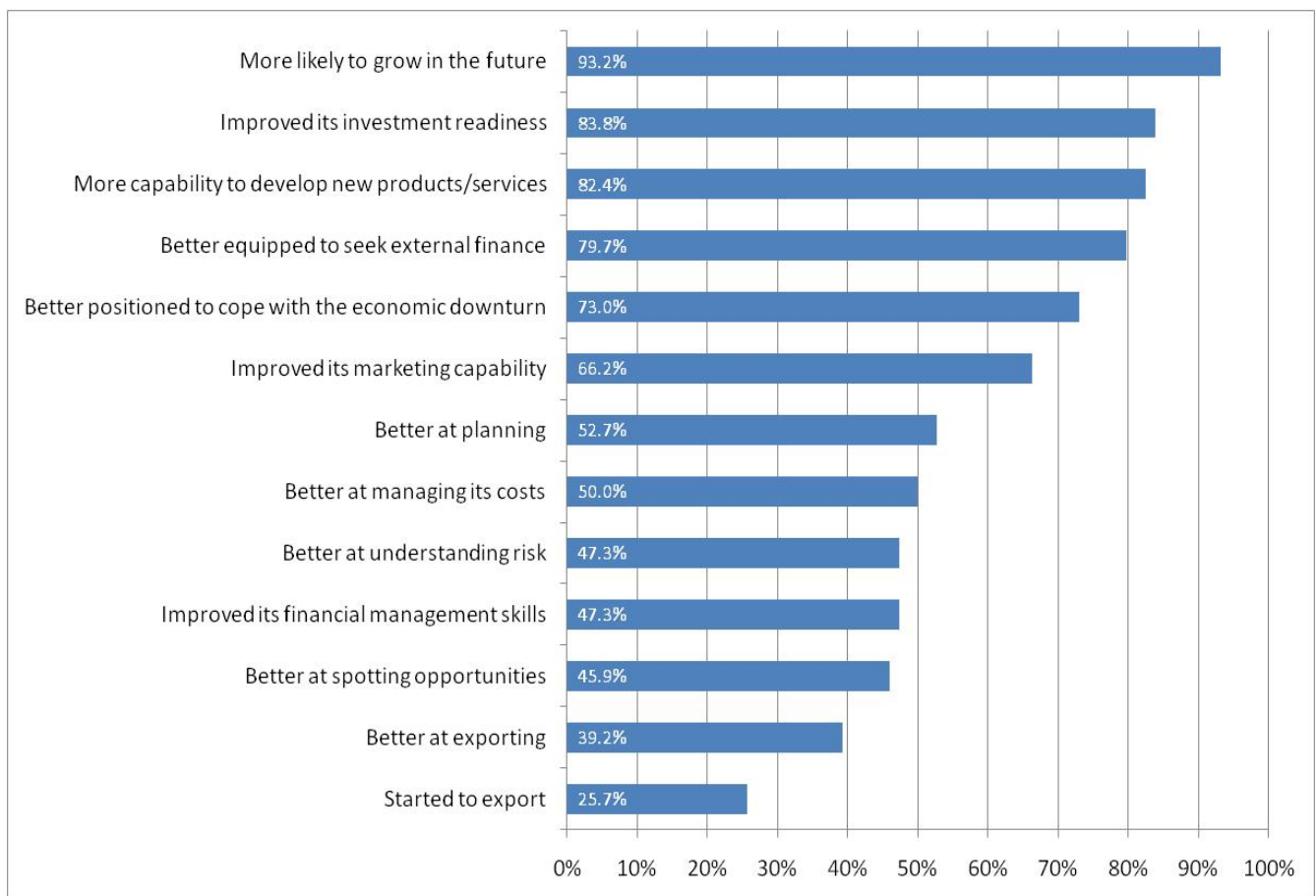


Figure 14 Impact of product on skills and capabilities, FFB (% of users reporting)

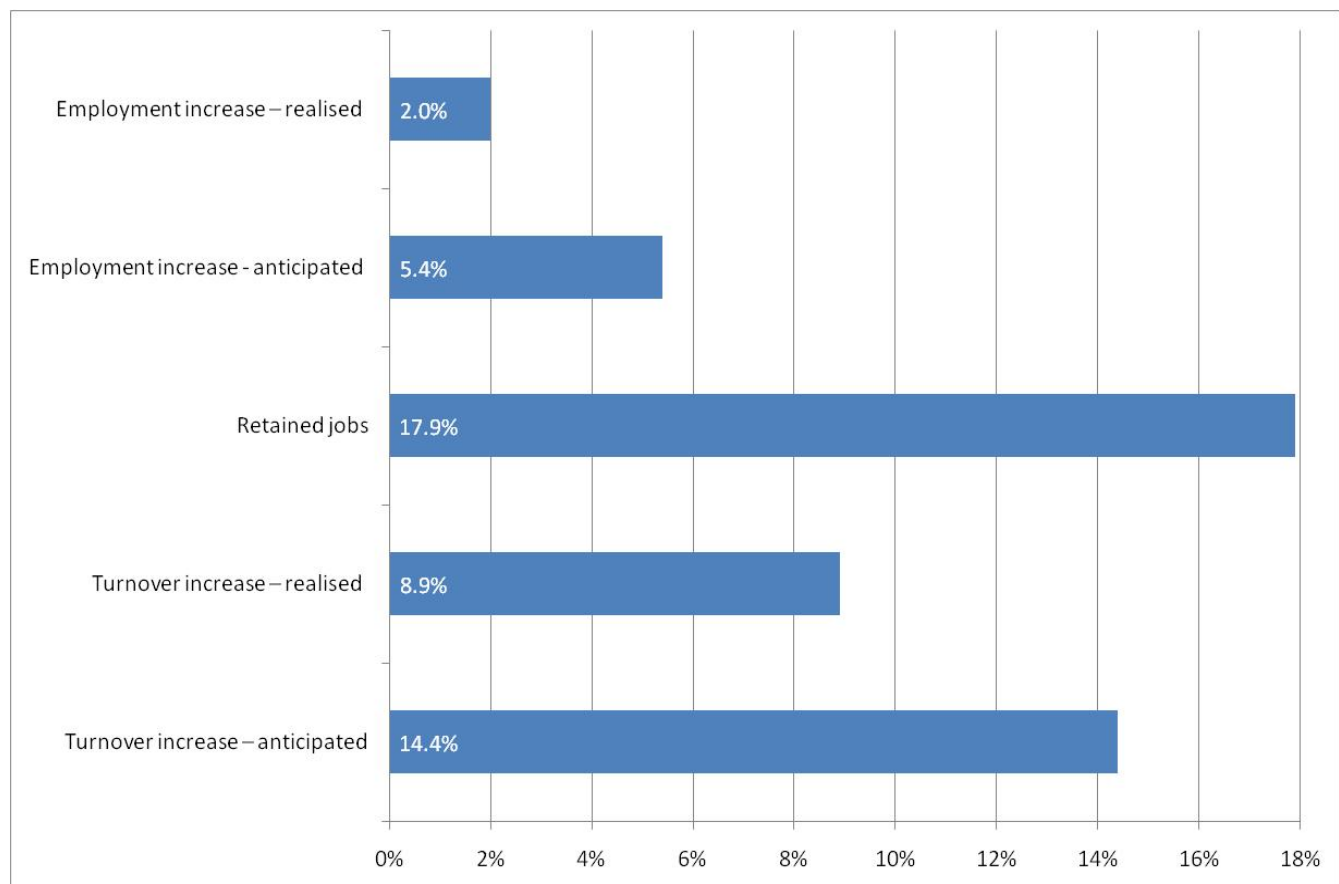


Manufacturing Advisory Service

- Employment in businesses using MAS has increased by 2 per cent as a direct result of using the support, with further growth of 5 per cent anticipated in the future, among the lowest of the seven products, although the 18 per cent of jobs which have been retained by the support is among the highest. Turnover impacts are also slightly below average, with the mean achieved/anticipated growth in turnover per business being 29 per cent.
- The majority of businesses (70 per cent) indicated that MAS had clarified, identified or confirmed the issues within their businesses that required attention, and 60 per cent had started or already completed work relating to the recommendations. Slightly more users undertake work with some financial support from MAS than without.
- Nine in ten businesses had achieved or anticipated at least one outcome for their business in terms of efficiency or financial improvements as a result of MAS. The most common were improvements in sales and the ability to use external expertise and efficiency gains. Half of users had reduced costs, mostly by less than ten per cent.
- Other impacts were achieved in terms of growth potential (77 per cent), increased competitiveness during the downturn (63 per cent) and innovation (62 per cent).

MAS impact - summary

Figure 15 Impacts on MAS users as direct result of use of support



Figures relate to all users of product; turnover: mean rise; employment: percentage of workforce

Figure 16 Selected product-specific impacts, MAS (% of users reporting)

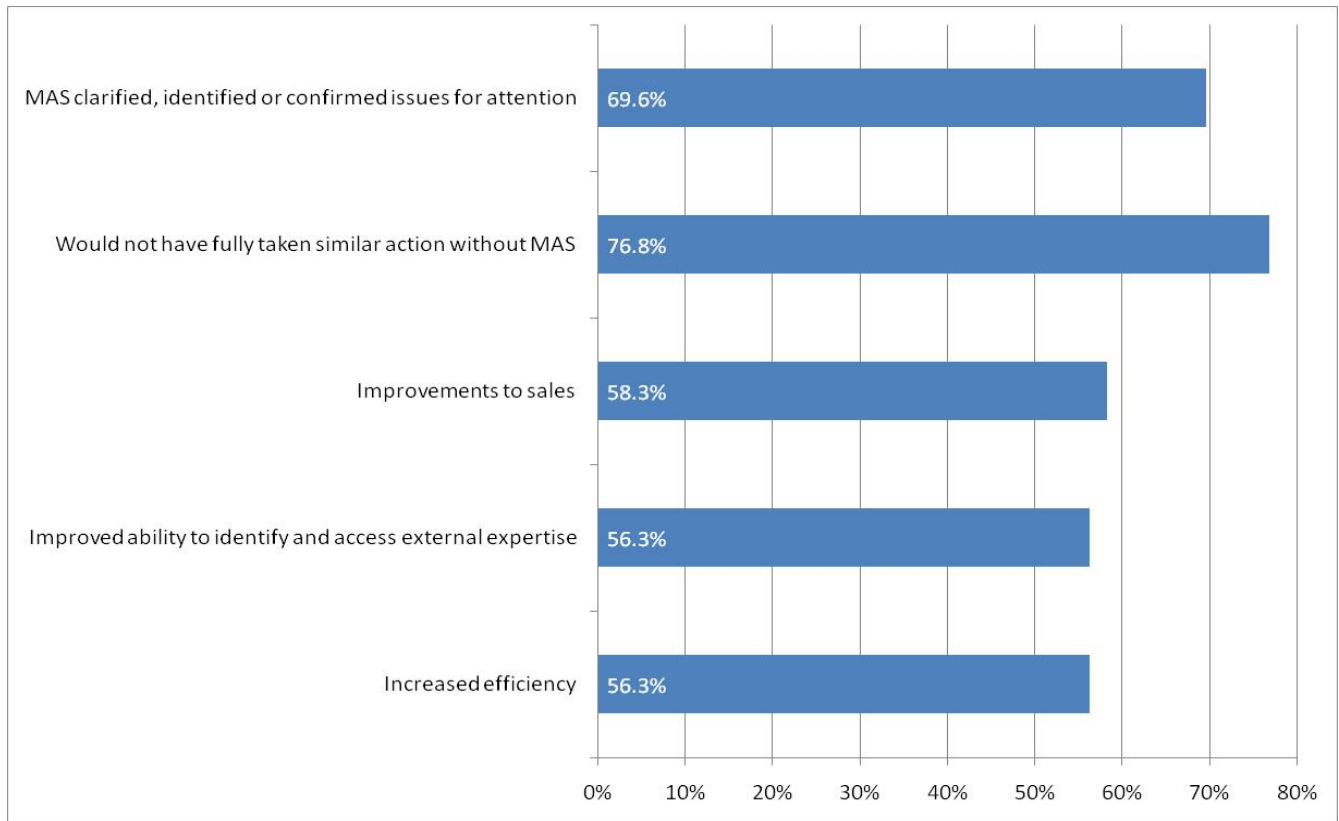
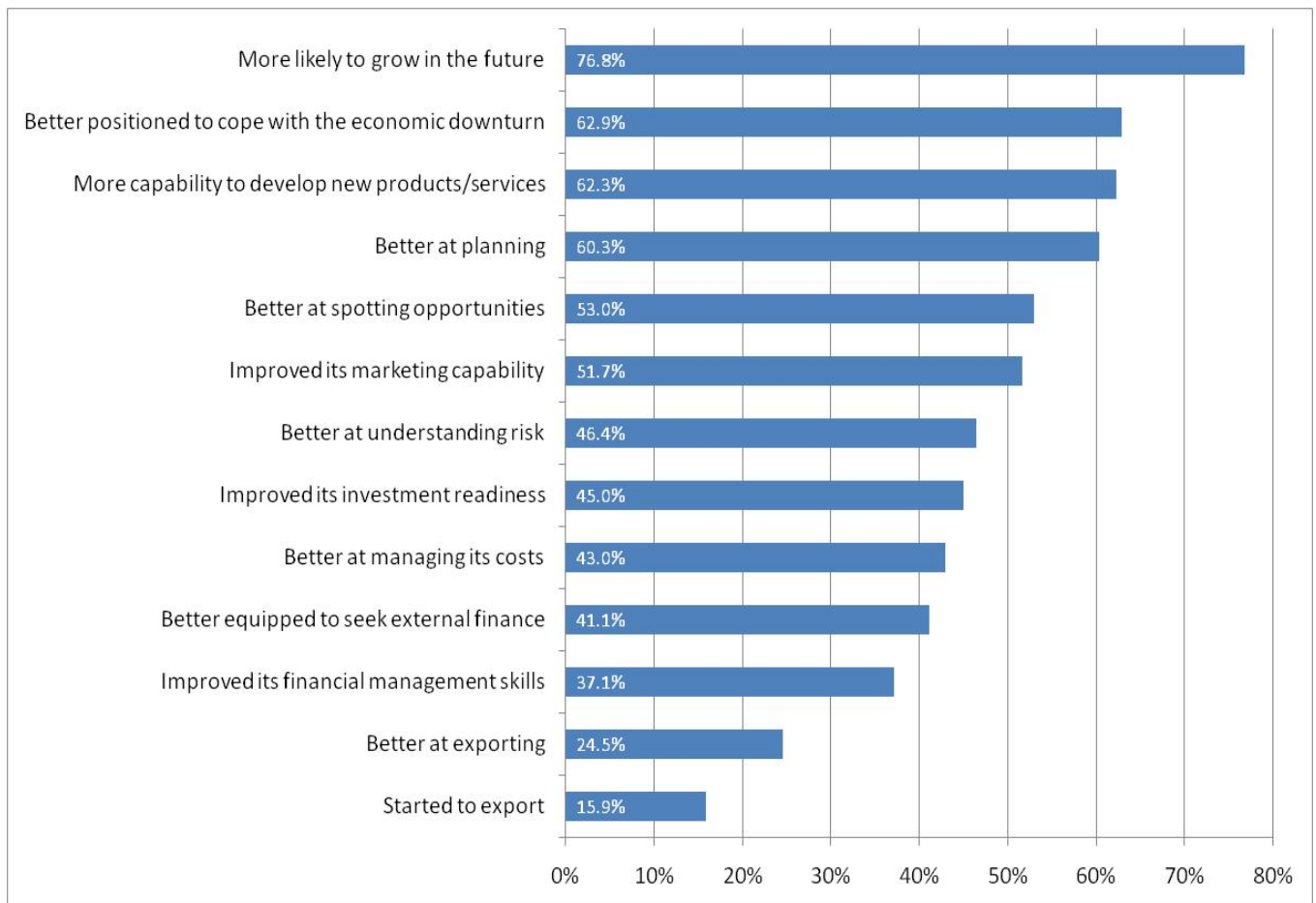


Figure 17 Impact of product on skills and capabilities, MAS (% of users reporting)

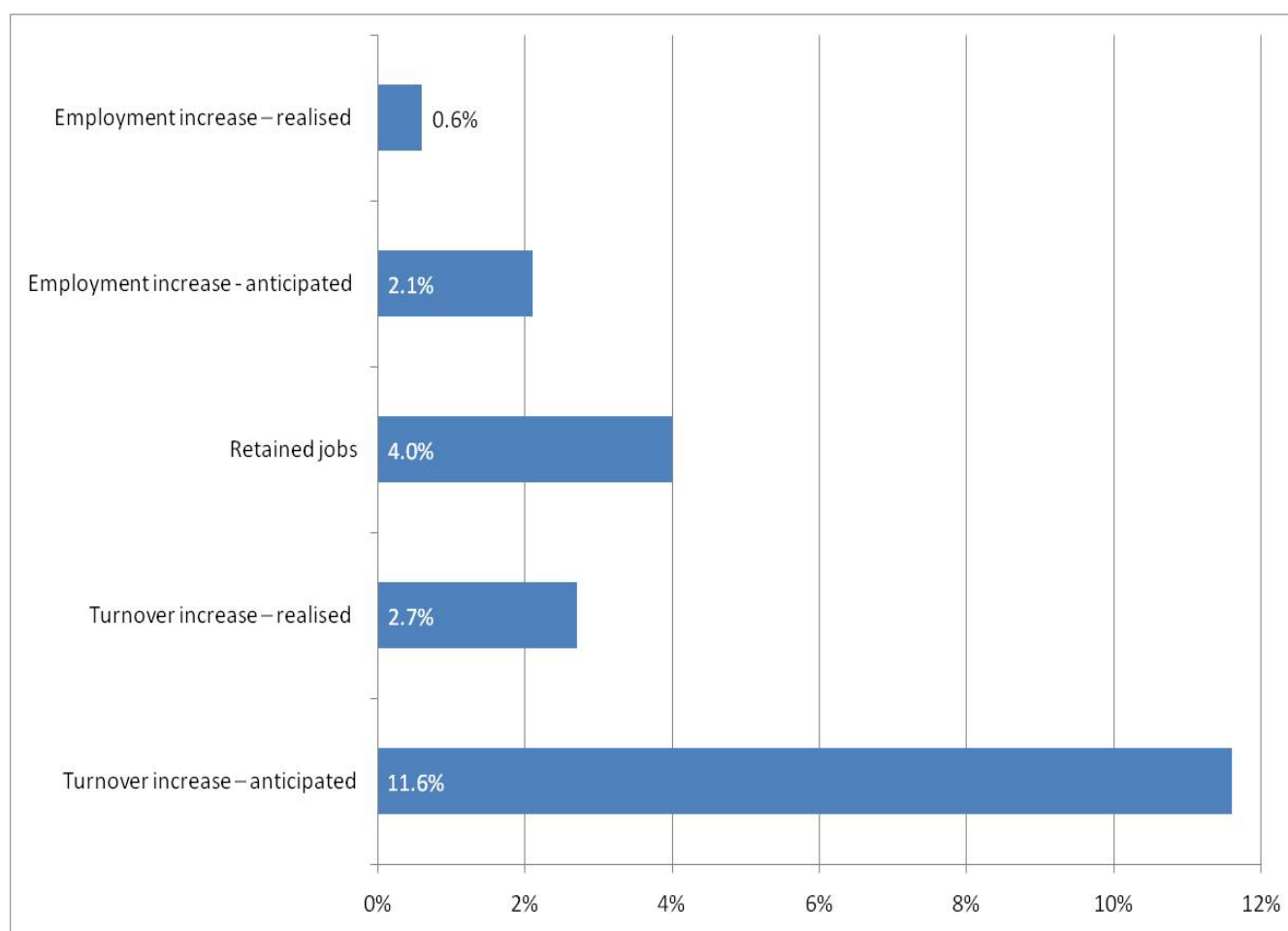


Knowledge Transfer Partnerships

- Turnover and employment gains attributable to the use of the product were lower compared with the other products in the study. However, this is connected to the nature of the support, and the substantially larger average size of KTP users than users of other products, making it more difficult for a single project to have a large impact on the turnover and employment of the entire business.
- The impact of KTP is concentrated more in particular areas of the business, in particular capability to innovate. 86 per cent of users reported that they had increased their capability to develop new products or service, and 75 per cent had actually introduced new or improved products since using the support. 74 per cent of respondents had enhanced their technical understanding.
- Only six per cent of KTP users reported that they would have achieved similar results in a similar timescale in the absence of using KTP, indicating a high level of additionality.

KTP impact - summary

Figure 18 Impacts on KTP users as direct result of use of support



Figures relate to all users of product; turnover: mean rise; employment: percentage of workforce

Figure 19 Selected product-specific impacts, KTP (% of users reporting)

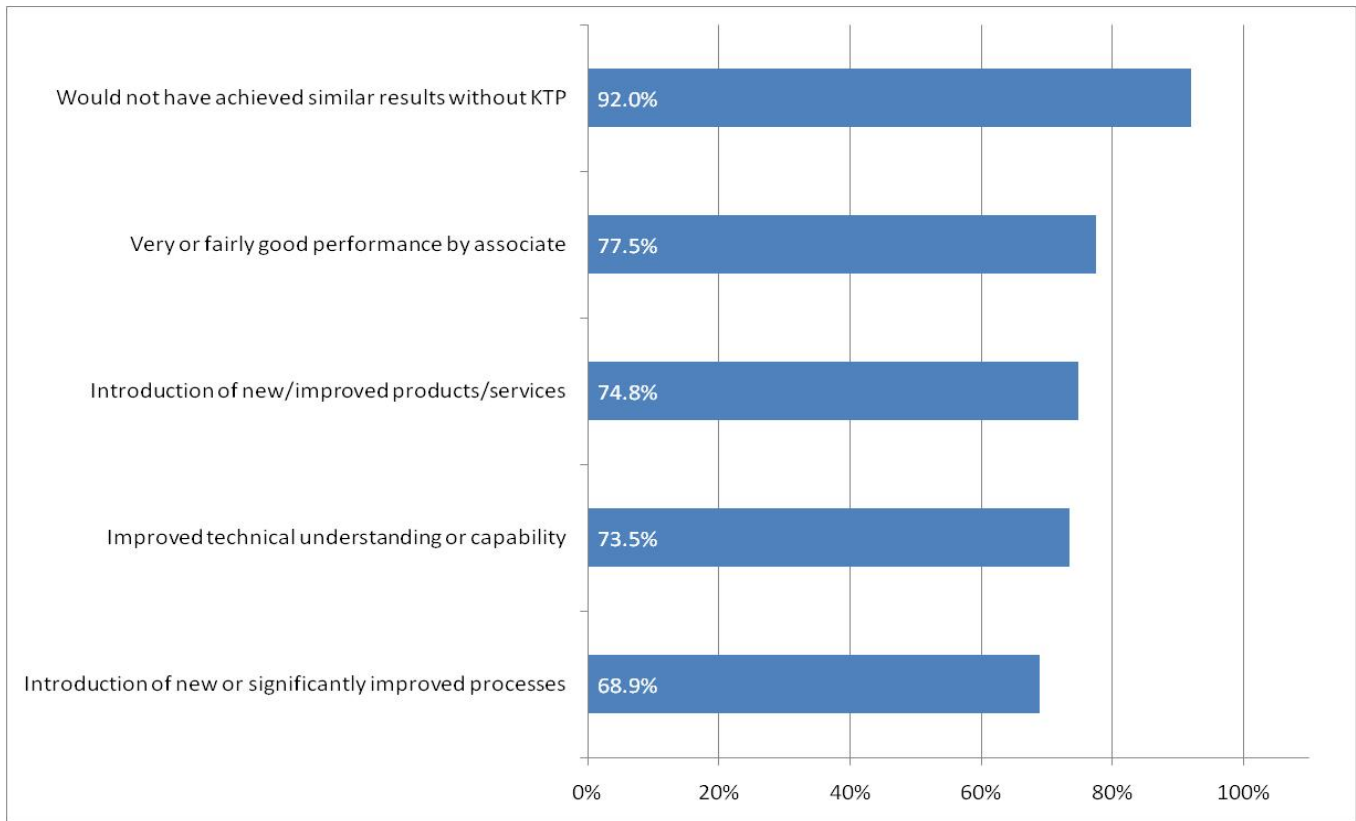
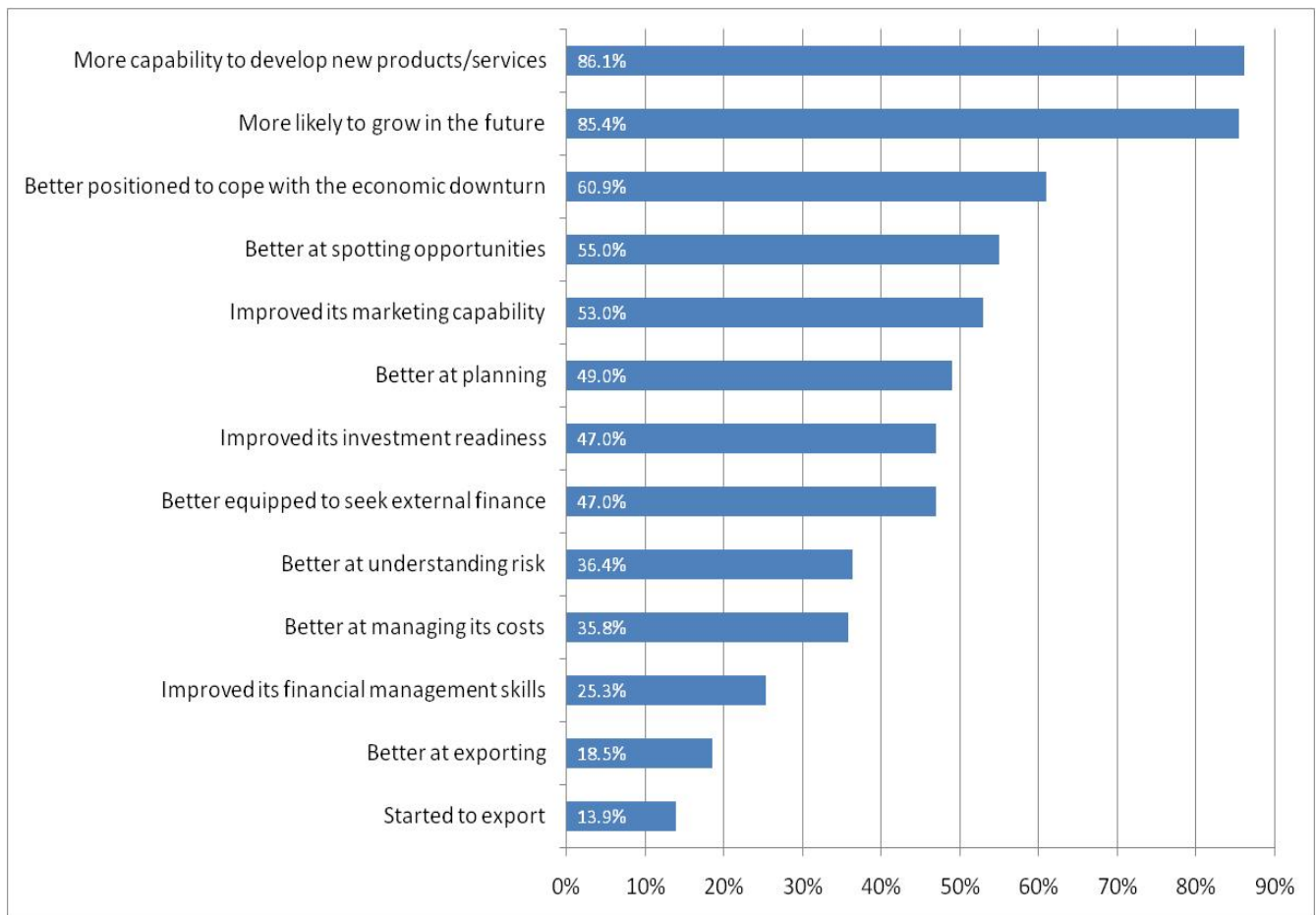


Figure 20 Impact of product on skills and capabilities, KTP (% of users reporting)

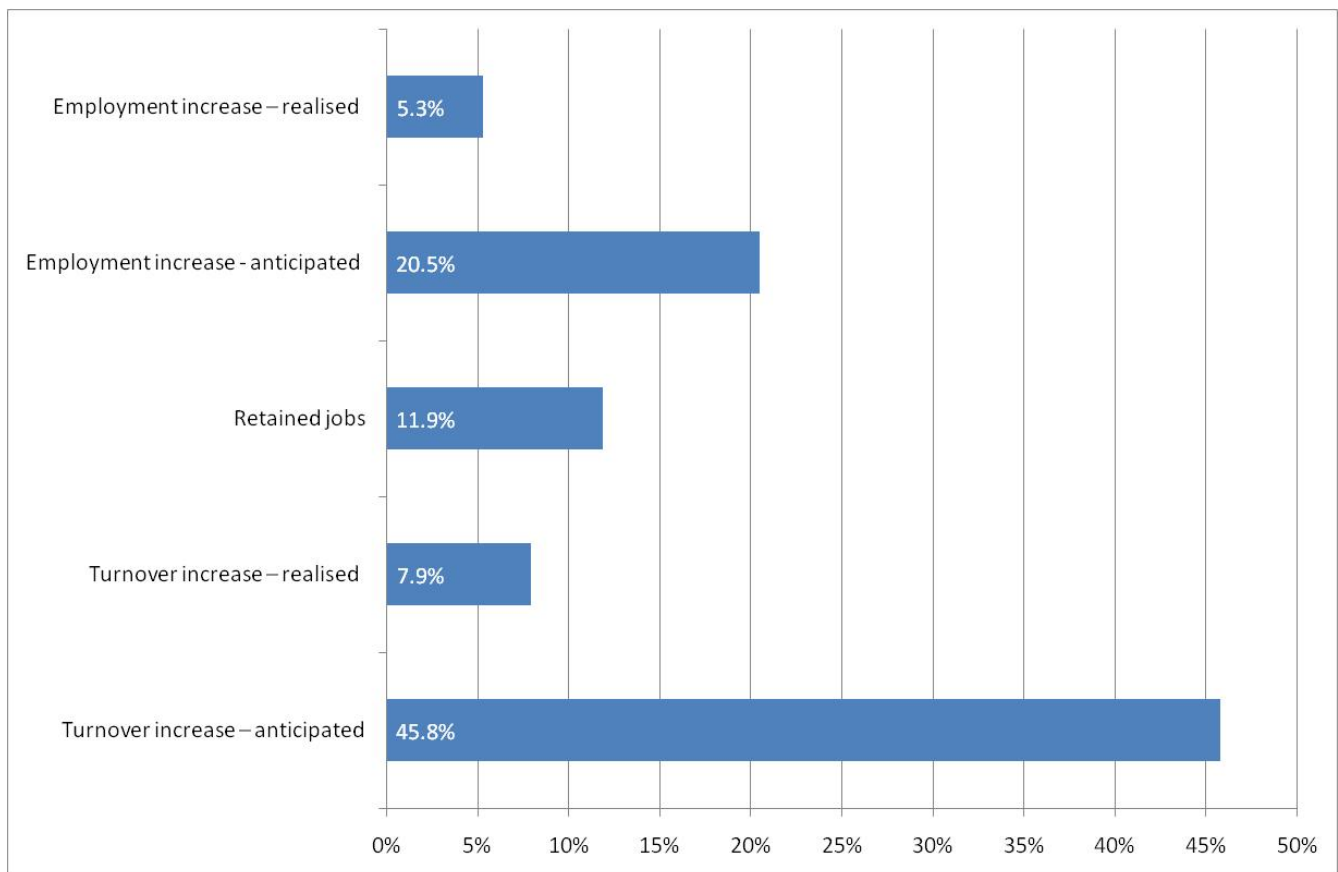


Grant for Research & Development

- GRD users reported above average impacts on employment, with the workforce having already increased by five per cent and anticipated to grow by 21 per cent as a direct result of using the support. The mean achieved/anticipated growth in turnover per business is 62 per cent, the second highest of the products.
- 83 per cent of users have introduced or anticipate introducing new or improved products as a result of using the support, while 89 per cent reported that the support gave them greater capability to develop new products or services, the highest proportion among the seven products, which is expected given the product is targeted at developing innovation capabilities. 49 per cent of GRD users have already increased R&D activity, and 55 per cent anticipate increasing it in the future.
- More tangible outcomes were reported as achieved or anticipated by 90 per cent of respondents, in particular the production of a prototype (76 per cent) or demonstration model (75 per cent). 60 per cent have been granted or anticipate being granted a patent.
- In only three per cent of cases would respondent have gone ahead with the full project in the absence of obtaining GRD, and in a further 4 per cent of cases the same project would have been undertaken only partially, demonstrating the high additionality of the support.

GRD impact - summary

Figure 21 Impacts on GRD users as direct result of use of support



Figures relate to all users of product; turnover: mean rise; employment: percentage of workforce

Figure 22 Selected product-specific impacts, KTP (% of users reporting)

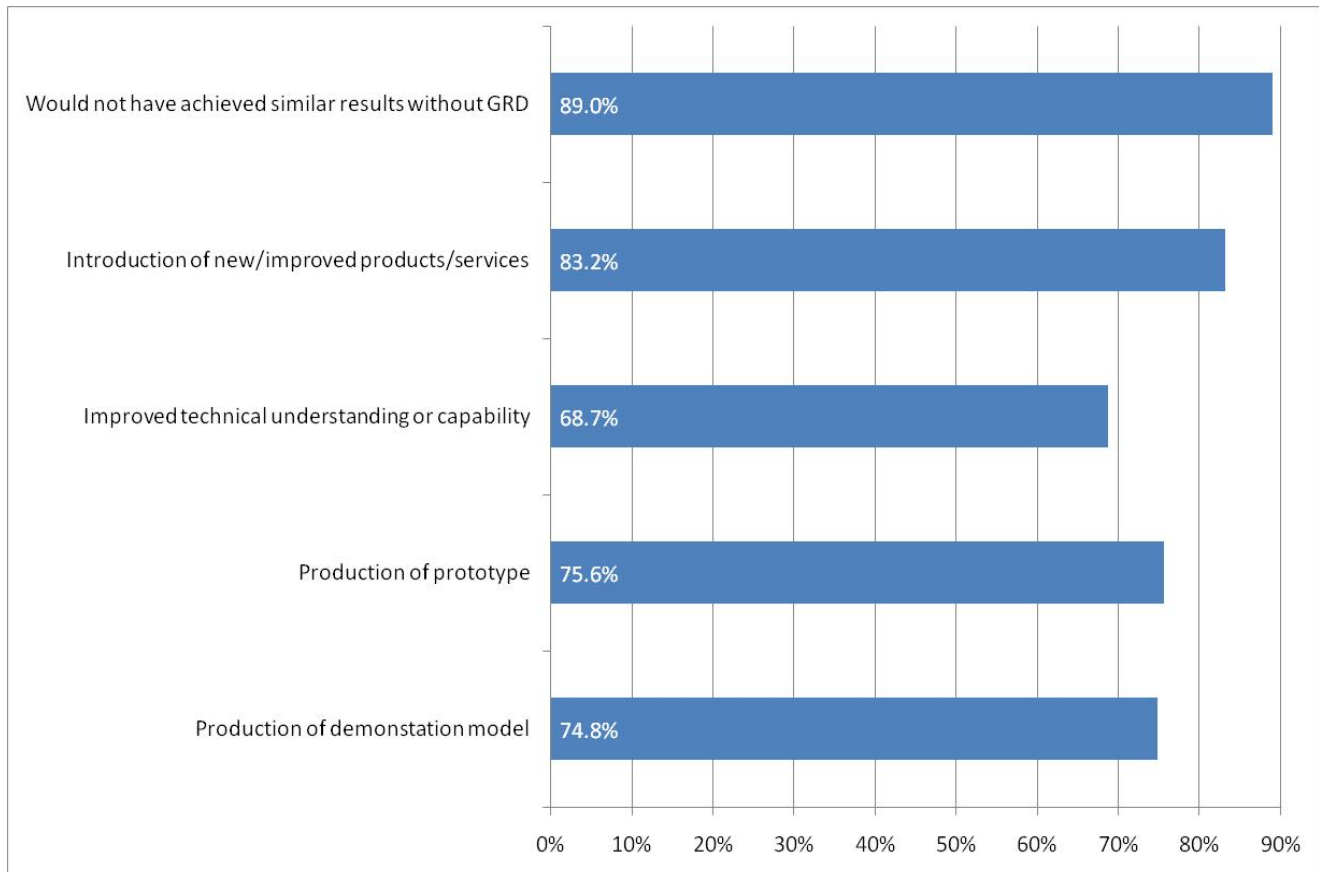
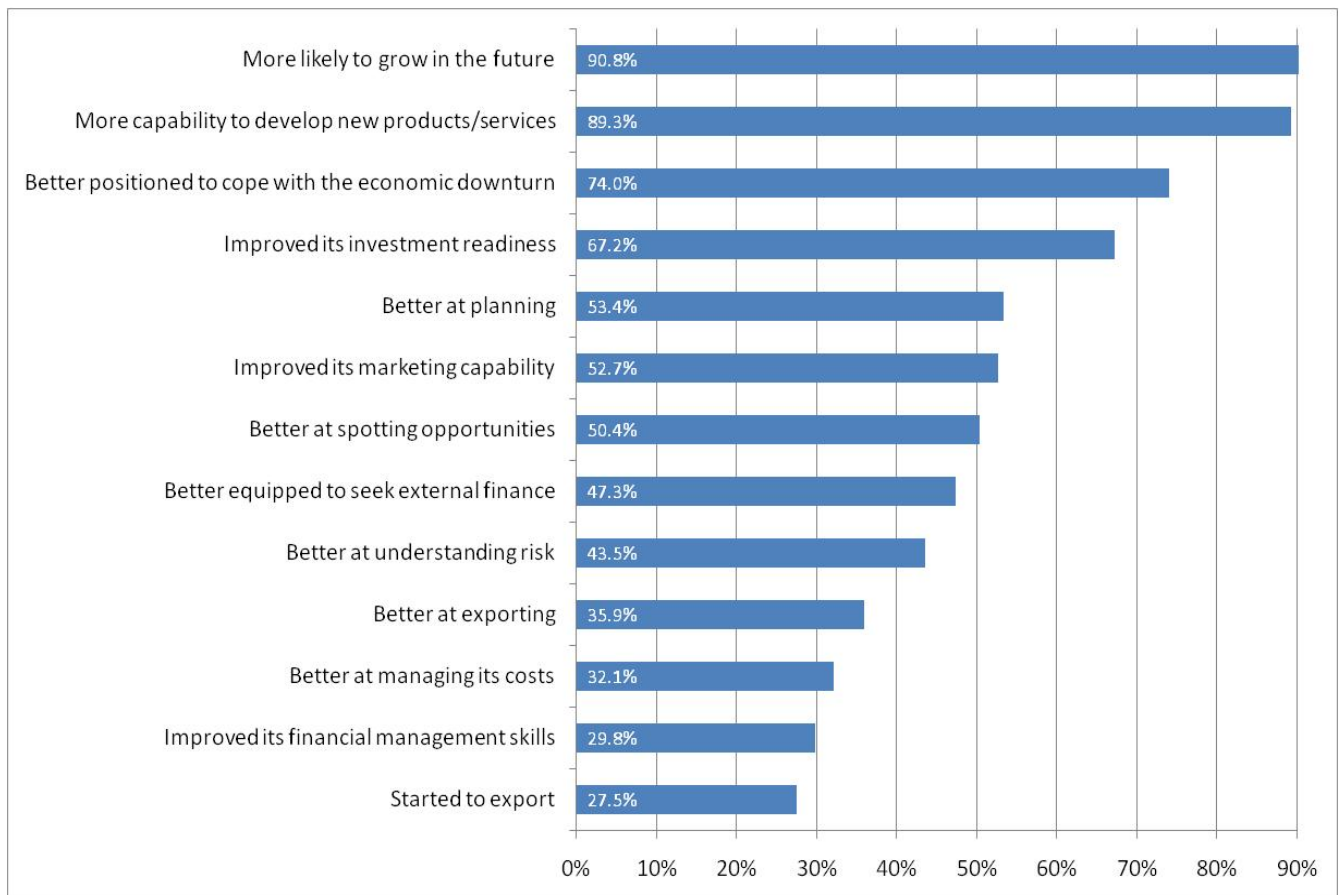


Figure 23 Impact of product on skills and capabilities, GRD (% of users reporting)



I Background

I.1 Aims of the study

The aims of the study are to:

- i. Summarise the characteristics of businesses using each product.
- ii. Assess businesses' experiences of engaging with and using the products.
- iii. Assess businesses' satisfaction with the processes and the products.
- iv. Produce an early stage assessment of the impacts from using the products on businesses behaviours and performance - both those already realised and those anticipated in the future.

I.2 Structure of the report

This section details the background to the report, briefly outlining the development of the Solutions for Business portfolio and the seven products chosen for this study, and relevant economic trends during the time that businesses were accessing the support.

Chapter 3 profiles the characteristics of the respondents and the support they received. Chapter 4 examines self-reported SfB product impacts, and how they differ between products, focusing on the type of impacts which are common to all products, such as changes in employment and turnover. The following seven chapters examine *product-specific* impacts, the achievement of specific BIS objectives and including analysis of how business behaviour or skills have changed in specific areas which would not necessarily be influenced by all products under investigation.

I.3 Solutions for Business

The Solutions for Business (SfB) portfolio of business support products was introduced in November 2008, as part of the Business Support Simplification Programme (BSSP), originally announced in Budget 2006. This reduced the thousands of publicly-funded support schemes, many of which delivered very similar support, to thirty SfB products, reducing confusion among applicants and resulting in efficiency savings by removing duplication and complexity from the system.

The definitions for these products were fully developed by March 2009, but there followed a transition period of twelve months to allow existing products to migrate to the new definitions or to be discontinued, as appropriate. From March 2010, Solutions for Business is the only banner under which government-funded business support products will be marketed, with Business Link as the main gateway for clients. Regional Development Agencies and local authorities are partners in the delivery of SfB and can decide whether all products should be offered in their region and the budget to be allocated to each.

In March 2011, the SfB portfolio was slimmed to thirteen products, focussing on growth and targeting only areas where a Government lead is required.

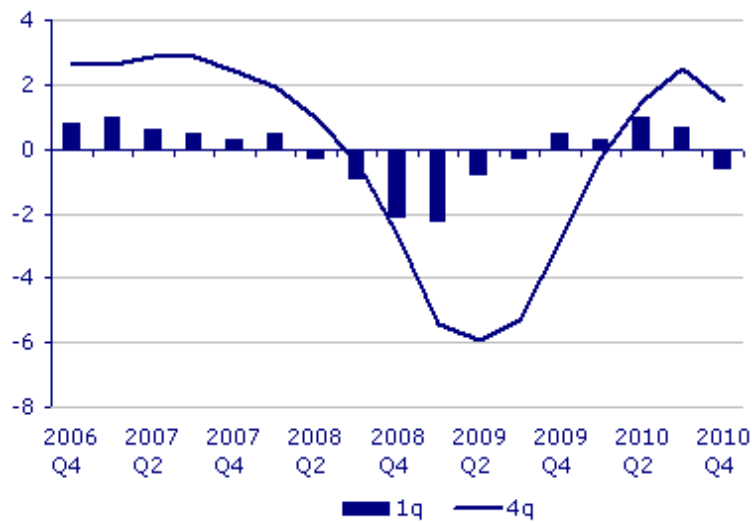
This report analyses the impact to date of seven SfB products:

- *Starting a High-Growth Business (SaHGB)*
Product: Additional support for pre-start and nascent businesses identified as having the potential for high-growth.
Aim: Increase the stock of strongly growing SMEs.
Eligibility: Businesses should have the potential to achieve a turnover of £500,000-£1m within three years of start.
- *Understanding Finance for Business (UFFB)*
Product: Advice and support on finance, including facilitated introductions to sources of finance.
Aim: Increase awareness of finance options, leading to increased start-up and business growth rates.
Eligibility: SMEs lacking understanding or skills relating to finance options, or access to potential investors.
- *Coaching for High Growth (CfHG)*
Product: Structured coaching programme.
Aim: Increase the stock of strongly growing SMEs.
Eligibility: Businesses with the potential to achieve high growth, but requiring intervention to achieve it. Chargeable to non-SMEs.
- *Finance for Business (FFB)*
Product: Flexible finance solutions.
Aim: Increase start-up and growth through increased access to the right funding at the right time.
Eligibility: SMEs unable to raise all their finance needs in the commercial market despite having a viable business plan.
- *Knowledge Transfer Partnerships (KTP)*
Product: A grant to enable the placement of a recent HE graduate in a business, or the exchange of staff between businesses and knowledge base institutions.
Aim: Increase knowledge exchange between businesses and knowledge base institutions, encouraging a cultural change where businesses share the risks and costs associated with innovation collaborations.
Eligibility: Any business (including non-SMEs) with willingness and potential to innovate.
- *Manufacturing Advisory Service (MAS)*
Product: Hands-on advice and assistance from experts in a wide range of manufacturing disciplines.
Aim: Increase productivity and competitiveness for manufacturing businesses
Eligibility: Manufacturing firms. Chargeable to non-SMEs.
- *Grant for Research & Development (GRD)*
Product: Finance to assist a business to develop and exploit new ideas.
Aim: Increase business involvement in R&D where expected results are high risk or uncertain, or where ability to commercially exploit the results is seen as a barrier.
Eligibility: Commercially driven projects by pre-start, start-ups and SMEs within all sectors, except defence. Larger businesses eligible if the project involves low carbon technology.

1.4 Economic background

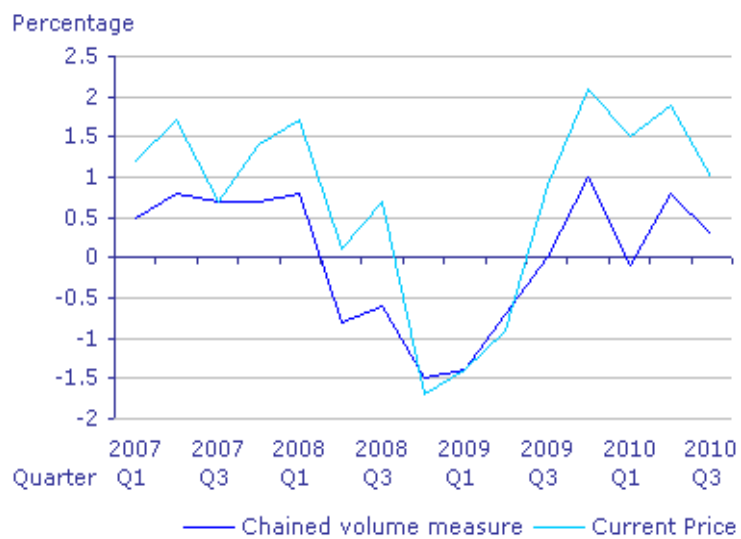
Respondent businesses had accessed the support at some point during the previous 12-18 months, from approximately the end of 2009Q2 to 2010Q4. This was a period marked by uncertain economic conditions, spanning the end of the 2008-09 downturn and the resumption of positive GDP growth in late 2009, followed by a return to negative growth at the end of 2010 (Figure 1.1). Household final consumption expenditure followed a similar pattern (Figure 1.2). Speculation about the severity and length of the downturn – and the possibility of a ‘double-dip’ recession – was prominent in the media throughout this period, leading to further uncertainty about economic conditions in the future.

Figure 1.1 Quarterly percentage changes in GDP 2006-2010



Source: ONS

Figure 1.2 Household final consumption expenditure - percentage change, quarter on quarter

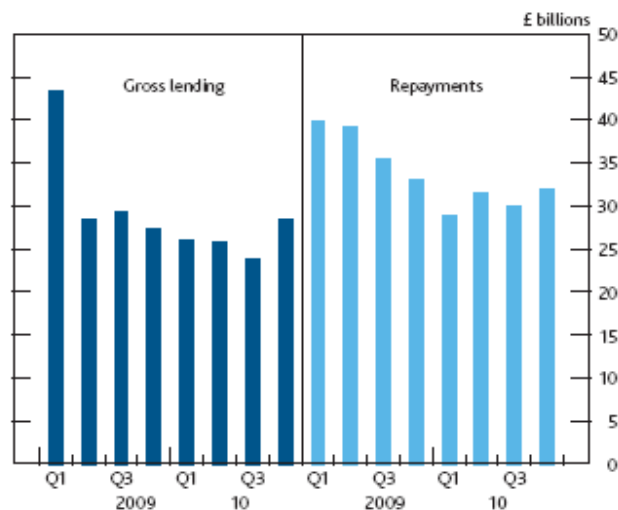


Source: ONS

At the same time, difficulties in finance-related areas increased. In terms of the *supply* of finance, according to the February 2010 SME Business Barometer survey, 38 per cent of those businesses which

sought finance reported some difficulty. These figures are similar to others from the 2009 Barometer surveys, but substantially higher than the figure of 27 per cent reported in the 2007/08 Annual Small Business Survey. However, according to the Business Finance Taskforce¹, there was also a decline in the demand for lending among SMEs. Demand for lending dropped substantially, in both gross and net terms (Figure 1.3) as businesses cut investment (Figure 1.4) and repaid existing debts. The Taskforce report notes that net borrowing contracted by approximately 6 per cent in 2008-10, with application levels for new lending down by up to 50 per cent in some SME market segments.

Figure 1.3 Gross lending and repayments to major UK lenders by businesses



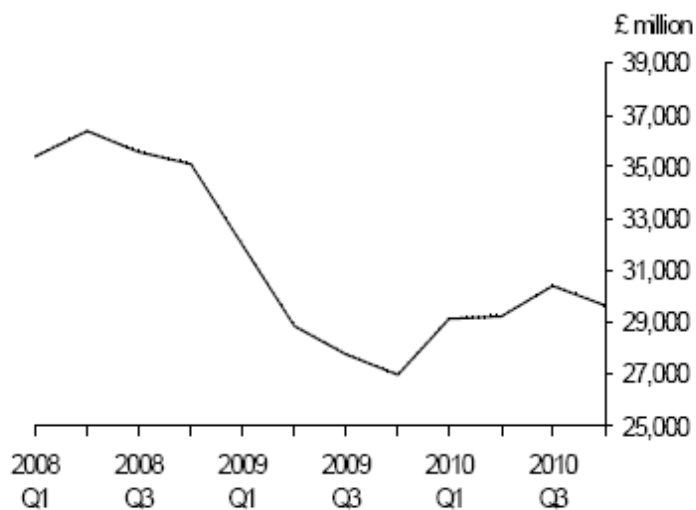
Source: Bank of England Trends in Lending, March 2011

The 2009-10 *Business Barometer* surveys also reported trends towards declining turnover and employment in SMEs throughout 2009, stabilising somewhat by February 2010, with a substantial number anticipating little change in the next twelve months (65 per cent anticipating no change in employment and 44 per cent no change in turnover), although expectations for the medium term were more positive.

Thus, conditions in the national economy during the period over which respondent businesses received the support have not generally been conducive to growth. Uncertainty about economic prospects and static or declining sales in many SMEs have fuelled retrenchment, the repaying of debts and reduced investment, rather than actions to lay the groundwork for future growth.

¹ Business Finance Taskforce (2010) *Supporting UK business: The report of the Business Finance Taskforce* (the taskforce was made up of senior representatives from major British banks and the British Bankers' Association in response to the green paper *Financing a private sector recovery*)

Figure I.4 Business investment (chained volume measure, seasonally adjusted, ref year 2006)



Source: ONS

It is important to recognise, therefore, that the survey took place following a period of very difficult economic conditions, which – to some extent – may have affected both the use and the impacts arising from the use of the products. There may be greater demand for some products where businesses are finding challenges particularly acute, for example, in the area of finance, while the lower level of spending in the economy will likely lead to realised impacts over the past year being lower than they would be in more normal conditions.

It is also important to recognise that the businesses questioned have all accessed the products within the 18 months (at most) to January 2011. The impacts of some products take far longer than this to materialise and this survey is therefore an interim assessment of the impact of these products, including businesses self-reported assessment of both impacts to data and anticipated impacts in the future.

2 Outline methodology

The first phase of this study involved a telephone survey of businesses which had used one of the seven SfB products under investigation, yielding self-reported data on outputs and impacts. Contact details were supplied by RDAs for clients who had accessed these products. For FFB, MAS, KTP and GRD, it was stipulated that businesses should have accessed the product during the previous 18 months. For CfHG, SaHGB and UFFB, which had been included in the previous cross-product survey, it was stipulated that only clients who had accessed the product between October 2009 and January 2011 should be included.

The telephone survey took place in February 2011. The survey aimed to achieve 150 responses per product. For SaHGB, those clients who had not (yet) started a business were included in the survey, with a quota of no more than 50 achieved responses to come from this group. Questions were designed to investigate:

- a) Outputs: 'the results of activities that can be clearly stated or measured and which relate in some way to the outcomes desired'.² In these SfB products, the direct output is usually the improvement in the skills, knowledge and management capacity of the clients.
- b) Outcomes: the eventual benefits to society that policies are intended to achieve. In practice, this means assessing impacts against the core objectives for the product (e.g. impacts upon employment and turnover).

A detailed version of the methodology for the telephone survey can be found in the Technical Annex. Copies of the questionnaire used can be found in Appendix I.

² HM Treasury (2003) *The Green Book: Appraisal and Evaluation in Central Government*, TSO, London

3 Profile of respondents

The samples of clients supplied by RDAs for the telephone survey had a mixture of both established businesses and (among clients accessing SaHGB) individuals yet to start. The client records supplied were not evenly distributed between the regions and there were substantially higher numbers of records supplied for the more heavily-used of the six products.

In the cases of FFB and GRD a low number of supplied client records led to a shortfall in the anticipated achieved sample. The achieved sample for GRD (131) is high enough to permit statistical analysis with reasonably robust results. For FFB, the low number of responses (74) implies that the results presented here should be treated as indicative only. (Table 3.1).

Table 3.1 Sample of clients

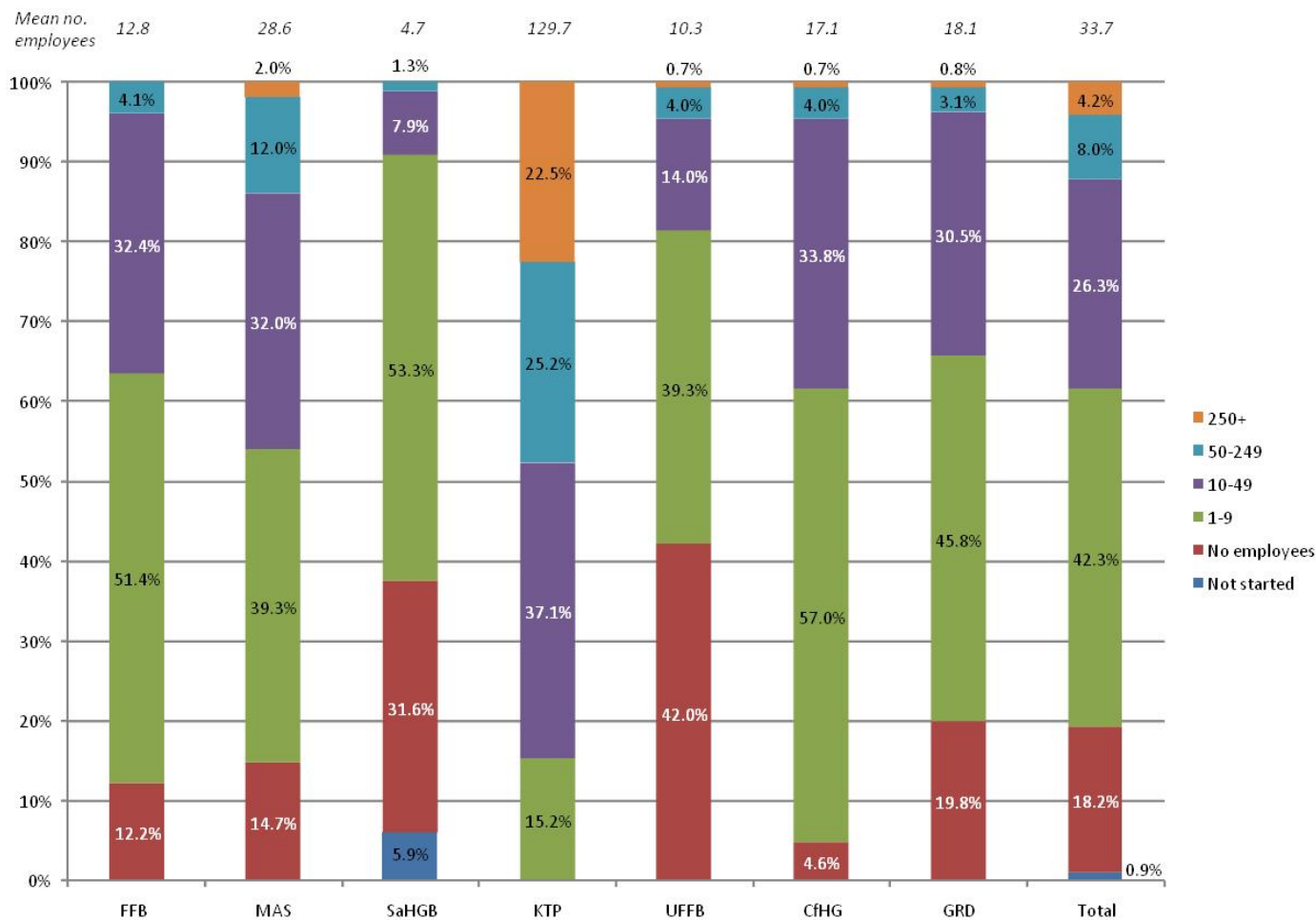
Product	FFB	MAS	SaHGB	KTP	UFFB	CfHG	GRD	TOTAL
Total sample provided	255	5,772	1,109	1,051	1,642	2,933	286	13,048
Usable sample	226	4,712	1,019	681	1,333	2,883	269	11,073
Sample interviewed	217	370	422	349	516	411	258	2,543
Final achieved sample	74	151	152	151	150	151	131	960
<i>Businesses</i>	74	151	143	151	150	151	131	951
<i>Pre-start</i>	-	-	9	-	-	-	-	9
Response rate	71%	65%	72%	72%	65%	61%	81%	69%

3.1.1 Business characteristics

Among those businesses reporting employees, the survey collected information based on firms with a total of 31,999 employees, with an average of 33.7 employees per firm (Figure 3.1)³. The high mean employment figure for KTP should be noted. Of the seven products, KTP is the only one which is open to non-SMEs on the same terms as SMEs (others are free to SMEs but chargeable to larger businesses). As such, the KTP sample included a number of very large businesses (over 1,000 employees), which skew the mean substantially upwards.

³ Note that these employment figures exclude owners and partners; some statistics quoted elsewhere in this report include owners and partners and consequently do not match the figures in this table.

Figure 3.1 Composition of sample by number of employees



N=959; Note: Employee figures do not include owners, partners etc.

Of those who responded to the question on turnover, seven per cent had not been trading long enough to supply this information, and a further 19 per cent were at levels below the VAT threshold. The remaining 74 per cent were split fairly evenly between the remaining turnover bands (Figure 3.2), with a slight over-representation of those in the highest band (£2.8m+), the majority of which were users of KTP (which is open to non-SMEs, as noted above).

Figure 3.3 shows the business sector of the respondent businesses. It is clear that the sample is not fully representative of the business population as a whole. In particular manufacturing is over-represented, accounting for 33 per cent of the sample; however this is not surprising, given that one product (MAS) is only available to manufacturers (but see note). Business services are also over-represented, while wholesale/retail is under-represented.

The mean age of businesses included in the survey was just under 17 years and the median was six years. Eleven per cent of businesses had been trading for under 12 months, rising to 29 per cent in the case of SaHGB (Figure 3.4). Businesses using KTP were substantially older than users of other products, with a mean of 37 years, and a median of 21 years.

Figure 3.2 Composition of sample by turnover band

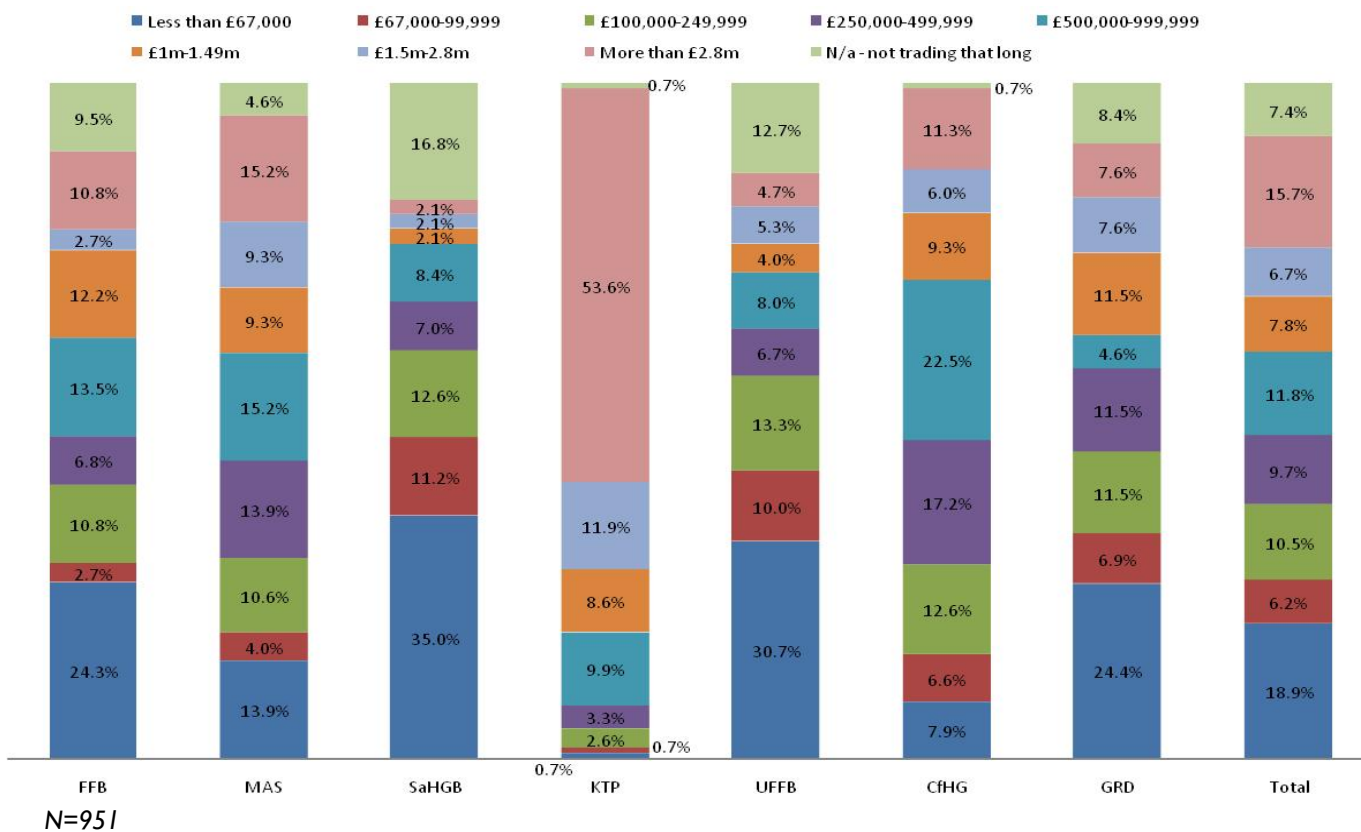
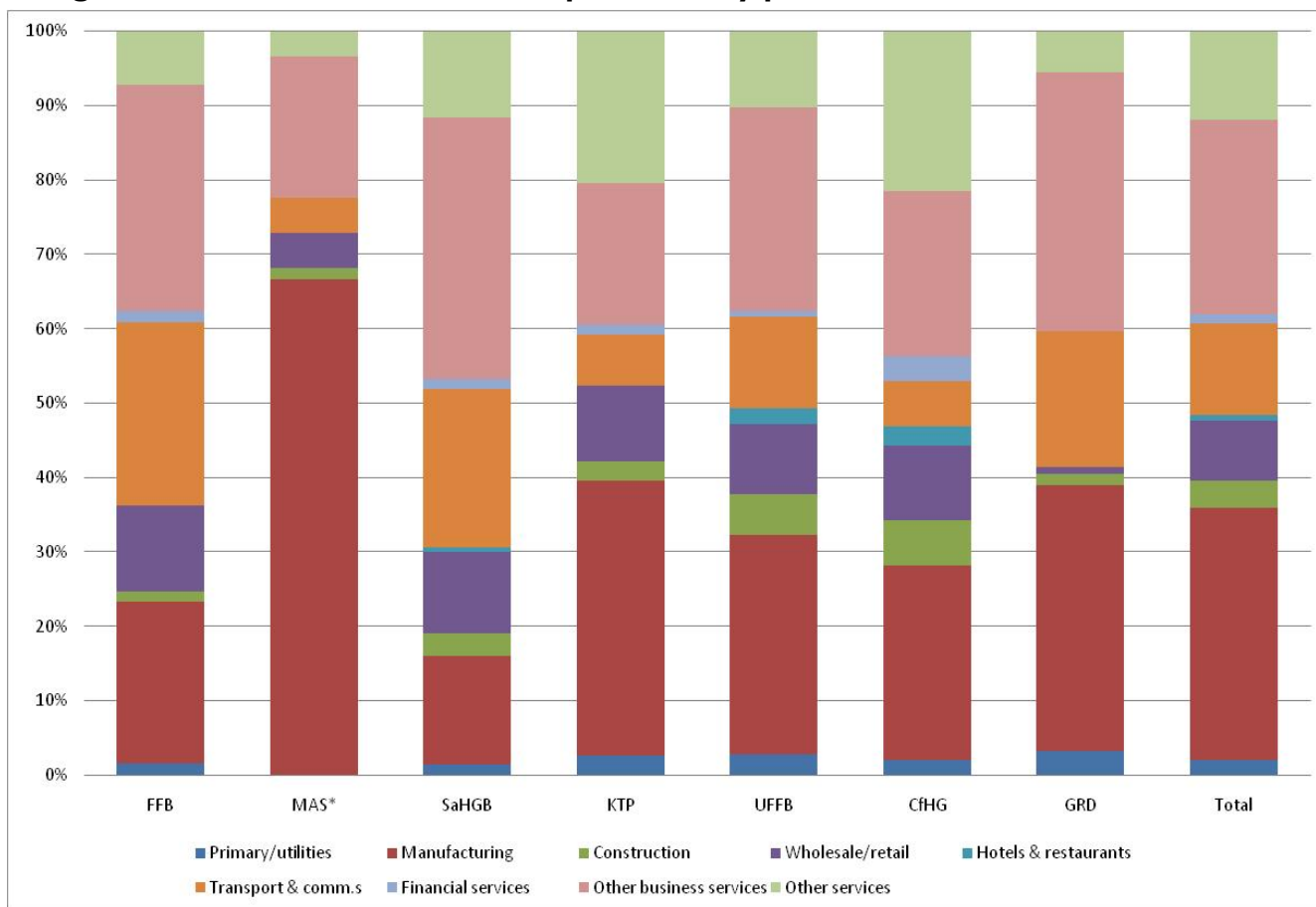
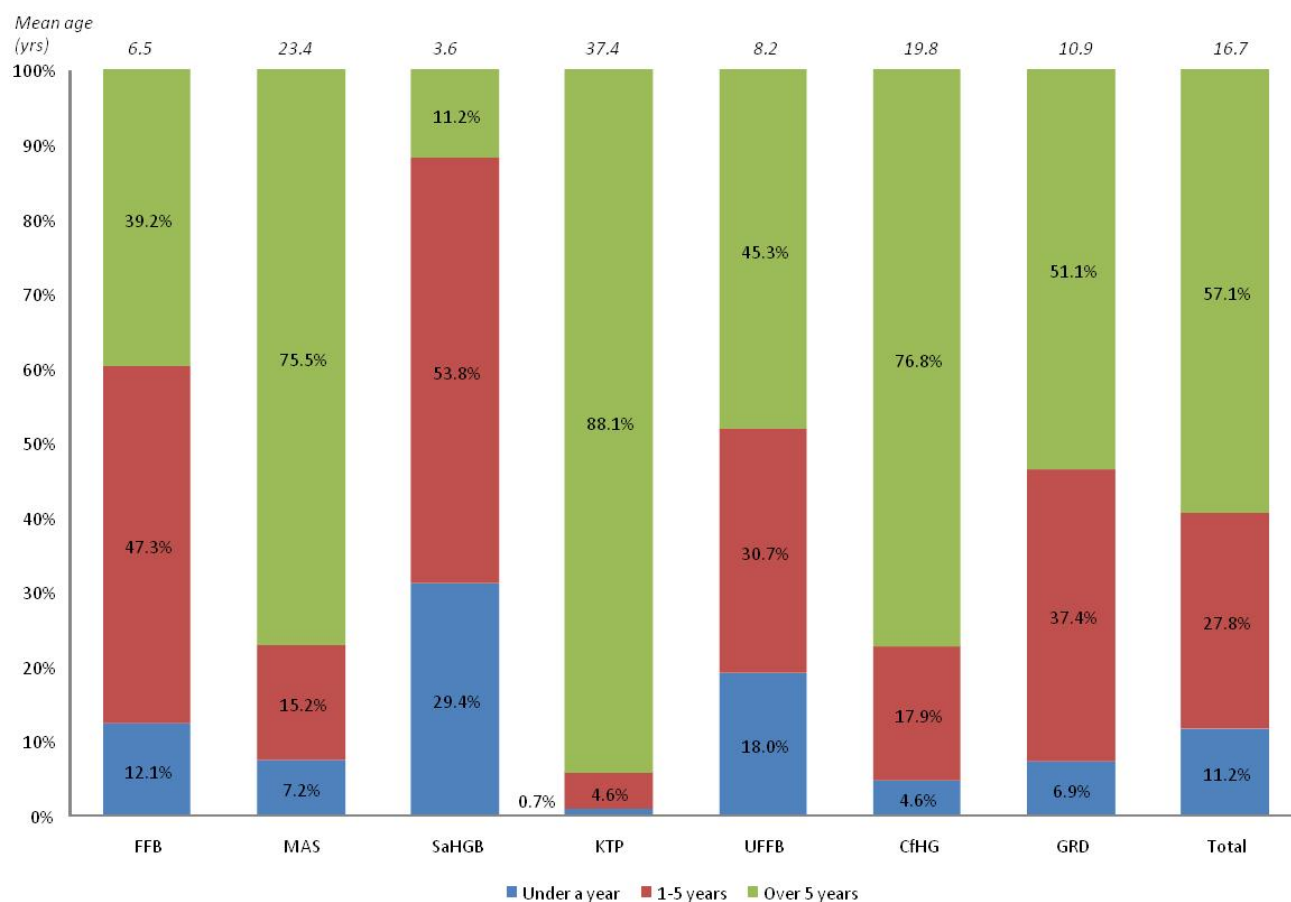


Figure 3.3 SIC 2007 Sector of respondents, by product



N=960; * SIC2007 coding allocates some manufacturing activities eligible for MAS support – e.g. engineering – to ‘non-manufacturing’ categories

Figure 3.4 Age of businesses



N=960

The majority of businesses in the survey (83 per cent) were limited companies, a much greater share than the SME population as a whole⁴, with only seven per cent being sole traders (Table 3.2).

Table 3.2 Legal status of respondent businesses

	FFB	MAS	SaHGB	KTP	UFFB	CfHG	GRD	Total
Sole trader	-	6.0%	11.2%	0.7%	16.7%	6.6%	3.8%	6.9%
Partnership	1.4%	2.6%	4.2%	-	5.3%	7.9%	-	3.3%
Private Limited Company (Ltd)	95.9%	82.8%	76.9%	68.2%	74.0%	75.5%	90.8%	79.2%
Public Limited Company (plc)	-	1.3%	2.8%	9.9%	1.3%	4.0%	2.3%	3.4%
Limited Liability Partnership	-	3.3%	2.8%	-	0.7%	2.6%	1.5%	1.7%
Other	2.7%	2.6%	2.1%	17.9%	0.7%	3.3%	0.8%	4.5%

N=951

⁴ Approximately 27 per cent (SME Statistics for the UK and Regions 2009, BIS)

3.1.2 Characteristics of intervention

The method by which respondents first heard about the SfB product varied between products. Users of KTP and GRD were substantially more likely to have found out through a non-Business Link source, while users of SaHGB and UFFB were the most likely to have found out through Business Link (Table 3.3)

Table 3.3 Source from which client first found out about the support (%)

	MAS	KTP	SaHGB	FFB	UFFB	CfHG	GRD	Total
Business Link Website	24.5%	5.3%	30.3%	12.2%	34.7%	17.9%	17.6%	21.0%
Direct mail	8.6%	8.6%	6.6%	4.1%	5.3%	13.2%	2.3%	7.3%
Telephone contact from Business Link	24.5%	5.3%	23.0%	18.9%	16.7%	34.4%	13.0%	19.6%
Business contacts	29.8%	43.0%	38.2%	32.4%	26.0%	39.1%	34.4%	34.9%
External advisers	17.2%	26.5%	22.4%	28.4%	14.7%	23.8%	20.6%	21.5%
Media	4.0%	3.3%	7.9%	5.4%	7.3%	4.0%	3.8%	5.1%
Trade Association	4.0%	6.6%	2.6%	4.1%	4.0%	2.0%	2.3%	3.6%
A University/College	1.3%	25.2%	1.3%	1.4%	-	-	3.1%	4.9%
Accountant	1.3%	0.7%	2.6%	4.1%	2.7%	2.0%	1.5%	2.0%
Friend/family	4.0%	4.6%	5.9%	2.7%	8.0%	7.3%	8.4%	6.0%
Any other source	6.6%	2.0%	4.6%	4.1%	8.7%	6.0%	8.4%	5.8%

N=960; multiple answers allowed

In order to investigate the extent to which the SfB products crowded out private or third sector support, users were asked if they had investigated and obtained similar support from elsewhere. Just under half of respondents (48 per cent) had *not* investigated alternative sources of similar business support and/or finance other than the product they used (Table 3.4). This proportion was highest by far among CfHG users (76 per cent had not investigated other support), followed by KTP (59 per cent). Those most likely to investigate other forms of support were users of FFB (77 per cent) and GRD (72 per cent), both of which are intended for businesses with viable business plans or projects which have not been able to raise finance elsewhere i.e. there is the presumption that FFB and GRD should only be used when other avenues have been investigated.

Table 3.4 Investigation of similar support from other sources

	MAS	GRD	SaHGB	KTP	UFFB	CfHG	FFB	All
Investigation of business support only	13 8.6%	5 3.8%	14 9.2%	13 8.6%	8 5.3%	11 7.3%	1 1.4%	65 6.8%
Investigation of finance only	12 7.9%	25 19.1%	14 9.2%	10 6.6%	20 13.3%	7 4.6%	21 28.4%	109 11.4%
Investigation of both business support and finance	46 30.5%	65 49.6%	55 36.2%	34 22.5%	62 41.3%	16 10.6%	35 47.3%	313 32.6%
No investigation	77 51.0%	34 26.0%	69 45.4%	89 58.9%	59 39.3%	115 76.2%	16 21.6%	459 47.8%
Don't know	3 2.0%	2 1.5%	0 .0%	5 3.3%	1 0.7%	2 1.3%	1 1.4%	14 1.5%

N=960

Of the 378 respondents (39 per cent) who investigated other sources of business support, just under half (46 per cent) found other similar support elsewhere (Table 3.5). This is equivalent to 18 per cent of the entire sample. The proportion which did *not* find similar support despite searching was highest among users of CfHG (67 per cent), MAS (66 per cent) and KTP (64 per cent).

Table 3.5 Success in finding other sources of support

	MAS	GRD	SaHGB	KTP	UFFB	CfHG	FFB	All
Found other sources	19 32.2%	37 52.9%	38 55.1%	15 31.9%	35 50.0%	9 33.3%	22 61.1%	175 46.3%
Did not find any other sources	39 66.1%	32 45.7%	30 43.5%	30 63.8%	33 47.1%	18 66.7%	14 38.9%	196 51.9%
Don't know	1 1.7%	1 1.4%	1 1.4%	2 4.3%	2 2.9%	-	-	7 1.9%

N=378

Of the 422 respondents (44 per cent of the sample) who investigated other sources of finance, 186 (44 per cent) actually applied for finance. The majority of this group (100, or 53 per cent) only applied for one source of finance, although 13 per cent applied for four or more. Of the 186 who applied, 54 per cent were successful in obtaining at least one source of finance (Table 3.6). The forms of finance with the highest rate of success were the use of credit cards (finance obtained in 72 per cent of the cases where users applied) and raising finance from directors or shareholders (61 per cent success). However, the majority of this group also indicated that the funding they obtained through their use of the SfB product was greater than they could have obtained elsewhere: only eight per cent thought that they would have definitely been able to raise the same amount from other sources, while 72 per cent considered that they definitely or probably would not have been able to raise that amount from elsewhere.

Table 3.6 Applications for other sources of finance and success rate among those users who investigated other sources

	Applied	Success rate
Bank loan	87 20.6%	30%
Bank overdraft	55 13.0%	35%
Business angel investment	53 12.6%	25%
Loans/equity from directors or shareholders	41 9.7%	61%
Venture capital	38 9.0%	31%
A grant	25 5.9%	48%
Factoring/invoice discounting	23 5.5%	48%
Credit cards	22 5.2%	72%
Leasing	9 2.1%	33%
Other	36 8.5%	44%
Did not apply for any source of finance	229 54.3%	n/a
Don't know/refused	7 1.7%	n/a

N=422 (multiple answers permitted)

For the most part, therefore, users regarded SfB support as providing something which they could not or would not have obtained either to the same extent or at all elsewhere, with a relatively small proportion of the overall sample finding similar support from other sources and/or accessing other finance. For both FFB and GRD, it appears that other sources of finance have been accessed unsuccessfully before turning to the product, in line with its intended target clientele. In other words, SfB is generally not crowding out private or third sector support.

4 Common impacts

This chapter examines self-reported SfB product impacts, and how they differ between products, focusing on the type of impacts which are common to all products, such as changes in employment and turnover. The following seven chapters examine *product-specific* impacts, the achievement of specific BIS objectives and including analysis of how business behaviour or skills have changed in specific areas which would not necessarily be influenced by all products under investigation.

It should be noted that, given the methodology used which relied on self assessment of impacts and the inherent differences between the products – and in particular, the timescale over which the products were accessed and over which impacts may be realised – care should be taken in interpreting the figures in this section. For FFB, MAS, KTP and GRD, it was stipulated that businesses should have accessed the product during the previous 18 months. For CfHG, SaHGB and UFFB, which had been included in the previous cross-product survey, it was stipulated that only clients who had accessed the product since October 2009 should be included to avoid overlap with the previous survey. As such, some users will have first accessed the support earlier than others, a situation which is more likely to apply to those accessing FFB, MAS, KTP and GRD than the other products.

It is also important to note that the aim of the study itself is to provide evidence to establish the existence of impacts at an early stage following the intervention. As a result, the findings should be seen as a complement to (rather than a substitute for) full product level evaluations. The assessment of impact does not in isolation allow an assessment of value for money, which requires a consideration of costs.

The chapters examine three aspects of the products in turn. First, the outcomes and outputs deriving from the products are delineated. Second, the targeting of the products – i.e. whether the products attract the type(s) of clients outlined in their respective rationales – is examined. Third, the additionality of the products – i.e. the impacts achieved over and above what would have happened otherwise – is analysed. It should be noted that for some products, some of these sections may not be applicable, depending on the questions which were asked of the respondents.

4.1 Outcomes

4.1.1 Outputs

Businesses were asked about the direct outputs that the product had produced on various business skills or the capacity of the business to achieve its objectives, reporting whether these skills and capacities had improved to a large extent, some extent or not at all. These represent the *outputs* of the product, which will influence the overall performance of the business (i.e. the product's *outcome*). On the whole, as shown in Table 4.1, the skills/capacities which were developed among clients were those which would be expected from those products. For example, the capability to develop new products and services was significantly more likely to be enhanced by GRD and KTP (which are both based around innovative activity) and FFB (which would provide finance for developmental activity). Similarly, the two growth-oriented products were more likely to lead to enhanced planning and marketing capabilities, while UFFB was the most likely to lead to improved financial management skills, and FFB to lead to increased investment-readiness.

Overall, 93 per cent of respondents reported that their skills or capabilities had improved to some extent or a large extent in at least one area as a direct result of using the product. The most commonly reported improvement (among 82 per cent of respondents) was that the business was more likely to grow in the future. An improvement of this sort can clearly be applicable to all products, and it is unsurprising that this attracted the highest proportion of positive responses in five out of the six products under investigation. The area which was improved among the lowest number of businesses was export-related skills – only 22 per cent indicated that they were better at exporting, and only 15 per cent had started export activity as a result of using the product. Overall, 93 per cent of respondents reported that their skills or capabilities had improved to some extent or a large extent in at least one area as a direct result of using the product.

Table 4.1 Self-reported impact on business skills as a direct result of using the product (% indicating improvement to a large extent or to some extent)

	MAS	KTP	SaHGB	FFB	UFFB	CfHG	GRD	Total
The business is more likely to grow in the future	76.8%	85.4%	86.7%	93.2%*	70.7%*	80.1%	90.8%*	82.4%
The business has more capability to develop new products or services	62.3%*	86.1%*	69.2%	82.4%*	50.0%*	58.9%*	89.3%*	69.9%
The business is better positioned to cope with the economic downturn	62.9%	60.9%	58.7%	73.0%*	52.0%*	67.5%	74.0%*	63.3%
The business is better at planning	60.3%	49.0%*	74.8%*	52.7%	56.7%	68.2%*	53.4%	59.8%
The business has improved its marketing capability	51.7%	53.0%	69.9%*	66.2%	48.0%*	69.5%*	52.7%	58.1%
The business has improved its investment readiness	45.0%*	47.0%	60.1%	83.8%*	54.0%	41.7%*	67.2%*	54.6%
The business is better at spotting opportunities [†]	53.0%	55.0%	65.7%*	45.9%	42.7%*	60.3%	50.4%	53.8%
The business is better equipped to seek external finance	41.1%*	47.0%	59.4%	79.7%*	58.7%	35.8%*	47.3%*	53.7%
The business is better at understanding risk	46.4%	36.4%*	60.1%*	47.3%	50.7%	45.0 %	43.5%	47.0%
The business is better at managing its costs	43.0%	35.8%	55.2%*	50.0%	40.7%	46.4%	32.1%*	42.9%
The business improved its financial management skills	37.1%	25.3%*	51.7%*	47.3%	54.0%*	45.0%	29.8%*	41.1%
The business is better at exporting	24.5%	18.5%*	14.7%*	39.2%*	16.0%	12.6%*	35.9%*	21.6%
The business has started to export	15.9%	13.9%	11.2%	25.7%*	10.0%*	8.6%*	27.5%*	15.1%

Significant differences at the 95% level (against the other products combined) are indicated by an asterisk

On average, across all products, the support developed skills and capabilities in just under seven different areas, with a greater number of skills (approximately twice as many) developed to a large

extent than to a lesser extent (Table 4.2). The products which had the broadest impact on skill development were those related to the direct provision of finance (FFB and GRD) although every product had impacts across a wide range of business skills (at least six for all products). FFB and GRD are also the products where the highest proportions of users indicated that use of the support had led to the business being more likely to grow in the future (over 90 per cent in both cases).

Table 4.2 Mean number of areas in which use of product directly impacted on business skills

	MAS	KTP	SaHGB	FFB	UFFB	CfHG	GRD	All
Developed to some extent	2.0	1.8	2.8	3.7	2.1	2.1	3.2	2.4
Developed to a large extent	4.2	4.3	4.2	4.2	3.9	4.3	4.0	4.2
Developed to some or a large extent	6.2	6.1	6.9	7.9	6.0	6.4	7.2	6.6

N=960

4.2 Employment and turnover impacts

This section examines the impact on the employment and turnover performance of businesses. The survey included questions on both *actual* increases in turnover and employment in respondent businesses over the past twelve months, and the extent of employment and turnover impacts which could be *directly attributed* to use of the support. Respondents to the latter question provide a self-reported measure of the *additionality* deriving from use of the product - i.e. the extent to which the support led to outcomes and impacts which would otherwise not have happened at all, or which would have happened differently. For example, a rise in employment in the business may still have occurred, but use of the support may have aided in increasing the size of the increase or shortening the time in which it was accomplished.

There are clearly limits to this form of self-reported additionality, as it relies on respondents being able to form accurate views on the baseline 'without intervention' position i.e. the counterfactual question of how the business would have performed in the absence of using the support. As such, these findings are indicative of the level of additionality only.

4.2.1 Employment and turnover changes in prior twelve months

This section examines the reported *actual performance* of the respondent businesses over the past twelve months, whether attributed to the use of the product or not. All data in this section excludes new businesses established in the twelve months prior to the survey.

Employment in respondent businesses products rose from 29,958 to 31,787, an increase of 1,829 employees, or six per cent. Overall, 40 per cent of this group reported that their employment had increased in the past twelve months (Table 4.3). There are differences between products, with much of the employment change stemming from change in the larger businesses using KTP (which account for just under two-thirds of total employment). However, for every product, the difference between the proportions reporting increases and those reporting decreases in employment was high. The figures for FFB are distorted by one business doubling its employment from 120 to 240 over the course of the

period in question; even excluding this business, the rate of increase in total employment of 19 per cent remains the greatest among the products under investigation.

Table 4.3 Trends in employment, previous 12 months

	MAS	GRD	SAHGB	KTP	UFFB	CFHG	FFB	All
Change in total employment	0.8% (n=139)	5.9% (n=118)	9.1% (n=102)	6.0% (n=150)	4.2% (n=121)	9.0% (n=146)	33.0% (n=67)	6.1% (n=843)
% reporting increase in employment	38.1%	40.7%	43.1%	46.7%	24.0%	43.2%	49.3%	40.6%

Note: Percentages exclude those not trading 12 months ago; excludes owners etc.

4.2.2 Turnover trends

In terms of turnover change, the respondent businesses also reported positive changes over the past twelve months (Table 4.4). Again, this applies across the full range of products, with 49 per cent of respondents, overall, reporting an increase in turnover.

Table 4.4 Trends in turnover, previous 12 months

	MAS	GRD	SAHGB	KTP	UFFB	CFHG	FFB	All
Mean % change in turnover	16.8 (n=131)	50.2 (n=109)	27.1 (n=84)	9.9 (n=131)	9.9 (n=109)	7.2 (n=135)	35.0 (n=58)	20.3 (n=757)
% reporting increase in turnover	52.5%	50.0%	47.1%	55.3%	38.0%	50.7%	49.3%	49.3%

Note: percentages exclude those not trading 12 months ago and (for mean change) only include businesses providing actual figures for proportionate turnover change

Turnover across all respondent businesses alive for a sufficient period increased by an average of 20 per cent. Users of all products reported a mean increase in the turnover of their business.

There are also a number of businesses reporting extremely large turnover increases (up to 1000 per cent in the course of the year) mainly among users GRD and FFB. These may skew the results, although there is no reason to presume these figures are not valid.

4.2.3 Concentration of changes

Although increases in employment and turnover in respondent businesses are high overall, these changes are clearly concentrated in a minority of businesses. Thus, while total employment in rose by six per cent in the past twelve months, only two-fifths of all businesses actually added extra jobs. Similarly, the 20 per cent mean rise in turnover was concentrated among the 50 per cent of businesses which reported an increase. This is to be expected: these are results from businesses which have only recently completed or are still accessing the support, and impacts will only be realised after a lag. Indeed, while only a minority may have grown to date, virtually all respondents businesses reported improvements in skills (Table 4.1) or the implementation of changes within their businesses which are likely to lead to growth in the future.

4.2.4 Self-reported additionality: employment impact

In addition to providing information on absolute changes in employment within their business, respondents were also asked to estimate the number of jobs which had, *as a direct result of accessing the SfB product*, been (a) added to their business already; (b) anticipated to be added to the business in the future; and/or (c) retained. This section examines this measure of self-reported additionality. It should be noted that these figures are not directly comparable with those reported in Tables 4.3 and 4.4 above, since the reported changes in employment are not confined to the previous twelve months, but rather from the start of using the support onwards.

Examining first the proportion of businesses reporting changes in employment, respondents indicated that, as a direct result of the support:

- employment had already increased in 28 per cent of businesses, with the highest proportion (58 per cent) being amongst FFB businesses. The highest increase in total employment in respondent businesses was among FFB users, where the number of employees increased by 36 per cent as a direct result of using the support, followed by SaHGB users, where employment increased by 22 per cent.
- jobs had been retained in 42 per cent of businesses
- additional jobs are expected to be created in the future in 51 per cent of respondent businesses reported. Only three per cent of businesses reported that they have created jobs already but were *not* expecting to increase employment further in the future. (Table 4.5). Again, the highest proportion of businesses anticipating employment increases is among FFB users (69 per cent), and the highest anticipated increase in employment is among SaHGB users, who expect their employment to slightly more than double (a rise of 102 per cent) in the future as a result using the support.

Looking at the *number* of jobs generated, respondent businesses reported that, as a direct result of the support:

- an additional 878 new jobs had been created in the businesses already (equivalent to three per cent of the workforce before receiving the support);
- just over 3,000 jobs had been retained (equivalent to 10 per cent of the current workforce); and
- just over 2,700 jobs are expected to be created in the future, equivalent to 9 per cent of the current workforce.

Hence, the bulk of the increase in workforce resulting from the use of the product has not yet been realised. This is unsurprising: as noted above, the users will not yet have had time to fully realise the benefits from the support, particularly in the case of products which have longer timescales (e.g. GRD and KTP) or where the economic climate may not yet be sufficiently buoyant to support a growth strategy (e.g. CfHG and SaHGB).

Table 4.5 Increases in employment and retained jobs, by product, as a direct result of using the product

	MAS	KTP	SaHGB	FFB	UFFB	CfHG	GRD	All
Increase to date	83	121	118	253	89	95	119	878
% of firms reporting	21.2	38.4	25.7	58.1	14.7	19.9	36.6	28.3
% increase in total workforce	2.0	0.6	21.6	36.4	6.1	3.8	5.3	2.8
Expected increase	232	410	679	254	508	169	487	2,739
% of firms reporting	45.0	55.0	52.0	68.9	45.3	38.4	62.6	50.9
% increase in total workforce	5.4	2.1	102.1	26.8	33.0	6.6	20.5	8.6
% reporting both realised and expected increase	29.8	35.8	22.4	37.8	14.0	25.8	34.4	27.8
Retained jobs	773	786	242	427	192	371	281	3,072
% of firms reporting	51.7	54.3	23.7	47.3	26.0	53.0	42.7	42.3
% of total workforce	17.9	4.0	36.4	45.0	12.5	14.4	11.9	9.6
% reporting jobs either retained or increased already	58.3	70.2	39.5	75.7	35.3	60.3	58.8	55.3
% too early to say	4.6	7.9	6.3	-	2.0	4.6	5.3	4.7
% reporting neither retain nor increase	19.2	12.6	6.3	10.8	36.0	18.5	13.0	19.3

Note: The percentage of firms reporting increases also includes those who said they did not know the number of extra employees they would take on.

4.2.5 Self-reported additionality: turnover impact

Businesses were also asked to estimate the proportion by which their turnover had risen, or was anticipated to rise in the future, *as a direct result of accessing the product* (Table 4.6). The pattern of impacts on turnover is similar to that seen for employment impacts, with a substantially higher proportion of businesses anticipating an increase in turnover in the future as a direct result of accessing the support than have already realised an increase. As a direct result of the support:

- an increase in turnover had already been realised in 23 per cent of businesses;
- an increase in turnover is anticipated in the future by a substantially higher proportion of respondents (62 per cent)
- the mean *realised* increase in turnover per business is 32 per cent, among those businesses reporting any increase. If businesses reporting that the support has had no impact on turnover to date are included, the mean increase in turnover per business is 6 per cent.
- the mean *anticipated* increase in turnover per business is 47 per cent, among those businesses reporting any increase. If businesses reporting that the support is not anticipated to have any

impact on their turnover in the future are included, the mean increase in turnover per business is 26 per cent.

Table 4.6 Turnover impact, by product, as a direct result of support

	MAS	KTP	SaHGB	FFB	UFFB	CfHG	GRD	All
<i>Turnover rise already realised</i>								
% of firms	24.5	20.5	28.0	36.5	14.7	21.2	19.8	22.6
Mean rise (%) [†]	39.7	13.8	36.8	37.4	33.0	18.6	40.0	31.6
Mean rise (%) – all firms [‡]	8.9	2.7	8.0	12.6	4.3	3.0	7.9	6.3
<i>Turnover rise anticipated</i>								
% of firms	53.6	68.9	60.8	71.6	48.7	58.3	78.6	61.9
Mean rise (%) [†]	30.3	18.5	61.8	84.0	66.2	26.6	62.3	47.2
Mean rise (%) – all firms [‡]	14.4	11.6	32.5	55.1	28.7	14.1	45.8	26.2

[†] Average across only businesses which reported relevant turnover rise(s), excluding those which did not know its extent

[‡] Average across all businesses

In terms of products, the reported impact attributable to the use of the support was highest among FFB users, with a mean realised turnover increase per business attributable to the support of 13 per cent and an anticipated increase of 55 per cent (including businesses where there was no impact). The smallest turnover impacts attributable to use of the product were among CfHG and KTP users, who reported mean achieved rises of 3 per cent and 4 per cent, respectively, and anticipated rises of 12 and 14 per cent, across all businesses.

4.2.6 Deadweight and displacement effects

The high levels of self-reported additionality described in this chapter imply that the deadweight loss from the support – the proportion of outputs and outcomes which would have happened anyway, in the absence of using the support – is relatively low. For the most part, businesses are using support which they would otherwise not have accessed – only 39 per cent had investigated other sources of support, and under half of this group had actually found similar support. Businesses were also asked if they would have increased their turnover anyway, but the support meant that this rise occurred more quickly. Of the 668 businesses which reported an achieved or anticipated increase in turnover, 87 per cent indicated that the support did indeed lead to the rise in turnover being achieved more quickly, with every product recording at least 80 per cent of respondents agreeing with this.

Given that this is a survey of beneficiaries, it is difficult to measure displacement effects. Displacement is the effect the support has other than within the businesses which access it - for example, the extent to which increased sales in a supported business which come about as a direct result of using the support take sales away from a non-supported business competing in the same market.

5 Product-specific impacts: Starting a High Growth Business

Key findings

- SaHGB had a positive impact on the likelihood of start, or made a positive contribution to the speed and/or size of start-up in the case of 48 per cent of business starts.
- Clients of SaHGB reported large increases in both turnover (a mean rise of 42 per cent, including anticipated increases) and employment (22 per cent to date, with a further 102 per cent anticipated) directly attributable to use of the support, while 240 jobs (36 per cent of the workforce) have been retained.
- Increases in employment and turnover over the past twelve months were higher than among other products: employment across all SaHGB businesses, for example, increased by nine per cent against an average of six per cent for all products.
- More than three-quarters of product users (87 per cent) reported an improved likelihood of future growth.
- The greatest impact on skills and competencies were related to planning (75 per cent), marketing capability (70 per cent) and capability to develop new products or services (69 per cent).

5.1 Outcomes and outputs

SaHGB combines start-up advice and support with more specialist support aimed at achieving rapid growth in turnover in the first three years of trading. The product is aimed at pre-start and nascent businesses which are identified as having the potential to achieve this rapid growth.

The main outcome of Starting a High Growth Business is clearly the realisation of high growth within client businesses. As shown in Section 4.2 above, respondents have indeed indicated that the support has led to high rates of growth in turnover and employment that would otherwise have been lower. Only one product-specific question examined tangible benefits for the business, namely the extent to which their level of exports had changed. The remainder of this section concentrates on the realisation of outputs within client businesses which have prepared the workforce and business to be able to realise higher levels of growth.

5.1.1 Impact on exports

Respondents were asked about the impact of the product on their exporting of goods and services (Table 5.1). SaHGB clients responded positively, with 46 per cent either having already increased exports or planning to do so in the future.

Table 5.1 Realised or planned increases in exports of goods and/or services

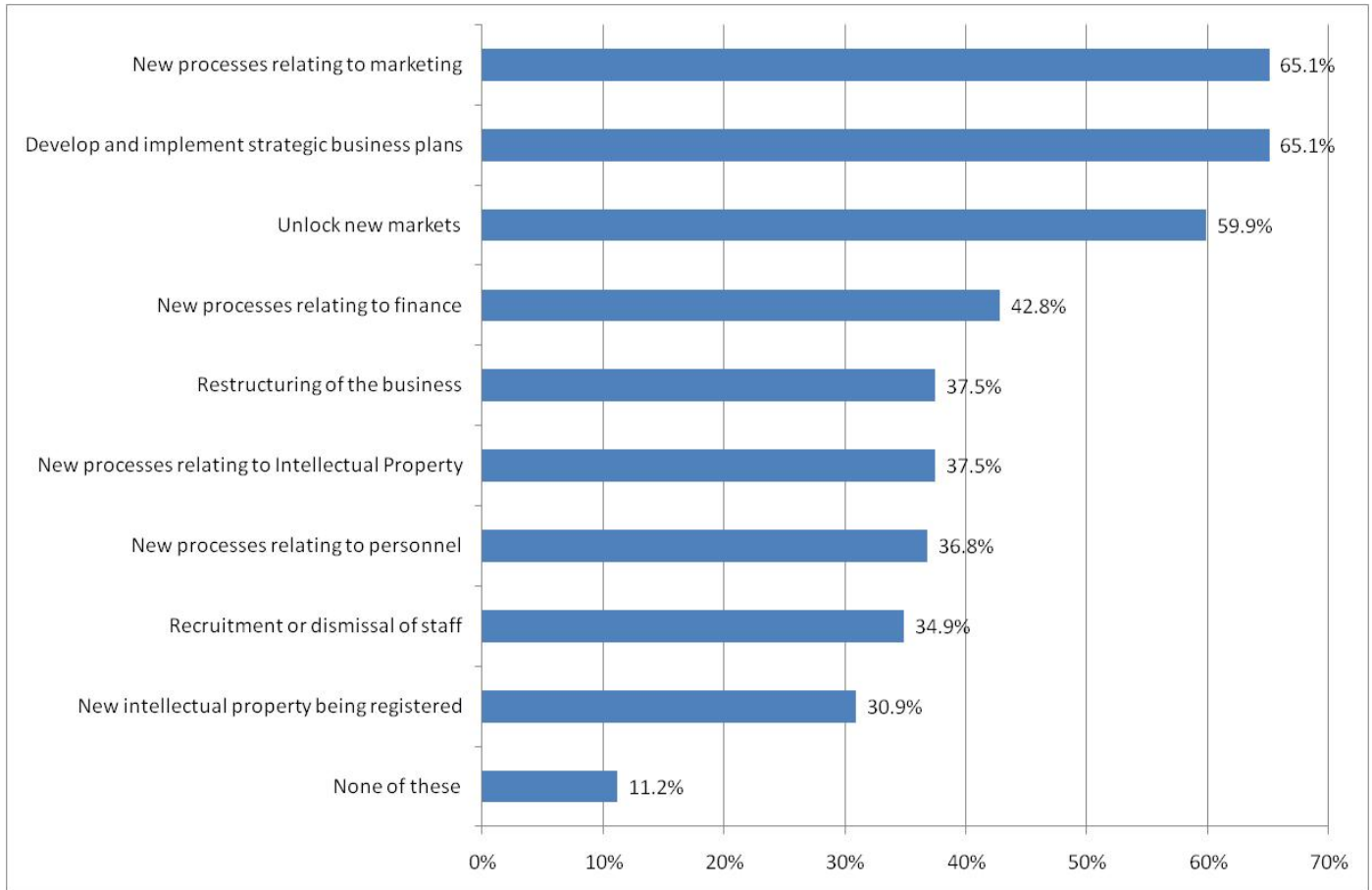
	% reporting
Any realised or planned increase in exports	46.1
<i>Increased exports already, no further increase planned</i>	2.6
<i>No increase yet, plan to increase exports in future</i>	35.5
<i>Both increased already and plan to increase exports</i>	7.9
No increase realised or planned	51.3

N=152

5.1.2 Actions facilitating increased growth

Clients of SaHGB were asked what actions they had taken to facilitate growth, or anticipated taking in the future, as a direct result of having accessed the support.

Figure 5.1 Actions undertaken or anticipated to be undertaken as a direct result of using the product (%)



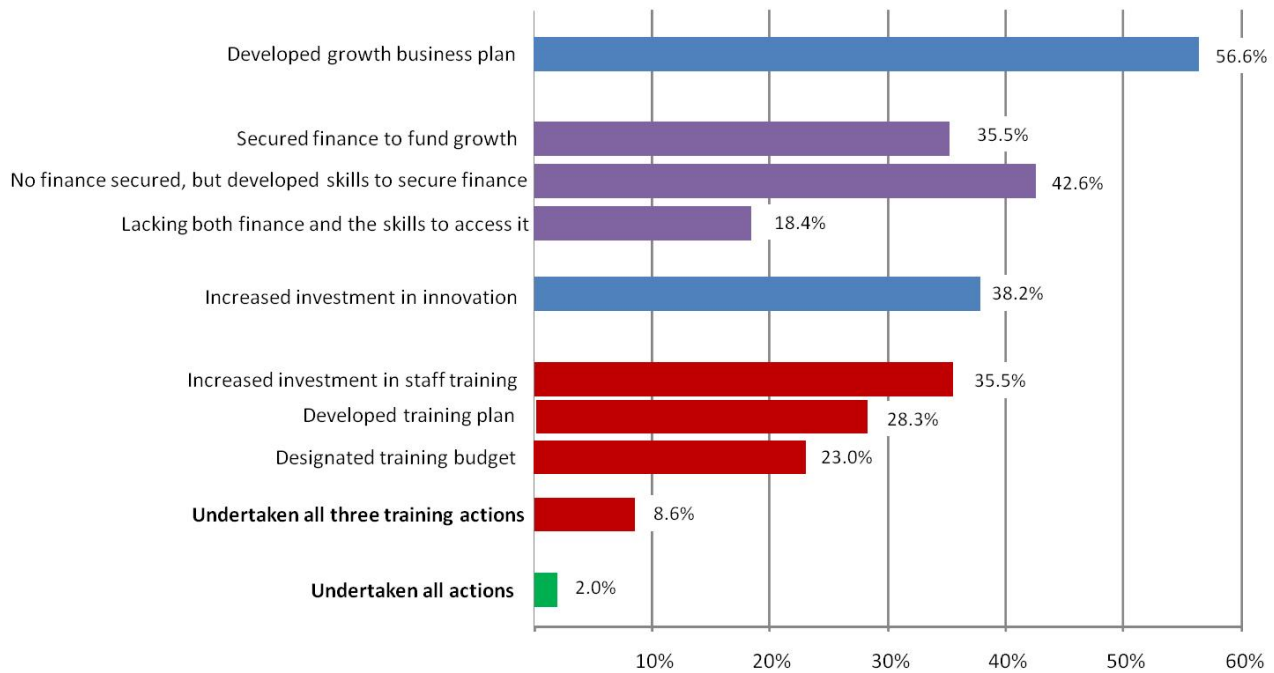
N=152 (multiple responses allowed)

The majority of clients had undertaken at least one action, although a fairly large minority (11 per cent) had not undertaken any of the specified actions. The most common action reported was the introduction of new processes relating to marketing and the development of strategic business plans (both 65 per cent of users), followed by the unlocking of new markets (60 per cent) (Figure 5.1).

Respondents were then asked about more specific activities they may have undertaken or anticipate undertaking in the near future that would be of high importance in a growth strategy, as shown in Figure 5.2. The most common activity was the development of a growth-oriented business plan (57 per cent of respondents), followed by increasing investment in innovation (38 per cent).

By comparison, relatively few businesses have already secured the finance they need (36 per cent); furthermore, around 18 per cent of users had neither secured the necessary finance nor yet developed the skills they require to access it. Relatively few SaHGB clients had undertaken or anticipated undertaking staff development activities (with only 36 per cent increasing investment in training), possibly because they were relatively recently established and had only a small workforce.

Figure 5.2 Respondents having undertaken actions relating to growth



N=152 (multiple responses allowed)

5.2 Targeting

5.2.1 Potential for high growth

The key target criterion for the selection of businesses for SaHGB programmes is that they have the potential to achieve high growth. Although the SaHGB criterion specifies a target turnover,⁵ achieving a stable basis for business growth more generally is clearly not a short-term aim and is difficult to test for.

5.3 Additionality

5.3.1 Performance against prior expectations

Finally, respondents were asked how their recent and projected growth compared with the growth expectations they had formed prior to accessing the support. Just over 60 per cent of SaHGB respondents reported higher than expected growth, either already achieved or anticipated. Clients were particularly positive about future growth trajectories, with 54 per cent anticipating higher than previously expected growth in the future (Table 5.2).

⁵ A turnover of £500,000-£1m within three years of start.

Table 5.2 Comparison of realised and anticipated growth against expectations of growth prior to accessing support

	SaHGB
Already grown more than expected	10.5
Anticipate growing more than expected	42.8
Both already and anticipated	10.5
Don't know	9.2
No different to expectations	27.0

N=152

5.3.2 Effect on likelihood and characteristics of start-up

Users were also asked whether or not they would have started their business *in the absence* of using the product. Some 52 per cent of SaHGB respondents indicated that, in fact, they would *definitely* have gone on to establish the business if they had not accessed the product, with a further 20 per cent *probably* progressing to start-up. The support only made a decisive difference to the respondent actually starting in five per cent of cases, with a further eleven per cent probably not having been able to start without the support (Table 5.3).

Table 5.3 Likelihood of establishing respondent's current business in the absence of having used support

	%
Definitely	52.4
Probably	19.6
Possibly	6.3
Probably not	10.5
Definitely not	4.9
Don't know	6.3

N=143

It is, however, important to appreciate that these products are concerned with the facility with which individuals approach the start up process and quality of what is achieved rather than simply the *number* of new businesses created. In order to gauge additionality in areas beyond simply whether a business started or not, respondents who definitely, probably or possibly would have started in the absence of support were also asked whether (i) the support had accelerated the process of start; and/or (ii) contributed towards making the new business larger than it would otherwise have been.

Table 5.4 shows where the support contributed qualitative benefits to the start-up, facilitating an earlier start, a larger initial size or both:

- 42 per cent of this group of businesses reported positive effects of this sort stemming from the support.

- The support had no effect on the timing or size at start of 47 per cent of this group of respondents.

Table 5.4 Effect of support on (i) timing of start and (ii) size of business at start, compared with prior expectations

	Support led to smaller size at start	Support had no effect on size at start	Support led to larger size at start	Don't know	Total
Support led to earlier start	0.9%	18.8%	11.6%	-	31.3%
Support had no effect on timing of start	-	47.3%	6.3%	1.8%	55.4%
Support led to later start	-	5.4%	0.9%	-	6.3%
Don't know	-	0.9%	3.6%	2.7%	7.1%
Total	0.9%	72.3%	22.3%	4.5%	100.0%

N=112; only includes those likely or definite to have started in absence of support; percentages are out of all 73 businesses

In total, therefore, including those businesses which probably or definitely would not have started in the absence of support, SaHGB had a positive impact on the start-up prospects of 69 businesses, or 48 per cent of businesses supported.

5.3.3 Deadweight loss and displacement effects

Businesses have benefited from improved skill levels and growth prospects which they would have been unlikely to acquire from private sector support. The findings demonstrate clear additionality in the case of exports, with 46 per cent attributing a realised or planned increase directly to use of the support.

However, 47 per cent of respondents reported that SaHGB had no effect on the likelihood, size or timing of start-up, implying some degree of deadweight loss. In addition, the evidence relating to activity undertaken in preparation for growth is somewhat mixed: although clients have undertaken some such activities, the proportions for some activities are relatively low. Nonetheless, these activities would otherwise not have been undertaken or would have taken longer to be undertaken in the absence of using the support.

Again, though, it should be emphasised that these are early stage findings, with many clients still accessing the product and implementing the learning acquired, and that employment and turnover changes to date among SaHGB clients have been highly positive, both by themselves and in comparison to other products.

6 Product-specific impacts: Understanding Finance for Business

Key findings

- The proportion of UFFB respondents reporting an improvement in their financial management skills (54 per cent) is the highest among the seven products, and in their ability to seek external finance is joint second highest (59 per cent). The greatest impact on skills and competencies came in the area of improving the likelihood of future growth (reported by 71 per cent),
- Almost half (49 per cent) of UFFB clients applying for finance prior to accessing the product had been unable to obtain any funds; after using the support, this proportion declined to thirty per cent.
- Employment in UFFB client businesses increased by six per cent in the past year and turnover rose by an average of four per cent per business as a direct result of using the support. UFFB clients anticipate employment rising by 33 per cent in the future as a direct result of using the product, the second highest of any product.
- Just under 200 jobs (13 per cent of the workforce) have been retained with the help of the support.

6.1 Outcomes and outputs

6.1.1 Impact on level of applications for finance

Respondents were asked about whether they had applied for new finance since using the support. Interpretation of the findings for this question is complicated by the possibility that respondents do not currently require additional finance, or that they are still researching the possible finance routes available, as a result of accessing the support. Nonetheless, despite these caveats, some 36 per cent of respondents had indeed applied for finance, slightly higher than the 30 per cent which had applied prior to using UFFB.

Table 6.1 sets out in more detail the timing of applications by UFFB clients. Overall, 45 per cent of clients have not made *any* applications for finance, either before or since accessing the support, while 13 per cent have applied both before and after.

Table 6.1 Timing of applications for finance by UFFB clients (% of all accessing UFFB)

	Applied <i>after</i> support	Has <i>not</i> applied after support	Total
Applied <i>before</i> support	12.7	17.3	30.0
Did <i>not</i> apply before support	22.7	45.3	68.0
Total	35.5	62.7	98.0

N=150; total does not add up to 100 per cent, as 'don't know' and 'refused' responses are excluded from the table but included in the total used to calculate percentages

6.1.2 Impact on range of finance applied for

Respondents were also asked which of a range of finance options they had recently tried to access. Among those respondents who had sought finance before using UFFB, the most popular sources applied

for by a substantial margin were standard bank loans or overdrafts (each applied for by just over half of those who had applied), with other methods being relatively little used (Table 6.2).

Table 6.2 Use of different sources of finance before and after accessing UFFB (% of those applying for finance)

	Before (n=45)	After (n=53)
Bank loan	53.7	34.0
Bank overdraft	51.2	32.1
Equity investment from new shareholders	9.8	26.4
Factoring	9.8	5.7
Grant	9.8	15.1
Credit card finance	7.3	-
Equity investment from existing shareholders	4.9	5.7
Loan from family/business partner/directors	4.9	3.8
Loan from a Community Development Finance Institution	4.9	-
Mortgage for property purchase or improvement	-	3.8
Leasing or hire purchase	-	1.9
Loan from Government /Local Development Agency	-	-
Venture capital	-	7.5
Other		-

It is clear from the data in Table 6.2 that the range of sources accessed by respondents broadened after their use of the product. Of particular note is the increase in the proportion applying for equity investment from *new* shareholders, which has risen from ten per cent of those applying for finance before using UFFB to 26 per cent of those applying after accessing the support. Other sources where there has been an increase include the use of venture capital (up from no use at all to eight per cent of applicants) and grant finance (up from ten per cent to 15 per cent), while the proportion applying for 'conventional' sources – bank overdrafts or loans – has fallen considerably. Thus, UFFB appears to have had an impact on broadening the *range* of finance being used, a key criterion by which the success of the product can be judged.

6.1.3 Impact on success of finance applications

The effectiveness of UFFB can also be judged in its effect on the chances of clients' applications for finance succeeding. The survey shows highly positive results on this point. The proportion of applicants not able to obtain any finance has decreased from 49 per cent to 30 per cent, while the proportion encountering no difficulties at all has risen from seven per cent to 21 per cent (Table 6.3). This indicates a substantial improvement in clients' likelihood of success in obtaining finance during a period when access to finance has still been widely regarded as problematic. The high proportion of 'don't knows' among the 'after' group is likely to be the result of a number of applicants still waiting to hear if they have been successful.

Table 6.3 Difficulties in obtaining finance before and after accessing UFFB (% of those applying for any finance)

	Before (n=45)	After (n=53)
Unable to obtain any finance	48.9	30.2
Obtained some but not all of the finance required	28.9	35.8
Obtained all the finance required but with some problems	4.4	-
No difficulties in obtaining finance	6.7	20.8
Don't know	8.9	13.2

6.1.4 Impact on awareness of finance options

UFFB is also intended to broaden and deepen clients' awareness and knowledge of external sources of finance. Overall, 53 per cent of respondents considered that the support had substantially or moderately broadened their awareness of different sources of finance, with a further 21 per cent considering that it had slightly broadened their awareness. Thus, the majority of respondents had become aware of a greater *range* of possible sources of finance due to UFFB (i.e. simply discovering the existence of a particular source that they had not previously encountered).

In addition to increasing clients' awareness of the existence of different sources of finance, UFFB also aims to increase and deepen their *level of understanding* about accessing a range of finance sources. Table 6.4 shows the nine sources of finance presented to respondents, and the extent to which UFFB had increased their level of understanding of that source. The source of finance about which the highest proportion of clients considered they had gained a greater understanding was grant finance (where 54 per cent reported some increase in their level of understanding), followed by equity investment (53 per cent) and bank overdrafts (45 per cent). All three of these sources were among the less frequently used on the list presented to respondents (Table 6.2).

However, for most of the sources specified, a lower proportion of respondents gained a greater degree of understanding as a result of the support. Across the nine sources, a mean of 57 per cent of respondents indicated that the support had not increased their understanding at all. In some cases, clients may feel they already have ample knowledge and understanding (e.g. mortgages and credit cards). It is also possible that their package of support did not cover all sources, or did not cover them in sufficient depth.

Table 6.4 Extent to which UFFB increased clients' understanding of sources of finance

Source of finance	Substantially	Moderately	Slightly	Not at all
Equity investment	14.0	24.7	14.0	43.3
Bank overdrafts	14.0	19.3	12.0	51.3
Bank loans	14.0	24.0	10.0	48.0
Mortgage (property purchase/improvement)	4.7	17.3	5.3	68.0
Leasing or hire purchase	6.7	13.3	8.7	68.7
Factoring	13.3	16.7	9.3	55.3
Loan from a CDFI	10.0	12.0	9.3	62.7
Credit card finance	5.3	10.0	8.7	71.3
Grant	15.3	30.0	8.7	42.0
All sources	24.0	28.7	20.7	22.0

N=150

6.2 Targeting

The section above shows that the majority of clients of UFFB gain an improved level of understanding regarding less mainstream sources of finance. Here we consider whether they put this new understanding into practice by (a) applying for new sources of finance; and/or (b) improving their rate of success in actually gaining the required finance for their business.

At the time of receiving the support, just under a third of businesses accessing UFFB (30 per cent) had recently tried to apply for finance. This is substantially higher than the proportion reported by *Small Business Survey 2010* respondents during a similar period (18 per cent in the twelve months prior to the survey). Thus, users of UFFB were indeed relatively more likely to be seeking finance, compared to the SME population as a whole (Table 6.5).

Second, we need to examine the difficulties these businesses had encountered in trying to obtain finance. Only 11 per cent of UFFB users who had applied pre-support reported no problems at all. Around half of applicants (49 per cent) had not managed to secure any finance at all, and a further 29 per cent had only secured part of the finance they sought (Table 6.5). These figures can also be compared to those from the *Small Business Survey 2010* surveys. The proportion reported in the *Small Business Survey* as encountering any difficulties in obtaining finance was just over 51 per cent, a substantially lower figure than the 82 per cent reported by our survey. Similarly, the proportion reported by the *Small Business Survey 2010* as not being able to obtain any finance at all was 36 per cent, also lower than the 49 per cent reported in the current survey. It is reasonable to conclude, therefore, that UFFB is indeed reaching those businesses who are encountering a higher than average level of difficulty in obtaining finance.

Table 6.5 Difficulties in obtaining finance before accessing UFFB, in comparison with broader SME population (% of those applying for any finance)

	Before (n=45)	SBS average 2010
Unable to obtain any finance	48.9	35.8
Obtained some but not all of the finance required	28.9	7.3
Obtained all the finance required but with some problems	4.4	8.1
No difficulties in obtaining finance	6.7	47.6
Don't know	8.9	1.3
Refused to answer	2,2	

6.3 Additionality

In the case of UFFB, additionality can be measured by looking at the counterfactual question: what would have happened to the businesses in the absence of the support? There is no reason to assume that the difficulties in comparison to the general population of SMEs regarding finance which faced these clients would have eased without the support. Therefore, the additionality can be demonstrated by comparing the difficulties faced by clients *after* their support with the difficulties faced by other SMEs. If UFFB is effective, the difficulties post-support would not only be reduced, but would be closer to, or possibly even below, the average level of difficulty faced by SMEs in obtaining finance.

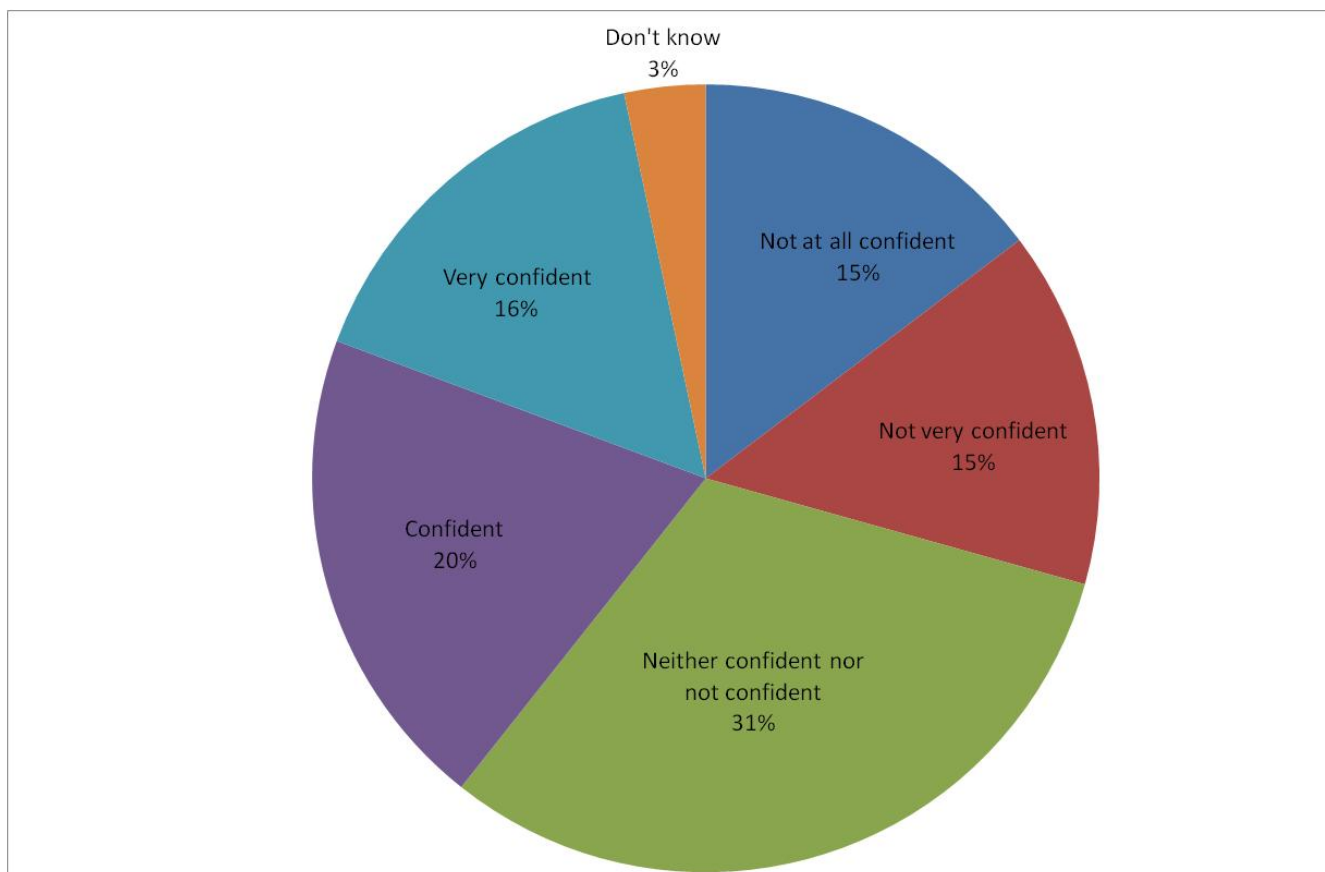
Table 6.6 demonstrates that this is indeed the case. The proportion of UFFB clients applying for finance *post*-support reporting that they could not obtain any finance at all (30 per cent) is below the proportion in the other surveys. Similarly, the proportion of UFFB clients which encountered no difficulties at all *post*-support (21 per cent) has increased, and is closer to (although still well below) the figure reported by the SBS surveys than the figure for *pre*-support UFFB clients. However, it should be noted that the proportion of 'don't knows' *post*-support is particularly high for this question (13 per cent), which is a reflection of the fact that this is an early-stage survey, with many clients either still receiving support or only recently having finished. Thus, UFFB has at least partially succeeded in increasing the chances of businesses being able to access finance, and this success rate may increase as more users attempt to access finance in the future.

Table 6.6 Difficulties in obtaining finance before and after accessing UFFB, in comparison with SME population (% of those applying for finance)

	Before (n=45)	After (n=53)	SBS average 2010
Unable to obtain any finance	48.9	30.2	35.8
Obtained some but not all of the finance required	28.9	35.8	7.3
Obtained all the finance required with some problems	4.4	-	8.1
No difficulties in obtaining finance	6.7	20.8	47.6
Don't know	8.9	13.2	1.3
Refused to answer	2.2	-	-

UFFB clients who had obtained finance post-support were also asked how important UFFB was in securing it. However, the small number of clients to which this applies (30 respondents) makes it difficult to discern any patterns in the responses, which were reasonably evenly split between the support being important and not important in this process. Similarly, the effects of UFFB in raising the confidence of users in their ability to raise finance are ambiguous, with only a modest difference between the proportion reporting that they are confident (36 per cent) and those reporting that they are not confident (30 per cent) (Figure 6.1).

Figure 6.1 Confidence of UFFB clients in their ability to access finance after using the support



6.3.1 Deadweight and displacement effects

Some businesses which have found it difficult to obtain finance in the past have improved their ability to a level that is comparable with that found among the broader SME population, with the proportion not able to obtain any finance reducing from 49 per cent to 30 per cent after using the support. UFFB has enabled these businesses to increase the breadth (range of sources) and depth (amount of funding) of finance available to them. However, there is some doubt about the importance of the support, with only 38 per cent of users reporting that they were confident or very confident in their ability to access finance after using UFFB, and 32 per cent indicating that they were not very or not at all confident.

Nonetheless, where UFFB has impacted positively on the ability to seek finance, any employment and turnover impacts deriving from the increased level of finance which businesses have been able to obtain can be seen as examples of a high level of additionality with a low deadweight loss.

7 Product-specific impacts: Coaching for High Growth

Key findings

- *Over the past twelve months, employment in CfHG client businesses has risen by nine per cent and turnover by a mean of seven per cent.*
- *Support provided through CfHG has helped retain nearly 400 jobs (14 per cent of the workforce).*
- *Clients reported that the mean turnover rise directly attributable to the product (including anticipated rises) was 19 per cent*
- *The support has been particularly effective in encouraging an improvement in marketing, with 71 per cent of clients introducing new processes in this area and 70 per cent reporting an improvement in the marketing skills.*
- *It has also been effective at improving planning skills (among 68 per cent of respondents, while 60 per cent have developed new strategic plans) and the likelihood of the business growing in future (80 per cent). 51 per cent of businesses have also increased their investment in training.*
- *48 per cent of businesses have grown or anticipate growing at a rate faster than they had expected prior to accessing the support.*

7.1 Outcomes and outputs

The main outcome of Coaching for High Growth is clearly the realisation of high growth within client businesses. As shown in Section 4.1 above, CfHG respondents have indeed increased their level of employment to a greater degree than users of other products (an increase of nine per cent in the past year) although turnover growth has been modest (a mean rise of only seven per cent, compared with an average of 20 per cent for users of all products). However, increases in employment and turnover directly attributed to the support by CfHG users – both achieved and anticipated – have generally been similar to or below average, and mainly reported by a slightly smaller proportion of users than for other products. Only in terms of retained jobs has the support had a greater impact than average.

Only one product-specific question examined tangible benefits for the business, namely the extent to which their level of exports had changed. The remainder of this section concentrates on the realisation of outputs within client businesses which have prepared the workforce and business to be able to achieve higher levels of growth.

7.1.1 Impact on exports

Respondents were asked about the impact of the product on their exporting of goods and services (Table 7.1). A relatively small number – only 31 per cent of respondents- had either already realised or planned to increase their level of exports.

Table 7.1 Realised or planned increases in exports of goods and/or services

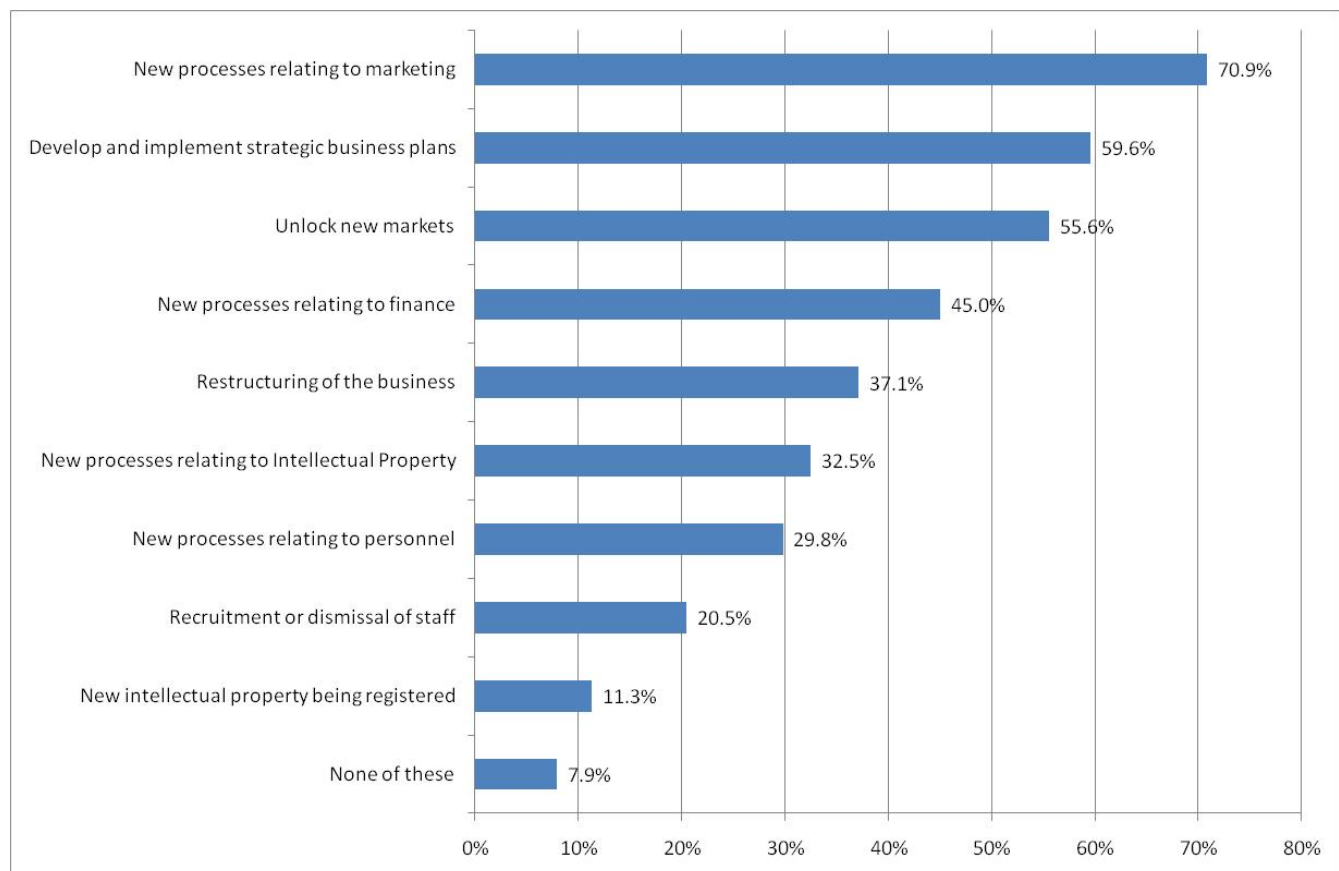
	% reporting
Any realised or planned increase in exports	31.1
<i>No increase yet, plan to increase exports in future</i>	20.5
<i>Both increased already and plan to increase exports</i>	5.3
<i>Increased exports already, no further increase planned</i>	5.3
No increase realised or planned	66.2

N=151

7.1.2 Actions facilitating increased growth

Clients of CfHG were asked what actions they had taken, or anticipated taking in the future, as a direct result of having accessed the support. For the most part, clients had undertaken at least one action: only eight per cent had not undertaken or did not anticipate undertaking any actions at all to facilitate increased growth (Figure 7.1). The most common action reported was the introduction of new processes relating to marketing (71 per cent of users), followed by developing and implementing a strategic business plan (60 per cent). Actions concerning intellectual property were the least common, with only 11 per cent having registered new IP and 20 per cent introducing new IP-related processes.

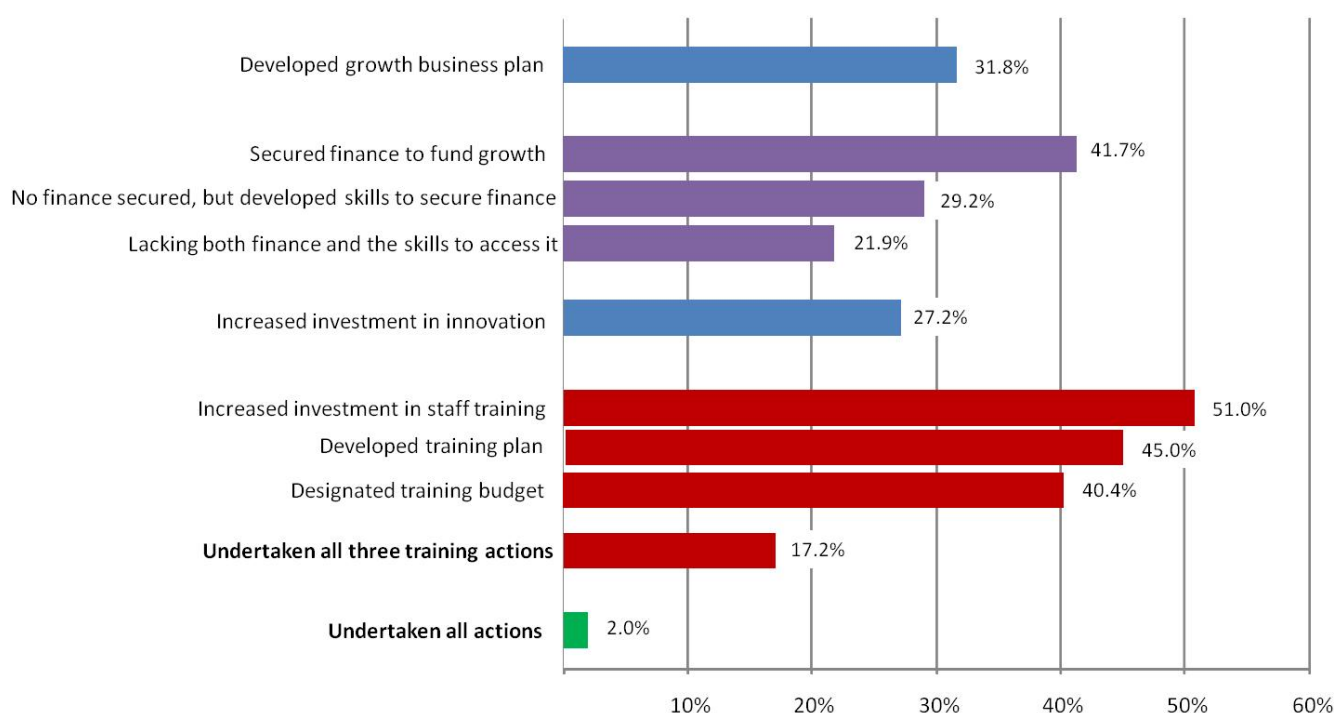
Figure 7.1 Actions undertaken or anticipated to be undertaken as a direct result of using the product



N=151 (multiple responses allowed)

Respondents were asked about more specific activities that would be of high importance in a growth strategy, as shown in Figure 7.2. In most cases, a relatively high proportion of CfHG users had undertaken each of these activities, with the most common being to increase investment in staff training (51 per cent of CfHG), and develop a training plan (45 per cent of CfHG); 17 per cent had undertaken all three of the specified actions relating to training, indicating a deep, broadly-based commitment to developing their workforce. However, half of users (51 per cent) had not secured the finance needed for growth; with around 22 per cent of users having neither secured the necessary finance nor yet developed the skills they require to access it. This emphasises the need for ongoing support to realise growth in the medium to long term, and may partially account for the disappointing results for turnover and employment growth noted above. It may be the case that obtaining the necessary finance to realise growth remains problematic, and that additional support in this area (e.g. through UFFB or FFB) may aid in overcoming this obstacle.

Figure 7.2 Respondents having undertaken activities relating to growth



N=151 (multiple responses allowed)

7.2 Targeting

The key target criterion for the selection of businesses for CfHG programmes is that they have the potential to achieve high growth⁶. This is an interim study, with businesses still putting into operation the lessons learned from the support; achieving a stable basis for business growth more generally, and particularly in difficult economic conditions, is clearly not a short-term aim and is difficult to test for.

7.3 Additionality

7.3.1 Performance against prior expectations

Finally, respondents were asked how their recent and projected growth compared with the growth expectations they had formed prior to accessing the support. Just under 50 per cent of respondents

⁶ Defined by the OECD as an annualised growth rate of 20 per cent over three years.

reported higher than expected growth. However, relatively few (15 per cent) had already achieved higher growth than anticipated, with more positive expectations about future growth trajectories: 43 per cent anticipated higher than previously expected growth in the future (Table 7.2).

Table 7.2 Comparison of realised and anticipated growth against expectations of growth prior to accessing support

	% reporting
Already grown more than expected	4.6
Anticipate growing more than expected	33.1
Both already and anticipated	9.9
Don't know	13.2
No different to expectations	39.1

N=140

7.3.2 Deadweight and displacement effects

Businesses have benefited from improved skill levels and growth prospects which they would have been unlikely to acquire from private sector support – 80 per cent of CfHG users report that the business is more likely to grow in the future as a result of the support, while 54 per cent have improved their financial management skills. Employment and, in particular, turnover increases over the past twelve months have been higher than they would have been otherwise, with growth in overall employment of 4 per cent and a mean turnover rise per business of 3 per cent both attributable directly to the support. Just under half of CfHG clients also reported that growth has been or is anticipated to be higher than previously expected.

Almost half of clients (48 per cent) reported that the level of realised or anticipated growth was higher than their expectations prior to using the support, while 39 per cent of clients reported that the level of realised or anticipated growth is no different to their expectations. The majority of this group also reported at least some impact on skill levels, which have the potential to lead to longer term growth in less difficult economic conditions.

8 Product-specific impacts: Finance for Business

Key findings

- FFB clients reported the greatest achieved increase in employment due to use of the support (36 per cent), with a further 27 per cent rise anticipated. The mean turnover increase achieved and/or anticipated and attributable to use of the support (82 per cent) is also well above average. Two-thirds of users have introduced new products, services or processes since obtaining finance.
- The finance obtained by the majority of FFB users (86 per cent) would not have been obtained elsewhere. The support has also aided in leveraging in additional outside funding among 37 per cent of respondents.
- Some 93 per cent of FFB indicating that their business was more likely to grow in the future because of FFB, the highest among the seven products. Similarly, 82 per cent considered that they were better had developed their capability to develop new products or services, 84 per cent had improved their investment-readiness, and 80 per cent were better-equipped to seek external finances.

8.1 Outcomes and outputs

8.1.1 Amount and type of finance obtained

The main outcome of Finance for Business is the obtaining of finance by clients. Table 8.1 shows the range of finance obtained by respondents from FFB. The majority of respondents were successful in obtaining some finance: only 5 per cent had obtained no funding at the time of the survey (although some of this group may still be waiting for finance to be approved). Most commonly, the finance obtained was relatively small – half of all respondents received under £100,000, with most of them receiving less than £50,000, whilst only 10% obtained more than £250,000.

Table 8.1 Amount of finance obtained through FFB

	No	%
Nothing	4	5.4
Less than £50,000	25	33.8
£50,000- £99,999	12	16.2
£100,000- £149,999	11	14.9
£150,000- £249,999	12	16.2
£250,000- £499,999	2	2.7
£500,000- £999,999	3	4.1
£1 million or more	2	2.7
Don't know	1	1.4
Refused	2	2.7

N=74

Table 8.2 shows the type of finance obtained. The most common form of finance was debt without additional equity financing, used by 39 per cent of respondents. Equity finance without debt was obtained by 19 per cent of respondents. The other most commonly obtained form of finance was a grant, used by 24 per cent of respondents (the majority of them not specifying which grant was obtained). Respondents usually only obtained a single form of finance. For example, 83 per cent of respondents obtaining grants obtained no other form of finance through FFB, while only five per cent combined debt and equity finance. The FFB funding could be part of a wider package of funding (i.e. including other finance leveraged in outside FFB), although this applied to a minority of respondents (37 per cent). The proportion of the package funding accounted for by FFB varied substantially among respondents, with the number of respondents being too small to detect significant differences

Table 8.2 Type of finance obtained through FFB

	No	%
Debt finance	33	44.6%
<i>with equity</i>	4	5.4%
<i>without equity</i>	29	39.2%
Equity finance	18	24.3%
<i>with debt</i>	4	5.4%
<i>without debt</i>	14	18.9%
Grant	18	24.4%
<i>of which, R&D grant</i>	3	4.1%
Mezzanine finance	4	5.4%
Other	3	4.1%
Refused	3	4.1%
Don't know	2	2.7%

N=74 (multiple answers permitted)

8.1.2 Use of funding

Table 8.3 shows that the primary reasons for applications to FFB were to gain funding for innovation activity, either R&D (68 per cent of respondents) or to finance a new product or service (64 per cent) or, commonly, both (49 per cent of all respondents). The third most frequently cited reason for seeking finance was to provide working capital (51%). Just over one-third of respondents applied partly for finance for the purposes of start-up.

Table 8.3 Purpose of initial application to FFB

<i>Purpose</i>	<i>No.*</i>	<i>%</i>	<i>Main purpose[†]</i>	<i>%</i>
Research and development	47	68.1%	24	34.8%
New product or service	44	63.8%	15	21.7%
Working capital	35	50.7%	11	15.9%
Entry into a new market	28	40.6%	3	4.3%
Start up the business	24	34.8%	9	13.0%
Purchase an asset (e.g. equipment)	13	18.8%	3	4.3%
Expand premises	7	10.1%	1	1.4%
Relocation	3	4.3%	1	1.4%
Other	-	-	2	2.9%

N=69; *multiple response allowed; † single response allowed (includes those who only gave one purpose)

Of the 69 respondents who identified the purposes of the funding, 54 (78 per cent) had more than one reason for applying for finance under FFB provisions; the mean number of purposes was 2.7, and the median was 2.5. The rightmost columns in Table 8.3 indicate the *main* purpose (or only purpose, if the respondent initially only identified a single purpose) for seeking finance. It is clear that innovative activity remains the most important reason for seeking finance, with R&D cited as the main purpose of the application by 35 per cent of respondents, followed by finance for a new product or service (22 per cent). It is notable that only one-third of those whose purpose for seeking finance included an element of start-up funding cited this as the *main* reason for borrowing.

In terms of tangible outcomes since receiving the finance, 66 per cent of FFB users have gone on to introduce new or improved products, services or processes. In addition, FFB users reported the greatest proportionate increase in employment achieved to date (36 per cent), with a further increase of 27 per cent anticipated in the future attributed to the support. Turnover impacts attributed to use of the support have also been above average, with achieved/anticipated gains of 82 per cent reported, compared with an average of 37 per cent.

FFB users were also the most optimistic among the seven products about the change in their growth prospects attributable to the support, with 93 per cent indicating that their business was more likely to grow in the future because of FFB. Similarly, 73 per cent considered that they were better positioned to cope with the downturn, 84 per cent had improved their investment-readiness, and 80 per cent were better-equipped to seek external finance.

8.2 Targeting

FFB is targeted at SMEs which are unable to raise all their finance needs in the commercial market despite having a viable business plan. As shown in Section 3.1.2 above, FFB users were the most likely to investigate finance from other sources (76 per cent of respondents), but only 38 per cent of those who searched found similar sources. Some 23 FFB clients (31 per cent) were successful in raising

finance from these alternative sources, although only three (4 per cent) indicated that they would definitely have been able to raise the same amount in the absence of support. Adding these three users to the users who have received no funding through FFB, or refused/did not know the amount they had received (Table 8.1) gives a total of 14 per cent of users who did not benefit in some way from the support in terms of actually raising finance (or where the benefits cannot be established).

The vast majority of FFB users (86 per cent), therefore, either would have not been able to obtain any finance or would not have been able to raise as much commercially as they ended up receiving. FFB users have also gone on to achieve among the highest average achieved and anticipated gains in turnover and employment. Therefore, we can conclude that the vast majority of users of FFB fit the target profile, in that they had a viable business plan but were unable to obtain sufficient commercial finance to realise it.

8.3 Additionality

8.3.1 Additional finance obtained

In addition to the data on additionality reported in the previous section, respondents were directly asked if they would have been able to raise the finance they received from FFB elsewhere. Only 10 per cent of respondents considered that they would definitely have been able to raise other finance, while 49 per cent considered that they probably or definitely would not have been able to raise the other finance.

8.3.2 Deadweight and displacement effects

Businesses using FFB have benefited from improved skill levels and growth prospects which they would have been unlikely to acquire from private sector support – in particular, FFB users were the most likely out of the seven products to report that the support has led to the business being more likely to grow in the future (93 per cent), and reported impacts in the greatest number of skill areas on average (7.9), indicating broad-based improvements to a high number of users. Realised employment and, in particular, turnover increases have been substantially higher than in the absence of support; an overall increase of 36 per cent in the workforce of respondent businesses and a mean rise per business of 13 per cent in turnover were directly attributed to use of the support.

In general, therefore, FFB has had low deadweight effects, as confirmed by the low figure of 10 per cent of users who reported that they would definitely have been able to raise the same finance without the use of the support.

9 Product-specific impacts: Manufacturing Advisory Service

Key findings

- *Employment in businesses using MAS has increased by 2 per cent as a direct result of using the support, with further growth of 5 per cent anticipated in the future, among the lowest of the seven products, although the 18 per cent of jobs which have been retained by the support is among the highest. Turnover impacts are also slightly below average, with the mean achieved/anticipated growth in turnover per business being 29 per cent.*
- *The majority of businesses (70 per cent) indicated that MAS had clarified, identified or confirmed the issues within their businesses that required attention, and 60 per cent had started or already completed work relating to the recommendations. Slightly more users undertake work with some financial support from MAS than without.*
- *Nine in ten businesses had achieved or anticipated at least one outcome for their business in terms of efficiency or financial improvements as a result of MAS. The most common were improvements in sales and the ability to use external expertise and efficiency gains. Half of users had reduced costs, mostly by under ten per cent.*

9.1 Outcomes and outputs

MAS support is intended to identify obstacles to the business achieving its objectives and recommend ways to overcome these obstacles. As such, one of the key outputs associated with the product would be to clarify where the business needed to focus efforts to improve their efficiency and profitability. Table 9.1 shows that the majority of respondents did indeed benefit from MAS in this respect. Just under two-thirds of respondents (65 per cent) indicated that the support had clarified the issues from a range of concerns on which they needed to focus, and a similar proportion (62 per cent) indicated that it had confirmed the business needed to focus on a particular issue or issues. In many cases, MAS impacted in multiple areas: 34 per cent of respondents indicated that the MAS support had led to all three of these outcomes.

Table 9.1 Influence of MAS on the focus of business

Influence of MAS	No.	%
It clarified which issues we should be focusing on	98	64.9
It confirmed the need to focus on particular issues	94	62.3
It identified issues that we were previously unaware of	58	38.4
It had no influence on our decisions	23	15.2
None of these	19	12.6
Don't know	4	2.6

N=151 (multiple response permitted)

Respondents were asked about the actions which had already been undertaken within their business as part of (or following up on) the MAS support. As yet, 11 per cent of respondents had undertaken or

received none of the activities listed (Table 9.2). Of the remainder, the majority (68 per cent of all MAS respondents) had undertaken the initial review to identify issues and propose an action plan.⁷ Approximately one third of this group had not received a plan but not yet taken any action.

Table 9.2 Actions already completed as part of MAS

	<i>Count</i>	<i>Row N %</i>
Initial review to identify issues and problems to address and propose an action plan	102	67.5%
Started work to address action plan, but without MAS support	79	52.3%
Started a consultancy project with funding through MAS	69	45.7%
Completed a consultancy project with funding through MAS	62	41.1%
Completed work to address action plan, but without MAS support	55	36.4%
Received action plan but not progressed suggestions any further yet	36	23.8%
None of these	17	11.3%
Don't know	2	1.3%

N=151 (multiple answers permitted)

The responses of those who have taken action make it clear that businesses tend to organise the recommendations contained in the plan into different but parallel consultancy projects, some of which were accomplished with MAS funding, others without. For example, some 42 respondents (28 per cent of the total), indicated that they had started projects both with and without MAS funding, indicating the potential complexity and extent of the recommendations, while 90 respondents (60 per cent) had either started or completed work on the action plan recommendations, regardless of whether they had received MAS funding. However, progression without MAS support is slightly more common: 52 per cent of respondents had started work to address the action plan without support, compared with 46 per cent who had started work with some funding from MAS. It is possible that projects were continued without a subsidy (based on responses to the in-depth interviews with MAS recipients) because the business considered that they could complete it internally, or because subsidised support was not available or was considered unsuitable for some reason (e.g. the business did not consider that the consultants they were offered a choice of were acceptable).

Businesses reported a range of realised and anticipated outcomes as a result of the implementation of recommendations contained in the MAS report. The vast majority of businesses (89 per cent) indicated that they had achieved or anticipated achieving at least one of the outcomes listed in Table 9.3. Most respondents achieved multiple outcomes. The mean number of outcomes achieved or anticipated (including those achieving no outcomes) was five, with the median also being five.

The most common outcome achieved or anticipated to be achieved was an improvement in sales, reported by 58 per cent of respondents, followed by an improved ability to identify and access external expertise and increased efficiency (both reported by 56 per cent) and the introduction of new or improved products or processes (55 per cent). These findings indicate that MAS has an extensive

⁷ This is likely to be an underestimate, since other businesses which indicated that they had not had such a review had completed actions in the list which are usually contingent on first completing the review.

impact within client businesses, with outcomes typically reported in a number of different areas leading to greater efficiency and effectiveness.

Table 9.3 Outcomes achieved or anticipated to be achieved as a direct result of using MAS

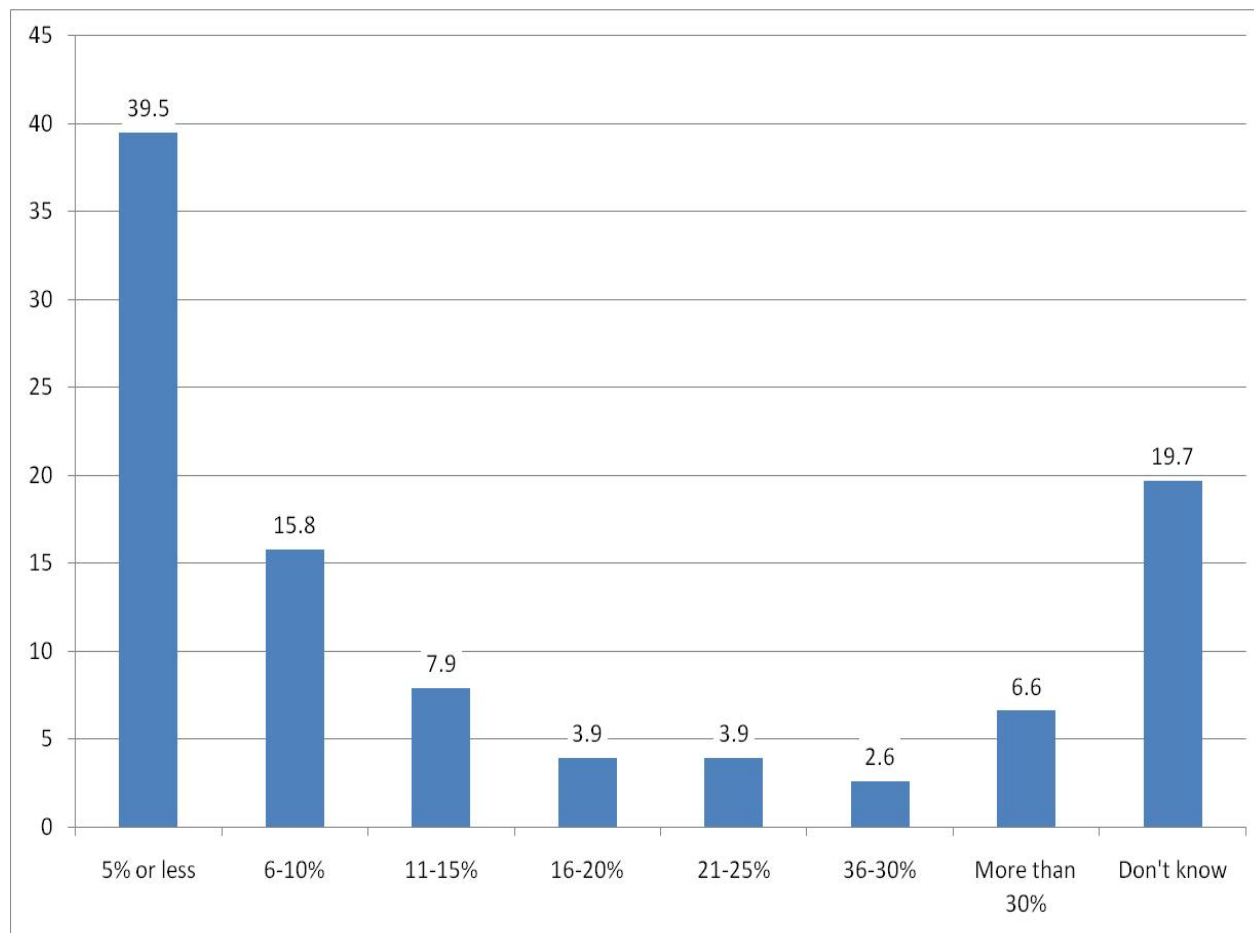
Improvements in sales	88	58.3
Improved ability to identify and access external expertise	85	56.3
Increased efficiency	85	56.3
Introduction of new or significantly improved products or processes	83	55.0
Introduction of new or significantly improved management practices	80	53.0
Improved understanding of the value of measuring your business performance	77	51.0
Reduced costs	76	50.3
Improved exchange of information with key customers or suppliers	73	48.3
Improved technical understanding or capability	66	43.7
Increased throughput	50	33.1
None of these	16	10.6

N=151 (multiple response permitted)

Those respondents who reported that they had achieved or anticipated a reduction in costs were asked to estimate the anticipated total size of this reduction (Figure 9.1).⁸ In most cases, the reduction was modest: 40 per cent of respondents reported cost reductions of 5 per cent or less, with a further 16 per cent reporting a reduction of 6-10 per cent. However, a high proportion of respondents (20 per cent) also reported that although they anticipated that costs would reduce, they could not currently quantify the extent of this reduction. This again reinforces the lag between receiving the support, implementing the recommendations and achieving a tangible outcome.

⁸ Note that we cannot distinguish between businesses by level of MAS support received to date, as the question asked for the total estimated reduction after the support was finished, including anticipated reductions in the future.

Figure 9.1 Percentage by which businesses estimate costs will reduce as a result of participation in MAS



N=76

In terms of skill development attributed to use of the product, users of MAS were generally the least likely to report an impact, with the proportion being similar to or below the average in all but one of the skill areas listed. However, this is likely to be due to the nature of the support, which aims to highlight areas of need where intervention can make the business more efficient, rather than developing skills and competencies *per se* (although this may be a by-product). For likely similar reasons, employment and turnover impacts are also generally below the average: total employment in respondent businesses has already increased by 2 per cent as a direct result of using MAS, with further growth of 5 per cent anticipated. However, 18 per cent of jobs have been retained, well above the average. The mean achieved/anticipated growth in turnover per business is 29 per cent, slightly below the average for all products.

9.2 Targeting

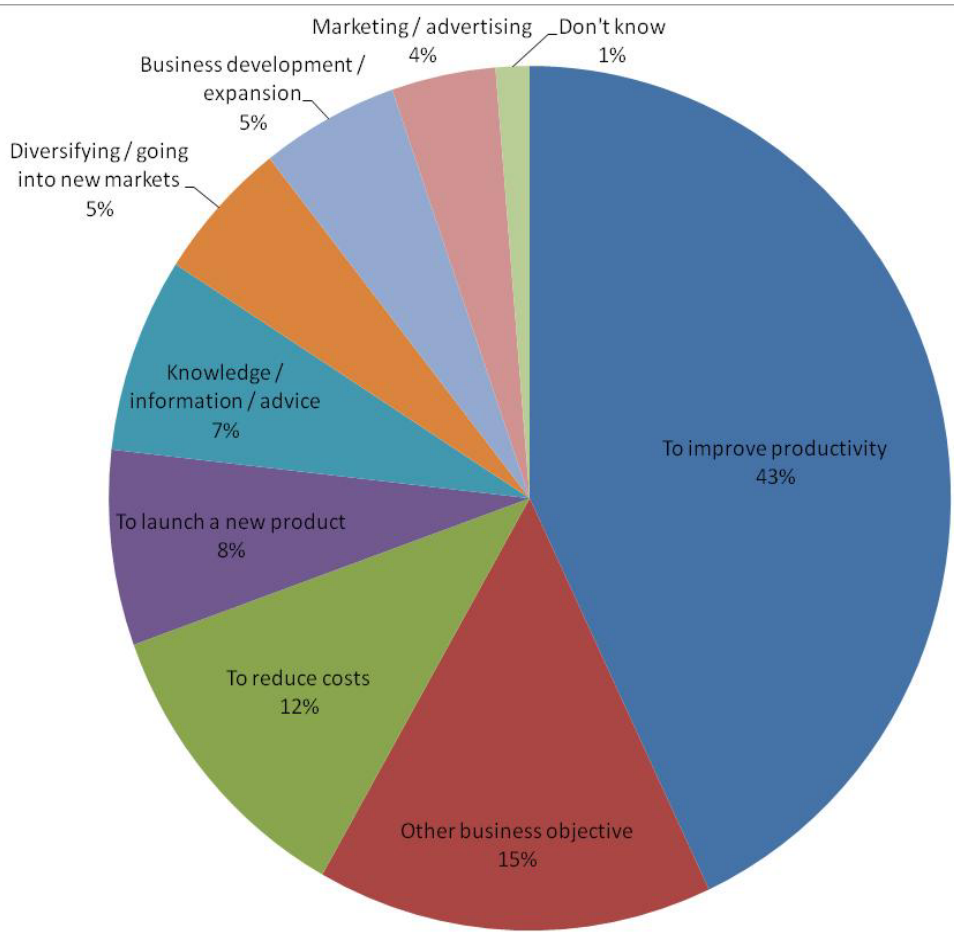
The target for MAS is manufacturing SMEs (with services to larger enterprises still provided but not eligible for subsidy). The vast majority of respondents were part of this target market in terms of size – only two businesses out of the 151 respondents had more than 250 employees.

In sectoral terms, discerning eligibility from a SIC classification is more difficult; MAS guidelines state that: *'The modern definition of manufacturing is broad. The full cycle of activities from research, design and*

development, production, logistics, and service provision to end of life management.’ Thus, while 68 per cent of respondents fall under ‘traditional’ manufacturing sectors, and a further 15 per cent are classified as professional engineering businesses, the remaining 17 per cent fall under a wide range of sectoral classifications.

In terms of the support provided, MAS’s principal offer is a manufacturing review: an assessment and diagnostic of the business that highlights areas for improvement, with signposts to suitable support (which may be subsidised). In non-manufacturing areas, MAS will signpost or refer to more suitable organisations to deliver support. Figure 9.2 shows the primary business objective for respondent businesses applying to MAS. The most common objective was to improve productivity, reported by 43 per cent of respondents, with explicitly ‘non-manufacturing’ objectives (e.g. marketing/advertising) sought by only a minority of respondents (4 per cent).

Figure 9.2 Primary business objective when first applying to MAS



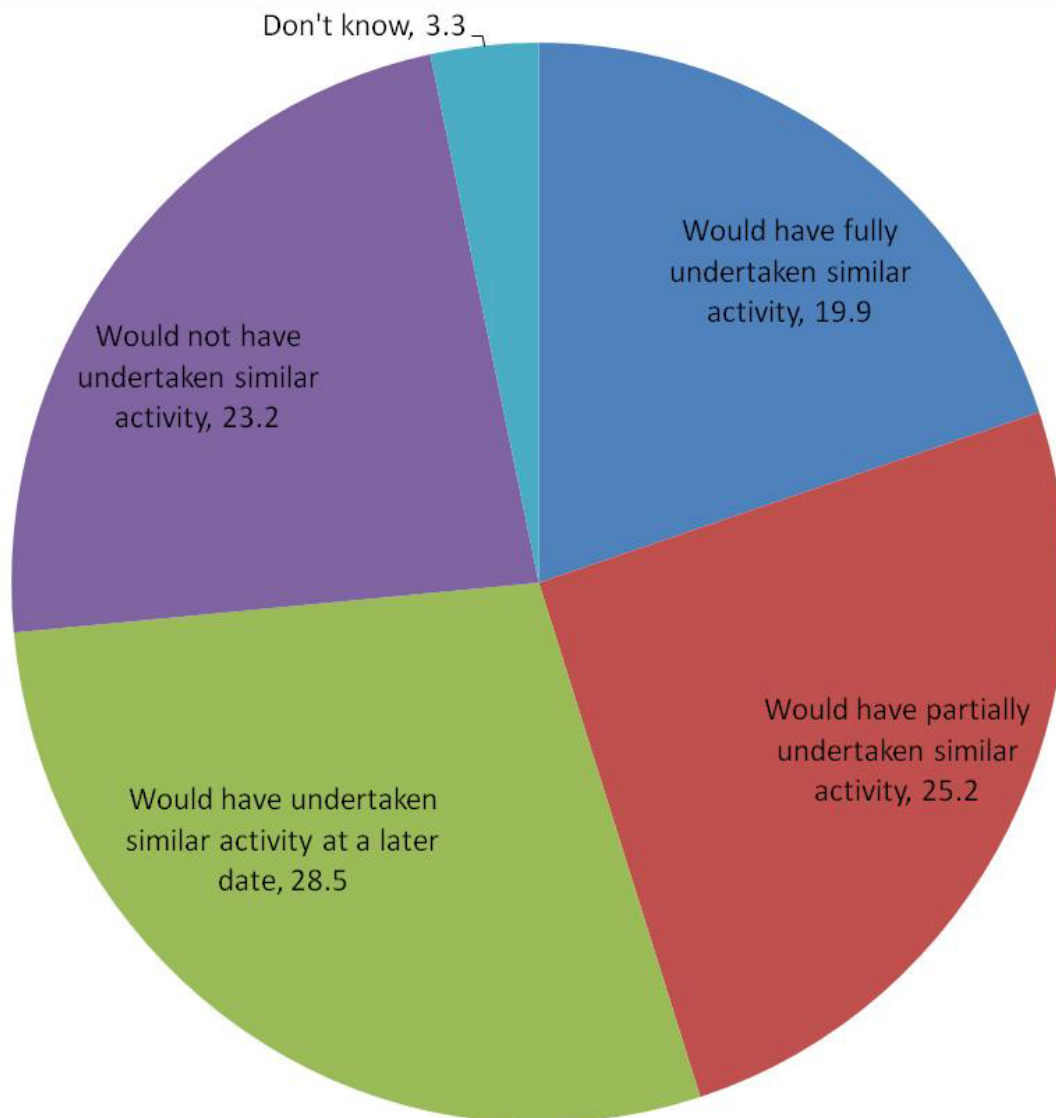
N=151

9.3 Additionality

In order to gauge the additionality of MAS, users were asked if they would have undertaken similar actions if they had not received MAS support (Figure 9.3). In only 20 per cent of cases was MAS reported to have had no additionality at all, i.e. the business would have undertaken similar activity at a similar time. In 77 per cent of cases, MAS made a difference to the activity they undertook, either in

terms of implementing activities they would not have undertaken at all or undertaken only in part (48 per cent) or in terms of accelerating the timescale for undertaking such activity (29 per cent).

Figure 9.3 Extent to which business would have undertaken similar actions without participation in MAS



N=151

9.3.1 Deadweight and displacement effects

Businesses using MAS have benefited from a diagnostic which identified obstacles to growth which either would not have been otherwise identified, or would have taken longer to identify and/or resolve. Only 20 per cent of users reported that they would have taken similar actions in a similar timeframe in the absence of support, indicating a relatively low deadweight loss.

10 Product-specific impacts: Knowledge Transfer Partnerships

Key findings

- *Turnover and employment gains attributable to the use of the product were the lowest of the seven products. However, this is connected to the nature of the support, and the substantially larger average size of KTP users than users of other products, making it more difficult for a single project to have a large impact on the turnover and employment of the entire business.*
- *The impact of KTP is concentrated more in particular areas of the business, in particular capability to innovate. 86 per cent of users reported that they had increased their capability to develop new products or service, and 75 per cent had actually introduced new or improved products since using the support. 74 per cent of respondents had enhanced their technical understanding.*
- *Only six per cent of KTP users reported that they would have achieved similar results in a similar timescale in the absence of using KTP, indicating a high level of additionality.*

10.1 Outcomes and outputs

KTP aims to increase exchanges between businesses and knowledge base institutions, encouraging a cultural change where businesses share the risks and costs associated with innovation collaborations. The main outputs from the perspective of client businesses are changes involving the application of knowledge to improve products, services or processes.

Table 10.1 shows that businesses have undertaken a wide range of activity to this end; on average, businesses had undertaken 8 of these activities (in terms of both the median and the mode), emphasising the wide and diverse range of benefits which KTP participation can impart to the business. The most common action undertaken was the introduction of new or improved products (75 per cent of respondents), closely followed by an enhancement of technical understanding (74 per cent).

KTP users were significantly more likely than average to report that the support gave them greater capability to develop new products or services (86 per cent of respondents), reflecting the objectives of the product. Total employment in respondent businesses has already increased by 0.6 per cent as a direct result of using KTP, with further growth of 2.1 per cent anticipated, both well below the average for all products. Similarly, the mean achieved/anticipated growth in turnover per business is 15 per cent, well below the average for all products. However, the long-term nature of innovation and product development processes mean that it is likely to take longer for the ultimate benefits to be realised.

Table 10.1 Activity in respondent business as a direct result of accessing KTP

	No	%
Introduction of new or significantly improved products	113	74.8
Improved technical understanding or capability	111	73.5
Introduction of new or significantly improved processes	104	68.9
A collaboration with a knowledge based institution	103	68.2
Improved ability to identify and access external expertise	100	66.2
Improved exchange of information with key customers or suppliers	98	64.9
Improved management of innovation processes	88	58.3
Extra spending on research and development	72	47.7
Access to new markets or customers	70	46.4
Improved ability to identify strengths and weaknesses as a company	68	45.0
Introduction of new or significantly improved management practices	62	41.1
Increased efficiency	57	37.7
New IPR registrations	49	32.5
Collaborations with other businesses	49	32.5
Improved understanding of the value of measuring your business performance	45	29.8
None of these	1	0.7

N=151 (multiple response permitted)

In addition, respondents were satisfied with the performance of the KTP associate within their business, with 78 per cent reporting that their performance was fairly or very good (Table 10.2).

Table 10.2 Performance of KTP associate

	No.	%
Very poor	1	0.7%
Fairly poor	4	2.6%
Neither poor nor good	14	9.3%
Fairly good	47	31.1%
Very good	70	46.4%
Not applicable - do not have an associate	5	3.3%
Other	3	2.0%
Don't know	7	4.6%

N=151

10.2 Targeting

KTPs are available to a broad range of businesses from a wide variety of sectors. The SfB description highlights 'willingness and potential to innovate' as a key determinant of eligibility. As shown by Table

10.1 above, the majority of businesses have undertaken at least one action which falls under this description, indicating that respondents have been correctly targeted by KTP.

10.3 Additionality

KTP was seen as highly additional by respondent businesses. Only 6 per cent of users indicated that they would have achieved similar results in the absence of KTP, while 18 per cent reported that they definitely would not have achieved similar results (Table 10.3).

Table 10.3 Contribution of KTP to respondent business

	No.	%
We would have achieved similar results anyway	9	6.0%
We would achieve similar results, but it would (have) take(n) longer	38	25.2%
We would achieve some but not all of the results	33	21.9%
We probably not achieve similar results	41	27.2%
We definitely would not achieve similar results	27	17.9%
None of these	3	2.0%

N=151

10.3.1 Deadweight and displacement effects

Businesses have benefited from an exchange of knowledge with an educational institution which has facilitated a developmental project which either would not have happened at all, or would have happened at a smaller scale and/or over a longer timeframe – the very low figure of six per cent of users who indicated that they would have achieved similar results in a similar timeframe indicates a low degree of deadweight loss.

11 Product-specific impacts: Grant for Research & Development

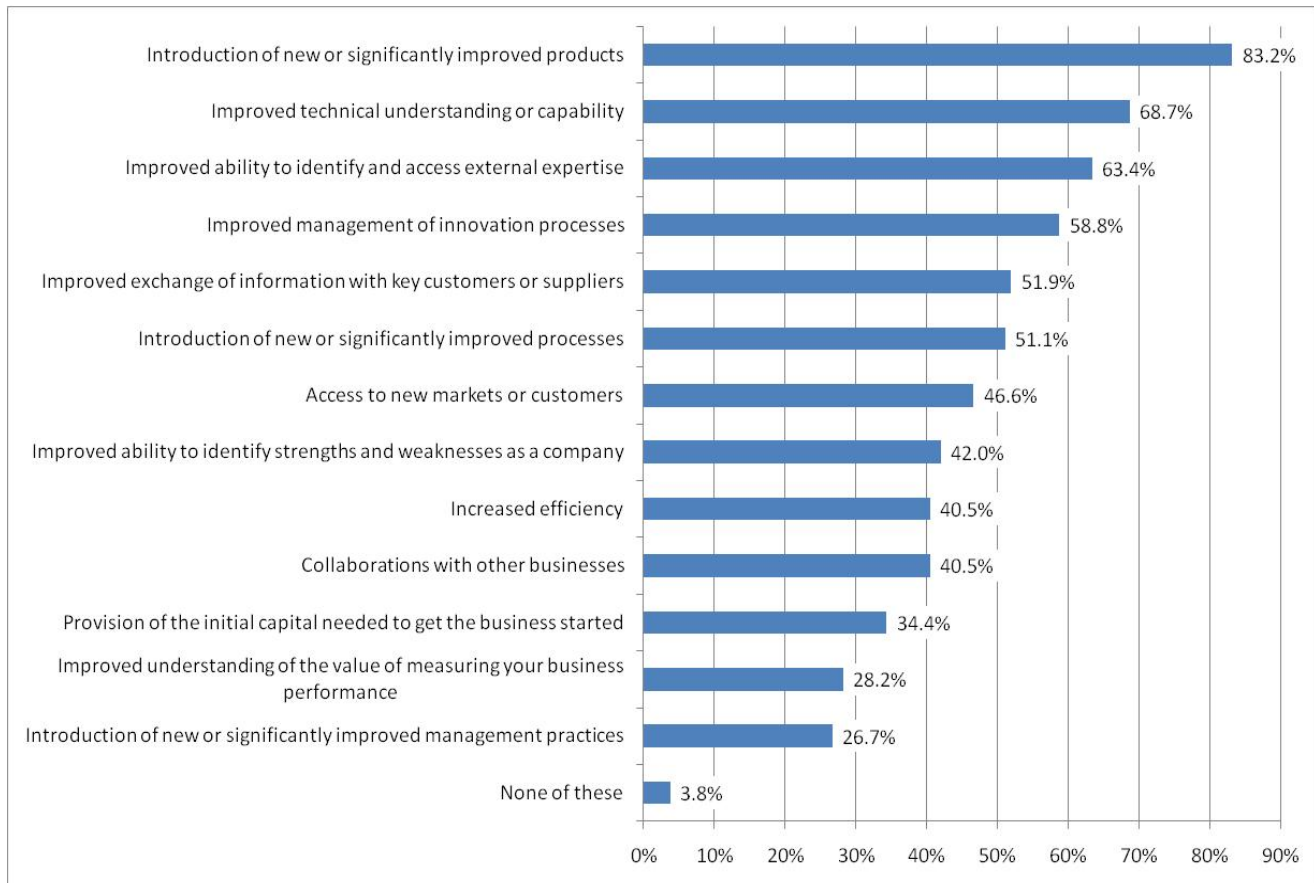
Key findings

- GRD users reported above average impacts on employment, with the workforce having already increased by five per cent and anticipated to grow by 21 per cent as a direct result of using the support. The mean achieved/anticipated growth in turnover per business is 62 per cent, the second highest of the products.
- 83 per cent of users have introduced or anticipate introducing new or improved products as a result of using the support, while 89 per cent reported that the support gave them greater capability to develop new products or services, the highest proportion among the seven products. 49 per cent of GRD users have already increased R&D activity, and 55 per cent anticipate increasing it in the future.
- More tangible outcomes were reported as achieved or anticipated by 90 per cent of respondents, in particular the production of a prototype or demonstration model (both undertaken by 75 per cent). 60 per cent have been granted or anticipate being granted a patent.
- In only three per cent of cases would respondent have gone ahead with a project of a similar scale in a similar timeframe in the absence of obtaining GRD, demonstrating the high level of additionality of the support.

11.1 Outcomes and outputs

GRD aims to increase business involvement in R&D where expected results are high risk or uncertain, or where ability to commercially exploit the results is seen as a barrier. As such, the main output would be an increase in both innovation activity and the commercial exploitation of innovative products and services by supported businesses. Figure 11.1 shows the main activities undertaken by users of GRD. On average (in terms of both the median and the mean), businesses have undertaken or anticipate undertaking six of these actions, indicating the wide and diverse range of benefits potentially associated with use of GRD. Only 4 per cent of businesses had undertaken none of the actions listed, possibly because they were still at an early stage of accessing the product.

Figure 11.1 Achieved or anticipated activity as a direct result of using GRD

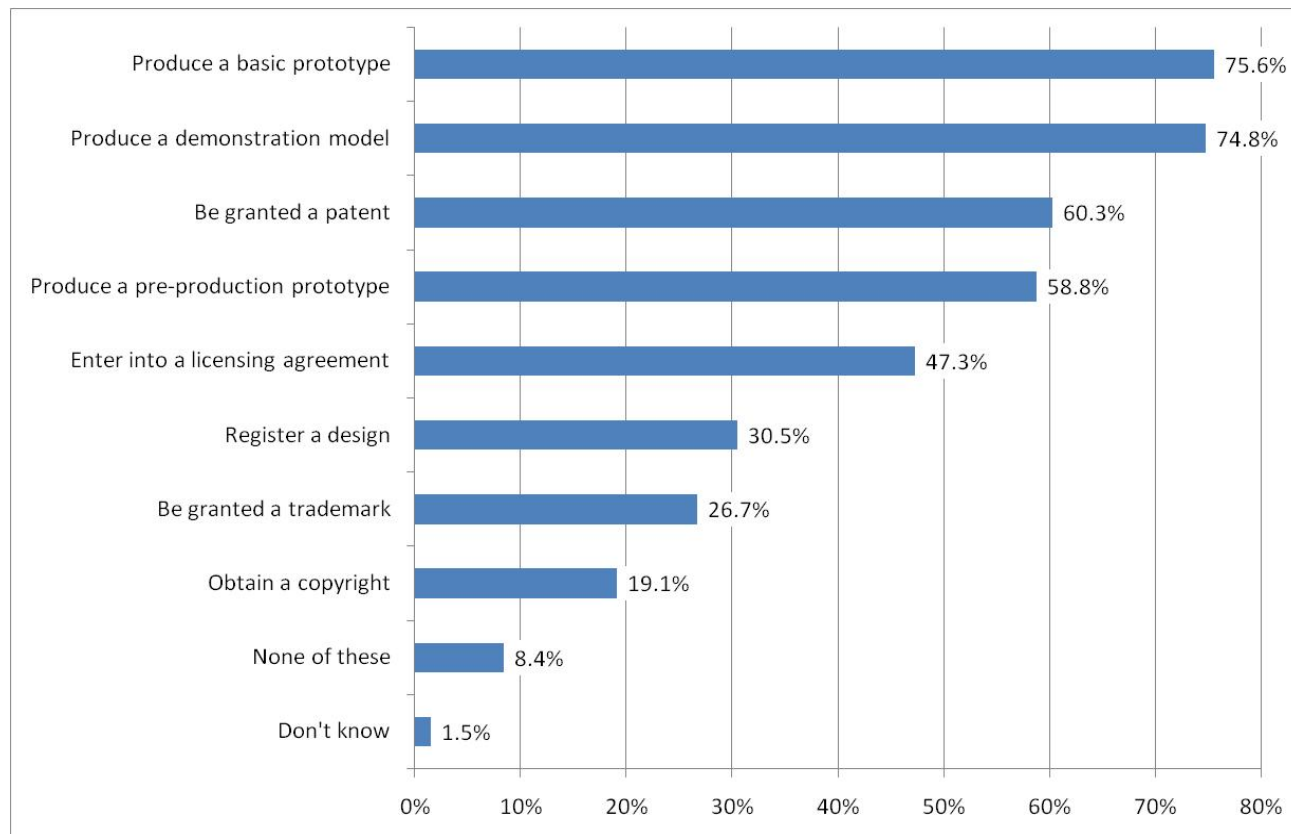


N=131

The most common output from the use of GRD was the introduction of new or improved products, reported by 83 per cent of respondents, followed by improved technical understanding (69 per cent) and an improved ability to identify external expertise by 63 per cent.

In addition, most respondents (90 per cent) have undertaken at least one more tangible action related to their participation in GRD (Figure 11.2). The most common activities have been related to prototypes. The production of a basic prototype or a demonstration model have both been undertaken by three-quarters of respondents, while 59 per cent have produced a pre-production prototype (in 48 per cent of cases, all three of these actions have been undertaken). Intellectual property-related activities are also common, with 60 per cent of respondents having been granted a patent, 31 per cent having registered a design 27 per cent being granted a trademark and 19 per cent a copyright.

Figure 11.2 Activities undertaken or anticipated as a result of using GRD



N=131

Most businesses have already increased the amount of R&D activity undertaken, or anticipate increasing it in the future. Some 55 per cent anticipate a greater amount of R&D activity within their business, while 49 per cent have already increased it. Only 19 per cent of respondents have not and had no intention of expanding R&D activity (although the quality of existing activity may have been enhanced). Furthermore, 81 per cent of respondents consider that they are better placed to obtain financial assistance in the future.

GRD users were the most likely to report that the support gave them greater capability to develop new products or services (89 per cent), and were significantly more likely than average to report that they had improved exporting skills (36 per cent) or started to export (28 per cent), and that the business was more likely to grow in future (91 per cent). Total employment in respondent businesses has already increased by five per cent as a direct result of using GRD, with further growth of 21 per cent anticipated, both well above the average for all products. Similarly, the mean achieved/anticipated growth in turnover per business is 62 per cent, the second highest of the products.

11.2 Targeting and additionality

GRD is intended to fund R&D activity in cases where it would not otherwise have gone ahead. Thus, respondents were asked whether the project funded by GRD would have gone ahead if they had not received the grant. In 58 per cent of cases, the project would not have gone ahead at all. In a further 19 per cent of cases, the project would have taken longer, while 12 per cent of respondents would have had to delay the start of the project. In only 3 per cent of businesses would the project have gone

ahead at a similar timeframe and scale as happened with the assistance of the grant, while in 4 per cent of businesses the same project would have been partially undertaken. This suggests that the targeting of GRD has been very successful, and the support has been highly additional.

11.2.1 Deadweight and displacement effects

Businesses using GRD have benefited from funding which has enabled R&D activity to take place which otherwise would not have happened, or would have occurred at a smaller scale or over a longer timeframe than occurred. The very low figure of three per cent of users who reported that the R&D project funded by GRD would have gone ahead in an identical manner in the absence of support implies a very low level of deadweight loss.

Appendix I Questionnaire

Solutions for Business Monitor Questionnaire V0.09 (31st January 2011)

Sample Type (for quotas)	
Manufacturing Advisory Service (MAS)	1
Grant for Research and Development (GRD)	2
Starting a High Growth Business (SaHGB)	3
Knowledge Transfer Partnerships (KTP)	4
Understanding Finance for Business (UFFB)	5
Coaching for High Growth (CHG)	6
Finance for Business (FFB)	7

N1 **Good morning/afternoon/evening. My name is (INTERVIEWER NAME) from IFF Research. Please could I speak to [NAMED RESPONDENT]?**

ASK IF SPEAKING TO NAMED RESPONDENT

I am calling from IFF Research, an independent market research agency. We have been commissioned by the Department for Business, Innovation & Skills conduct an evaluation of business support and advice schemes. I understand that in the past two years, you may have received business support, advice or finance through the Government or one of its agencies.

(ADD IF MAS) This may have involved participating in the Manufacturing Advisory Service

(ADD IF GRD) This may have involved you being given a grant for research development

(ADD IF SaHGB) This may have support or advice on starting a high growth business

(ADD IF KTP) This may have involved a partnership or advice with a further or higher education institution as part of the Knowledge Transfer Partnership scheme

(ADD IF UFFB) This may have involved advice or a course on understanding finance for business

(ADD IF CHG) This may have involved coaching for high growth

(ADD IF FFB) This may have involved you receiving Government or private sector funding or equity

(ALL) Would you be able to spare some time to help us with our study – it would take the form of a telephone interview that would last approximately 15-20 minutes?

IF RESPONDENT CLAIMS NOT TO HAVE RECEIVED BUSINESS SUPPORT ADVICE ADD: The advice or finance may have been delivered by an appointed agency. It may have comprised face-to-face meetings with advisers, attendance at seminars or support obtaining finance

REASSURANCES – USE IF NECESSARY

- This survey is being conducted for the Department of Business, Innovation & Skills with the aim of improving the types of advice that are available. Please be assured that the survey is completely confidential and that you and your business will not be identified in relation to the results of the survey.
- IFF Research Ltd is an independent market research company. All our work is carried out according to the Code of Conduct of the Market Research Society. If you wish to check IFF's credentials, you can call the MRS, free of charge, on 0500 39 69 99
- Your details were selected at random from lists supplied by Business Link or other organisations that may have given you business advice
- If you would like to speak to someone at IFF you can call Lydia Reynolds or John Newton on 020 7250 3035

IF SOMEBODY ELSE IN THE ORGANISATION PARTICIPATED IN A SCHEME, NOT THE RESPONDENT, ASK FOR A TRANSFER

- | | |
|--------------------------------------|---|
| - Continue | 1 |
| - Transfer to another person | 2 |
| - Claims not to have received advice | 3 |
| - Refused | 4 |
| - Hard appointment | 5 |
| - Soft appointment | 6 |
| - Dead/unobtainable number | 7 |
| - Other (SPECIFY) | 8 |

SECTION ONE: SCREENER

- S1 **Can I just check, in the last two years have you been given any business support advice or finance through the Government or one of its agencies? This might have comprise face-to-face meetings with advisors or attendance at seminars.**

- | | |
|------------|---|
| Yes | 1 |
| No | 2 |
| Don't know | 3 |

IF NO BUSINESS ADVICE RECEIVED (S1 CODE '9') GO TO THANK AND CLOSE

ASK IF SAMPLE TYPE 1 (MAS), BUT NOT S1 '1'. OTHERS GO TO FILTER BEFORE S1b

- S1a. **The Manufacturing Advisory Service or MAS is a business support programme for manufacturing companies delivering hand-on advice and assistance from experts in a wide range of manufacturing disciplines. Can I check, does this sound like the type of business support you received?**

- | | | |
|------------|---|-------------------|
| Yes | 1 | > GO TO S2 |
| No | 2 | > THANK AND CLOSE |
| Don't know | 3 | > THANK AND CLOSE |

ASK IF SAMPLE TYPE 2 (GRD), BUT NOT S1 '1'. OTHERS GO TO FILTER BEFORE S1c

S1b. **The Grant for Research and development scheme is designed to provide grants towards the costs associated with the research and development of technologically innovative products and processes. Four types of products are supported: micro products, research projects, development projects and exceptional projects. Can I check, does this sound like the type of business support you received?**

Yes	1	> GO TO S2
No	2	> THANK AND CLOSE
Don't know	3	> THANK AND CLOSE

ASK IF SAMPLE TYPE 3 OR 6 (SaHGB OR CHG), BUT NOT S1 '1'. OTHERS GO TO FILTER BEFORE S1c

S1c. **Was the advice you received geared towards firms with a high growth potential? By this I mean a business that might have a turnover of £500,000 or more within 3 years of starting?**

Yes	1	> GO TO S2
No	2	> THANK AND CLOSE
Don't know	3	> THANK AND CLOSE

ASK IF SAMPLE TYPE 4 (KTP), BUT NOT S1 '1'. OTHERS GO TO FILTER BEFORE S1e

S1d. **The Knowledge Transfer Partnership aims to increase knowledge transfer into UK businesses from further or higher education institutions and research organisations in the UK. Can I check, does this sound like the type of business support you received?**

Yes	1	> GO TO S2
No	2	> THANK AND CLOSE
Don't know	3	> THANK AND CLOSE

ASK IF SAMPLE TYPE 7 (FFB), BUT NOT S1 '1'. OTHERS GO TO FILTER BEFORE S1f

S1e. **Finance for Business offers a range of financial solutions including debt and equity for businesses which have a viable business plan. Some of this finance is delivered by private sector providers. Can I check, does this sound like something you have received?**

Yes	1	> GO TO S2
No	2	> THANK AND CLOSE
Don't know	3	> THANK AND CLOSE

ASK IF SAMPLE TYPE 5 (UFFB), BUT NOT S1 '1'. OTHERS GO TO S2

S1f. **Understanding Finance for Business is a free programme to help identify and secure the right type of finance for your business. It involves attendance at seminars or workshops. Can I check, does this sound like something you have participated in?**

Yes	1	> GO TO S2
No	2	> THANK AND CLOSE
Don't know	3	> THANK AND CLOSE

ASK ALL

S2. **Can I check, do you currently own or part own a business that is up and running, or are you self-employed?**

Have a business	1
Self employed	2
Neither	3

IF NO BUSINESS (S2 '3') THANK AND CLOSE, UNLESS SELECTED FOR STARTING A HIGH GROWTH BUSINESS (SaHGB)

Quotas (from sample type)	Has a Business (S2 '1-2')	No business (S2 '3')	Total
Manufacturing Advisory Service (MAS)	150	0	150
Grant for Research and Development (GRD)	150	0	150
Starting a High Growth Business (SaHGB)	100-150	0-50	150
Knowledge Transfer Partnerships (KTP)	150	0	150
Understanding Finance for Business (UFFB)	150	0	150
Coaching for High Growth (CHG)	150	0	150
Finance for Business (FB)	150	0	150

NB: S3-S6 DELETED (MOVED TO SUB)

ASK ALL

S7 **Who was mainly responsible for providing the advice (ADD IF FFB or finance) you got in the last 2 years? Was it.....? READ OUT**

- **Business Link?** 1
- REGIONAL DEVELOPMENT AGENCY (SEE NOTE BELOW⁹) 2
- **A private firm authorised to do this on behalf of the Government?** 3
- **The Technology Strategy Board (TSB)** 4
- **Somebody else (SPECIFY)** 5
- Don't know 6

S8 DELETED

S9 **Were you aware that the business support and advice given was part of a national initiative known as 'Solutions for Business'?**

- Yes 1
- No 2
- Don't know 3

SECTION TWO: GROWTH

⁹ The text here is taken from the sample as follows:

North East = One North East (the Regional Development Agency for the North East of England)

North West = the North West Development Agency

Yorkshire & Humberside = Yorkshire Forward (the Regional Development Agency for Yorkshire and Humberside)

West Midlands = Advantage West Midlands (the Regional Development Agency for the West Midlands)

East Midlands = the East Midlands Development Agency

East of England = the East of England Development Agency

South East = the South East England Development Agency

London = the London Development Agency

South West = the South West Regional Development Agency

ASK IF CURRENTLY HAVE A BUSINESS (S2 '1-2'). OTHERS GO TO SECTION 3

G1 **I would like to ask you some questions that will help us know more about your business. What is your position in your business?** READ OUT. SINGLE CODE ONLY

- Owner/proprietor/self-employed) 1
- Co-owner or partner 2
- A Director 3
- A Manager 4
- Another sort of employee 5
- Other (SPECIFY) 6

G2 **How many employees does your business currently employ across all sites, excluding owners and partners?**

Enter Number (RANGE 0-999)

Don't know

Refused

ASK IF DK/UNCERTAIN HOW MANY EMPLOYEES AT G2. OTHERS GO TO G4

G3 **Could you please tell me, is it... ?** READ OUT. SINGLE-CODE

- 0 employees 1
- 1-9 employees 2
- 10-49 employees 3
- 50-249 employees 4
- 250+ employees 5
- Refused 6
- Don't know 7

ASK ALL CURRENTLY WITH A BUSINESS

G4 **Can I check, was your business running 12 months ago?**

- Yes 1
- No 2

ASK ALL THAT HAD A BUSINESS 12 MONTHS AGO (G4 '1'). OTHERS GO TO G7

G5 **How many people did your business employ 12 months ago across all sites (still excluding owners and partners)?**

Enter Number (RANGE 0-999)

Don't know

Refused

ASK IF DK/UNCERTAIN HOW MANY EMPLOYEES EMPLOYED 12 MONTHS AGO AT G5. OTHERS GO TO G7

G6 **Could you please tell me, was it... ?** READ OUT. SINGLE-CODE

- More than currently 1
- The same 2
- Fewer 3
- Refused 4
- Don't know 5

ASK ALL THAT CURRENTLY HAVE BUSINESSES

G7. **Can you please tell me the approximate turnover of your business in the past 12 months?** READ OUT IF NECESSARY

Less than £67,000.....	1
£67,000 - £99,000.....	2
£100,000 - £249,999.....	3
£250,000 - £499,999.....	4
£500,000 - £999,999.....	5
£1m – £1.49m.....	6
£1.5m - £2.8m.....	7
More than £2.8m.....	8
Not applicable – not trading that long.....	9
Don't know.....	10
Refused.....	11

ASK ALL THAT HAD A BUSINESS 12 MONTHS AGO (G4 '1'). OTHERS GO TO G11

G8. **Compared with the previous 12 months, has your turnover in the past 12 months increased, decreased or stayed roughly the same?** SINGLE-CODE

Increased.....	1
Decreased.....	2
Stayed the same.....	3
Don't know.....	4
Refused.....	5

ASK IF TURNOVER HAS INCREASED/DECREASED (G8/1-2), OTHERS GO TO G11

G9. **By approximately what percentage did your turnover (IF G8/1) increase (IF G8/2) decrease in the past 12 months, compared with the previous 12 months?** SINGLE-CODE

Enter percentage (RANGE 0-100% FOR DECREASE; 0-99,999% FOR INCREASE)
 Don't know/Uncertain
 Refused

ASK IF DON'T KNOW HOW MUCH TURNOVER INCREASED/DECREASED AT G9. OTHERS GO TO G11

G10. **Would you say it [Text substitution: (IF G8/1) increased (IF G8/2) decreased] by up to 10% or by 10% or more?**

Up to 10%.....	1
10% or more.....	2
Don't know.....	3

ASK ALL IN BUSINESS

G11. **Over the next two to three years, do you aim to grow your business?** SINGLE-CODE

Yes.....	1
No.....	2
Unwilling to answer.....	3

SECTION THREE: PROCESS QUESTIONS

ASK ALL SAMPLE TYPE 1 ONLY (MAS). OTHERS GO TO P2

P1¹⁰ **What was your primary business objectives when you first decided to apply for the Manufacturing Advisory Scheme? Was it... READ OUT, SINGLE CODE ONLY**

- To improve productivity? 1
- To reduce costs?..... 2
- Or, something else (SPECIFY) 3
- Don't know..... 4

P1a¹¹ **Approximately how many management days would you say were spent in applying for the scheme?**
NB: ROUND UP TO THE NEAREST DAY

Enter Number (RANGE 0-999)
Don't know
Refused

NB: NO P2-P7

ASK ALL

P8¹² **Thinking back to around the time when you applied for your support (ADD IF FFB or finance), how well or poorly would you rate the following on a scale of 1 to 5 where five is very good and one is very poor. Firstly..... RANDOMISE ORDER OF READING. PROBE FOR VERY/FAIRLY GOOD/POOR**

- a. **The written information to assist you in preparing your application, including the guidance notes?**
- b. **The verbal advice you received from (INSTITUTION AT S7) in preparing your application?**
- c. **The transparency of the application process in terms of you being kept informed of progress and understanding what had happened to the application?**
- d. **The efficiency of the whole process in terms of the way in which the whole scheme is run, not just the application process?**

USE THIS SCALE

Very poor	1
Fairly poor	2
Neither poor nor good	3
Fairly good	4
Very good	5
Don't know	6

P9¹³ **And again thinking back to the time of application, how would you rate the following on a scale of 1 to 5 where five is very clear and one is not at all clear. Firstly..... ROTATE ORDER OF READING. PROBE FOR VERY/FAIRLY GOOD/POOR**

- a) **The criteria for eligibility?**

¹⁰ A7 in BSCPMS wave 9

¹¹ E1c in BSCPMS wave 9

¹² B1b, B1b5, B1b7 and B1f in BSCPMS Wave 7

¹³ C3a and C3a5 in BSCPMS Wave 7, now asked of all

b) **The terms and conditions as laid out in the offer letter?**

USE THIS SCALE

- | | | |
|----|------------------|---|
| 1. | Not at all clear | 1 |
| 2. | 2 | |
| 3. | 3 | |
| 4. | 4 | |
| 5. | Very clear | 5 |
| 6. | Don't know | 6 |

ASK USERS OF MAS ONLY (SAMPLE TYPE 1). OTHERS GO TO P11

P10¹⁴ **Which of the following have you already done as part of the Manufacturing Advisory scheme? READ OUT ALL, MULTICODE**

Had an initial review to identify issues and problems to address and propose

- an action plan** 1
- Started a consultancy project with funding through MAS**..... 2
- Completed a consultancy project with funding through MAS** 3
- Started work to address action plan, but without MAS support** 4
- Completed work to address action plan, but without MAS support**..... 5
- Received action plan but not progressed suggestions any further yet** 6
- None of these 7
- Don't know..... 8

ASK ALL

P11 **How did you first find out about the support? Was it... READ OUT. MULTICODE OK**

- Through the Business Link website** 1
- Through direct mailing** 2
- Through telephone contact from Business Link** 3
- Through a recommendation by business contacts** 4
- Through a recommendation by external advisers** 5
- Through the media (e.g. newspaper, radio, tv)**..... 6
- Via a Trade Association** 7
- Via an accountant** 8
- Through friends and family** 9
- Or in some other way (SPECIFY)** 10
- Don't know 11

¹⁴ S4a2 in BSCPMS Wave 9

P12 Did you investigate if there were any alternative sources of similar business support or finance available? IF YES: PROBE WHETHER INVESTIGATED BUSINESS SUPPORT OR FINANCE

- Yes – business support only 1
- Yes – finance only 2
- Yes – both business support and finance 3
- No 4
- Don't know 5

ASK IF INVESTIGATED ANY OTHER SOURCES OF BUSINESS SUPPORT (P12 '1' OR 3).. OTHERS GO TO FILTER BEFORE P12b

P12a Did you find any alternative sources? IF YES: What were these? MULTICODE OK. DO NOT READ OUT

WRITE IN _____

- No – did not find any other sources 2
- Don't know 3

ASK IF INVESTIGATED ANY OTHER SOURCES OF FINANCE (P12 '2' or '3'). OTHERS GO TO P13

P12b Did you apply for any alternative sources of finance? IF YES: What were these? MULTICODE 1-9 OK.

- Bank loan 1
- Bank overdraft 2
- Business angel investment 3
- Venture capital 4
- Loans/equity from directors or shareholders 5
- Factoring/invoice discounting 6
- Leasing 7
- Credit cards 8

- Other (SPECIFY) 9
- No – did not apply 10
- Don't know 11
- Refused 12

ASK IF APPLIED FOR ANY ALTERNATIVE SOURCES OF FINANCE AT P12b (1-9), OTHERS GO TO P13

P12c Were you successful in gaining any of these alternative sources of finance? IF YES: Which? ONLY SHOW THOSE MENTIONED AT P12b. MULTICODE 1-9 OK

- Bank loan 1
- Bank overdraft 2
- Business angel investment 3
- Venture capital 4
- Loans/equity from directors or shareholders 5
- Factoring/invoice discounting 6
- Leasing 7
- Credit cards 8

- Other (SPECIFY) 9
- No – not successful 10
- Don't know 11
- Refused 12

P12d If you had not been able to access the funding to what extent do you think you would have been able to raise the same amount elsewhere? READ OUT. SINGLE CODE ONLY

- You definitely would have been able to raise the same amount** 1
- You probably would have been able to raise the same amount** 2
- You probably would not have been able to raise the same amount** 3

You definitely would not have been able to raise the same amount	4
Other (SPECIFY)	5
Don't know	6

ASK ALL

P13 **To what extent would you agree or disagree with the statement 'the support has provided me with something, or will provide me with something I could not have got from any other source'?** PROBE FOR (DIS) AGREE STRONGLY OR SLIGHTLY

- 1 Strongly agree
- 2 Slightly agree
- 3 Neither agree nor disagree
- 4 Slightly disagree
- 5 Strongly disagree
- Don't know

SECTION FOUR: IMPACTS

ASK ALL CURRENTLY IN BUSINESS (S2 '1-2'). OTHERS GO TO SECTION 5A

IM1 As a direct result of using the support have you, or do you expect to, increase the number of people employed by your company, or safeguard any existing jobs? Please exclude yourself and any other owners and partners when considering this.

Yes, increase	1
Yes, safeguard	2
Yes, both	3
No	4
Too early to say	5
Don't know	6

ASK IF INCREASED NUMBER OF PEOPLE EMPLOYED (IM1 '1' OR '3'). OTHERS GO TO FILTER BEFORE IM7

IM2 Approximately how many more people have already been employed by your business as a direct result of having the support?

Enter Number (RANGE 0-999)
Don't know
Refused

IM3 And approximately how many more people do you expect to employ as a direct result of having the support?

Enter Number (RANGE 0-999)
Don't know
Refused

IM4 DELETED

IM5 Would these increases in employment levels have occurred as quickly if you had not had the support?

Yes	1
No	2
Don't know	3

IM6 DELETED

ASK IF SAFEGUARDED JOBS (IM1 '2' OR '3'). OTHERS GO TO IM8

IM7 **Approximately how many jobs have been or will be safeguarded as a direct result of using the support? Please exclude yourself and any other owners and partners when considering this.**

Enter Number (RANGE 0-999)

Don't know

Refused

ASK ALL CURRENTLY IN BUSINESS

IM8 **As a direct result of using the support, has your business experienced, or do you expect to experience, an increase in turnover?**

- | | |
|---|---|
| Already experienced | 1 |
| Expect an increase | 2 |
| Both experienced and expect an increase | 3 |
| No | 4 |
| Too early to say | 5 |
| Don't know | 6 |

ASK IF EXPERIENCED INCREASE IN TURNOVER (IM8 '1' OR '3'). OTHERS GO TO FILTER BEFORE IM10

IM9 **Approximately by what percentage has turnover already increased as a direct result of the support?**

Enter Percentage (RANGE 1-999%)

Don't know

Refused

ASK IF EXPECT INCREASE IN TURNOVER (IM8 '2' OR '3'). OTHERS GO TO FILTER BEFORE IM14

IM10 **Approximately by what percentage do you expect turnover to increase as a direct result of the support?**

Enter Percentage (RANGE 1-999%)

Don't know

Refused

IM11 DELETED

IM12 **Would this increase in turnover have occurred as quickly if you had not had the support?**

- | | |
|------------|---|
| Yes | 1 |
| No | 2 |
| Don't know | 3 |

ASK ALL CURRENTLY IN BUSINESS

IM14¹⁵ I'm going to read out a list of possible ways in which the support you received may have impacted on the performance of your business. For each one, I'd like you to tell me whether this is something you have experienced AS A DIRECT RESULT of the support you've received So firstly... READ OUT AND RANDOMISE.

DISPLAY ON EACH SCREEN a-p – AS NECESSARY: Is this something you have experienced AS A DIRECT RESULT of the support you received? Please answer whether Yes, to some extent; Yes, to a large extent; or No.

- a) The business improved its financial management skills
- b) The business is better at planning
- c) The business is better equipped to seek external finance
- d) The business has more capability to develop new products or services
- e) The business has started to export
- f) The business is better positioned to cope with the economic downturn
- g) The business has improved its marketing capability
- h) The business is better at managing its costs
- i) The business is more likely to grow in the future
- j) The business has improved its investment readiness
- k) The business is better at spotting opportunities
- l) The business is better at understanding risk
- m) The business is better at exporting

Yes, to some extent..... 1
Yes, to a large extent 2
No 3
Don't know..... 4

¹⁵ Previously this question appeared in scheme-specific sections of the SfB 2010 questionnaire, but can be asked of all

SECTION 5A: START UP BUSINESSES

ASK ALL SAHGB (TYPE 3). OTHERS GO TO FILTER BEFORE SECTION 5B

ASK IF ESTABLISHED BUSINESS (S2 '1-2'). OTHERS GO TO SUB7

SUB1 **I would now like to ask you some questions relating to the business support and advice you received about starting a business. (ADD IF OTHER SAMPLE TYPES 1-2,4-7) I will ask about any other support you received since then later in the interview.**

What was your employment status prior to receiving the start-up support?

READ OUT – SINGLE CODE

Working as an employee	1
Self-employed	2
Unemployed, not receiving benefits	3
Unemployed, receiving benefits	4
In education/training	5
Not working e.g. retired, home-maker	6
Don't know	7
Refused	8

SUB2 **In the absence of using the support, do you think you would have established a business?**

READ OUT SINGLE CODE

Definitely	1
Probably	2
Possibly	3
Probably not	4
Definitely not	5
Don't know	6

ASK IF CODES 1-3 AT SUB2, OTHERS GO TO SUB4a

SUB3 **If you had gone ahead without using the support, would the start-up have taken place earlier than it did, later or at the same time?**

SINGLE CODE ONLY

Earlier	1
Later	2
Or at the same time	3
Don't know	4

SUB4 **And without using the support, would the business start up have been larger, smaller or no different in scale?**

SINGLE CODE ONLY

Larger	1
Smaller	2
Or no different in scale	3
Don't know	4

ASK ALL WHO RECEIVED SAHGB SUPPORT AND HAVE A BUSINESS
 SUB4a¹⁶ **At which of these stages of start-up did you make use of the support?**
 READ OUT ALL, MULTICODE

- Before I had taken any steps to establish a business**..... 1
- During the period when I was actually establishing my business**..... 2
- After my business was established** 3
- (DO NOT READ) **Other (SPECIFY)**..... 4

ASK IF DO NOT HAVE A BUSINESS (CODE 3) AT S2. OTHERS GO TO FILTER BEFORE MAS1
 SUB5¹⁷ **Are you thinking about starting a business?**

- Yes
- No

IF YES AT SUB5, ASK SUB6, OTHERS GO TO SECTION 5D
 SUB6 **When you say that you have thought about starting a business or becoming self-employed, is this something that you are thinking of doing in the near future, within the next two years or so, or further in the future than that?**

- Now / near future 1
- Within the next two years or so 2
- Further in the future 3
- Don't know / only a vague idea 4

SUB7 **Over the past 12 months, what if anything have you done by way of preparation for starting your own business, buying into an existing business or becoming self-employed? DO NOT READ OUT, MULTICODE OK**

- Research the market or product 1
- Look for equipment 2
- Look for premises 3
- Organise a start-up team / look for staff 4
- Work on business plan 5
- Save money or seek finance 6
- Spoken to a business adviser 7
- Other (PLEASE SPECIFY) 8
- Nothing 9

REST OF THE 2010 SURVEY SECTION HAS BEEN DELETED

¹⁶ Previously P7 in SfB 2010

¹⁷ These questions were previously S3, S4 and S7 in SfB 2010

SECTION 5B: MANUFACTURING ADVISORY SERVICE

ASK IF SELECTED FOR MAS (SAMPLE TYPE =1). OTHERS GO TO FILTER BEFORE SECTION 5C

MAS1¹⁸ **If you had not participated in the Manufacturing Advisory Scheme would you have still undertaken something similar yourselves.** IF YES, PROBE FOR FULLY, PARTIALLY OR AT A LATER DATE

- | | |
|----------------------------------|---|
| Yes - fully | 1 |
| Yes - partially | 2 |
| Yes – but at a later date | 3 |
| No | 4 |
| Don't know | 5 |

MAS2¹⁹ **Which of the following describe the influence that the MAS review has had on the focus of your business?** READ OUT. MULTICODE OK

- | | |
|--|---|
| It identified issues that we were previously unaware of | 1 |
| It clarified which issues we should be focusing on | 2 |
| It confirmed the need to focus on particular issues | 3 |
| It had no influence on our decisions | 4 |
| None of these | 5 |
| Don't know | 6 |

MAS3²⁰ **As a direct result of the support you received, did any of the following happen, or do you anticipate them happening in the future?** READ OUT. MULTICODE OK

- | | |
|---|----|
| Improved exchange of information with key customers or suppliers | 1 |
| Introduction of new or significantly improved products or processes | 2 |
| Introduction of new or significantly improved management practices | 3 |
| Improved understanding of the value of measuring your business performance | 4 |
| Improved ability to identify and access external expertise | 5 |
| Improved technical understanding or capability | 6 |
| Reduced costs | 7 |
| Improvements in sales | 8 |
| Increased efficiency | 9 |
| Increased throughput | 10 |
| None of these | 11 |
| Don't know | 12 |

¹⁸ A8_3 in BSCPMS wave 9

¹⁹ A9 in BSCPMS wave 9

²⁰ D2 in BSCPMS wave 9

ASK IF COSTS HAVE REDUCED/EXPECT COSTS TO REDUCE (MAS3 '10'). OTHERS GO MAS5

MAS4²¹ **By what percentage do you think your costs will reduce as a direct result of participating in the Manufacturing Advisory Scheme? READ OUT AS NECESSARY**

Up to 5%	1
6-10%	2
11-15%	3
16-20%	4
21-25%	5
36-30%	6
More than 30%	7
Don't know	8
Refused	9

²¹ D4a in BSCPMS wave 9

SECTION 5C: GRANT FOR RESEARCH AND DEVELOPMENT

ASK IF SAMPLE TYPE 2. OTHERS GO TO FILTER BEFORE SECTION 5D

GRD1²² **As a direct result of the support you received, did any of the following happen, or do you anticipate them happening in the future? READ OUT. MULTICODE OK**

Improved exchange of information with key customers or suppliers	1
Introduction of new or significantly improved products	2
Introduction of new or significantly improved processes	3
Introduction of new or significantly improved management practices	4
Improved ability to identify strengths and weaknesses as a company	5
Improved understanding of the value of measuring your business performance	6
Improved ability to identify and access external expertise	7
Improved management of innovation processes	8
Improved technical understanding or capability	9
Increased efficiency	10
Provision of the initial capital needed to get the business started	11
Access to new markets or customers	12
Collaborations with other businesses	13
None of these.....	14
Don't know	15

ASK ALL GRD SAMPLE TYPE 2 (PREVIOUS FILTER REMOVED)

GRD2²³ **Have you or do you expect to do any of the following as a result of participation in the scheme? READ OUT. MULTICODE OK**

Produce a demonstration model	1
Produce a basic prototype	2
Produce a pre-production prototype	3
Be granted a patent	4
Register a design	5
Be granted a trademark	6
Obtain a copyright	7
Enter into a licensing agreement	8
None of these.....	9
Don't know	10

²² D2 in BSCPMS wave 7

²³ D28 in BSCPMS wave 7

ASK ALL GRD

GRD3²⁴ **As a direct result of participating in the scheme have you increased or do you anticipate increasing the amount of research and development activity undertaken by your company? SINGLE CODE ONLY**

- | | |
|---|---|
| Already experienced increase | 1 |
| Expect an increase | 2 |
| Both experienced and expect an increase | 3 |
| No | 4 |
| Too early to say | 5 |
| Don't know | 6 |

GRD4²⁵ **As a direct result of participating in the scheme do you think you are now better placed to obtain financial assistance in the future? This could be through any channel.**

- | | |
|------------------|---|
| Yes | 1 |
| No..... | 2 |
| Don't know | 3 |

GRD5²⁶ **If you had not received Grant for Research and Development would the project have gone ahead anyway? IF YES, PROBE FOR FULLY, PARTIALLY, WOULD HAVE TAKEN LONGER, OR AT A LATER DATE**

- | | |
|--|---|
| Yes - fully | 1 |
| Yes - partially | 2 |
| Yes – but would have taken longer | 3 |
| Yes – but at a later date | 4 |
| No | 5 |
| Don't know | 6 |

²⁴ DI 1a1 in BSCPMS wave 7

²⁵ DI 1b2 in BSCPMS wave 7

²⁶ A8_3 in BSCPMS wave 7

SECTION 5D: HIGH GROWTH BUSINESSES

ASK SECTION IF SAMPLE TYPES 3 OR 6. OTHERS GO TO FILTER BEFORE SECTION 5E

HGB1 DELETED²⁷

HGB2 **As a direct result of the support you received, did you undertake any of the following in your business, or do you anticipate them happening in the future? READ OUT. MULTICODE OK**

Restructuring of the business	1
New processes relating to marketing	2
New processes relating to finance	3
New processes relating to personnel	4
New processes relating to Intellectual Property	5
Recruitment or dismissal of staff	6
New intellectual property being registered (patents, copyrights)	7
Unlock new markets	8
Develop and implement strategic business plans	9
None of these	10
Don't know	11

HGB3 **Did the coaching involve a detailed diagnostic assessment of your business needs for growth?**

Yes	1
No	2
Don't know	3
Refused	4

HGB4 **Have you developed a business plan that documents your growth plans, as a result of the support?**

Yes	1
No	2
Don't know	3
Refused	4

HGB5 **Have you already secured the finance you will require to fund your growth plans?**

Yes	1
No	2
Don't know	3
Refused	4

ASK IF 'NO' AT HGB5. OTHERS GO TO HGB6a

HGB6 **Do you think you have developed the skills necessary to access the finance you need?**

Yes	1
No	2
Don't know	3
Refused	4

²⁷ Now appears as IMI4

ASK ALL HIGH GROWTH BUSINESSES

HGB6a **As a result of the support, have you been able to increase investment in innovation?**

Yes	1
No.....	2
Don't know	3
Refused.....	4

HGB7 **Have you increased the amount of goods or services which you export, or do you plan to in future?**
SINGLE CODE ONLY

Increased already	1
Plan to increase	2
Both increased already and plan to increase	3
No	4
Don't know	5
Refused.....	6

HGB8 **As a result of the support, have you been able to increase investment in staff training?**

Yes	1
No.....	2
Don't know.....	3
Refused	4

HGB9 **And have you developed a training plan?**

Yes	1
No.....	2
Don't know.....	3
Refused	4

HGB10 **Do you have a training budget?**

Yes	1
No.....	2
Don't know.....	3
Refused	4

HGB11 **Having received the support, has your business grown more than you anticipated, or do you anticipate it growing more than you expected? SINGLE CODE ONLY**

Already grown more than expected	1
Anticipate grow more than expected	2
Both already and anticipated.....	3
No.....	4
Don't know	5
Refused	6

SECTION 5E: KNOWLEDGE TRANSFER PARTNERSHIPS

ASK IF SAMPLE TYPE 4. OTHERS GO TO FILTER BEFORE SECTION 5F

KTP1²⁸ **As a direct result of the support you received, did any of the following happen, or do you anticipate them happening in the future? READ OUT. MULTICODE OK**

Improved exchange of information with key customers or suppliers	1
Introduction of new or significantly improved products	2
Introduction of new or significantly improved processes.....	3
Introduction of new or significantly improved management practices	4
Improved ability to identify strengths and weaknesses as a company	5
Improved understanding of the value of measuring your business performance	6
Improved ability to identify and access external expertise.....	7
Improved management of innovation processes	8
Improved technical understanding or capability.....	9
Increased efficiency.....	10
Access to new markets or customers	11
Collaborations with other businesses	12
New IPR registrations.....	13
Extra spending on research and development.....	14
A collaboration with a knowledge based institution	15
None of these.....	16
Don't know	17

NB: NO KTP2

KTP3²⁹ **Which of the following best describes your view on the contribution that the Knowledge Transfer Partnership scheme has made to your business, or is expected to make to your business? READ OUT. SINGLE CODE ONLY. IF NOT COMPLETED YET, PHRASE IN PRESENT TENSE**

We would (have) achieve(d) similar results anyway	1
We would (have) achieve(d) similar results, but it would (have) take(n) longer	2
We would (have) achieve(d) some but not all of the results	3
We probably would not (have) achieve(d) similar results	4
We definitely would not (have) achieve(d) similar results	5
None of these	6
Don't know	7

²⁸ D2 in BSCPMS wave 7

²⁹ D5 in BSCPMS wave 7/9. Q38 in KTP strategic review

KTP4³⁰ **Thinking about the higher or further education associate you recruited for the scheme, how well or poorly do you rate his or her performance on a scale of 1 to 5 where five is very good and one is very poor. Firstly.....** PROBE FOR VERY/FAIRLY GOOD/POOR

Very poor	1
Fairly poor	2
Neither poor nor good	3
Fairly good	4
Very good	5
Not applicable – do not have an associate	6
Other (SPECIFY)	7
Don't know	8

KTP5³¹ **On a scale of 1 to 5, where 1 means not at all effective and 5 means very effective, how effective has the further or higher education institution been in the following areas?** READ OUT. RANDOMISE ORDER OF ASKING

- a) **Providing academic expertise?**
- b) **Supervising the associate?**
- c) **Identifying personal development and training needs for the associate?**
- d) **Engaging and committing to the programme?**
- e) **Spending half a day a week on average on the project?**
- f) **Attending the LMC meeting every 4 months?**

SCALE TO USE FOR ALL

- 1 – not at all effective
- 2
- 3
- 4
- 5 – very effective
- Don't know

³⁰ Q17 in KTP strategic review

³¹ Q25-Q26 in KTP strategic review

SECTION 5F: UNDERSTANDING FINANCE FOR BUSINESS

ASK IF SAMPLE TYPE 5. OTHERS GO TO FILTER BEFORE SECTION 5G

UFFB1 I would now like to ask you about any support you received at a later date which did not specifically relate to starting a business. This was known as Understanding Finance for Business

**To what extent has the support *broadened* your awareness about different sources of finance?
READ OUT**

- Substantially** 1
- Moderately** 2
- Slightly** 3
- Or not at all** 4
- Don't know** 5

UFFB2 And to what extent has the support *increased your understanding* about each of the following methods of finance, and your confidence in how to access them? For each that I read out please tell me if your understanding has increased substantially, moderately, slightly or not at all. READ OUT. ROTATE START POINT

		Substantially	Moderately	Slightly	Not at all	Don't know
a	Equity investment	1	2	3	4	5
b	Bank overdrafts	1	2	3	4	5
c	Bank loans	1	2	3	4	5
d	Mortgage for property purchase or improvement	1	2	3	4	5
e	Leasing or hire purchase	1	2	3	4	5
f	Factoring	1	2	3	4	5
g	Loan from a Community Development Finance Institution	1	2	3	4	5
h	Credit card finance	1	2	3	4	5
i	Grant	1	2	3	4	5

UFFB3 At the time of applying to receive the support, had you recently tried to apply for finance, including renegotiation of an overdraft facility?

- Yes 1
- No 2
- Don't know 3
- Refused 4

ASK IF APPLIED FOR FINANCE BEFORE RECEIVING SUPPORT (UFFB3 '1'). OTHERS GO TO UFFB8
 UFFB4 **Which type of finance did you apply for before you received support?** MULTICODE OK. PROBE IF NECESSARY

Equity investment from existing shareholders	1
Equity investment from new shareholders	2
Bank overdraft	3
Bank loan	4
Mortgage for property purchase or improvement	5
Leasing or hire purchase	6
Factoring	7
Loan from family/business partner/directors	8
Loan from a Community Development Finance Institution	9
Credit card finance	10
Grant	11
Other [SPECIFY]	12
Don't know	13
Refused	14

UFFB5 **Did you have any of the following difficulties obtaining this finance?** READ OUT. SINGLE-CODE.

You were unable to obtain any finance	1
You obtained some but not all of the finance required	2
You obtained all the finance required but with some problems	3
You had no difficulties in obtaining finance	4
Don't know	5
Refused	6

ASK IF ANY DIFFICULTIES RAISING FINANCE (UFFB5 '1-3'), AND MORE THAN ONE TYPE OF FINANCE APPLIED FOR AT UFFB4. OTHERS GO TO FILTER BEFORE UFFB7

UFFB6 **Which types of finance did you have difficulties raising before you received support?** MULTICODE OK. SHOW ONLY THOSE MENTIONED AT UFFB4. PROBE IF NECESSARY

Equity investment from existing shareholders	1
Equity investment from new shareholders	2
Bank overdraft	3
Bank loan	4
Mortgage for property purchase or improvement	5
Leasing or hire purchase	6
Factoring	7
Loan from family/business partner/directors	8
Loan from a Community Development Finance Institution	9
Credit card finance	10
Grant	11
Other [SPECIFY]	12
Don't know	13
Refused	14

ASK IF ANY DIFFICULTIES RAISING FINANCE (UFFB5 '1-3'). OTHERS GO TO UFFB8

UFFB7 **What reasons were given for your difficulties in obtaining finance?** DO NOT PROMPT MULTICODE OK

No security	1
Insufficient security	2

Poor personal credit history	3
Poor business credit history	4
No credit history/not been in business long enough	5
Applied for too much money	6
Applied for too little money	7
Too many outstanding loans or mortgages	8
Inadequate business plan	9
Business sector considered too risky	10
No reasons given	11
Other [SPECIFY]	12
Don't know	13
Refused	14

ASK ALL UFFB

UFFB8 **Have you tried to raise new finance from any sources since using the support, including renegotiating an overdraft facility?**

Yes	1
No	2

ASK IF APPLIED FOR FINANCE AFTER RECEIVING SUPPORT (UFFB8 '1'). OTHERS GO TO UFFB15

UFFB9 **Which type of finance did you apply for after you received support? MULTICODE OK. PROBE IF NECESSARY**

Equity investment from existing shareholders	1
Equity investment from new shareholders	2
Bank overdraft	3
Bank loan	4
Mortgage for property purchase or improvement	5
Leasing or hire purchase	6
Factoring	7
Loan from family/business partner/directors	8
Loan from a Community Development Finance Institution	9
Credit card finance	10
Grant	11
Other [SPECIFY]	12
Don't know	13
Refused	14

UFFB10 **And was this/were any of these sources of finance that you hadn't previously used? IF YES:**
 PROBE WHICH ONES. SHOW THOSE MENTIONED AT UFFB9 ONLY

Equity investment from existing shareholders	1
Equity investment from new shareholders	2
Bank overdraft	3
Bank loan	4
Mortgage for property purchase or improvement	5
Leasing or hire purchase	6
Factoring	7
Loan from family/business partner/directors	8
Loan from a Community Development Finance Institution	9
Credit card finance	10
Grant	11
Other [SPECIFY]	12
No - had used all these before	13
Don't know	14
Refused	15

UFFB11 **Did you have any of the following difficulties obtaining this finance? READ OUT. SINGLE-CODE.**

You were unable to obtain any finance	1
You obtained some but not all of the finance required	2
You obtained all the finance required but with some problems	3
You had no difficulties in obtaining finance	4
Don't know	5
Refused	6

ASK IF ANY DIFFICULTIES RAISING FINANCE (UFFB11 '1-3'), AND MORE THAN ONE TYPE OF FINANCE APPLIED FOR AT UFFB9. OTHERS GO TO FILTER BEFORE UFFB13

UFFB12 **Which types of finance did you have difficulties raising after you received support? MULTICODE OK. SHOW ONLY THOSE MENTIONED AT UFFB4. PROBE IF NECESSARY**

Equity investment from existing shareholders	1
Equity investment from new shareholders	2
Bank overdraft	3
Bank loan	4
Mortgage for property purchase or improvement	5
Leasing or hire purchase	6
Factoring	7
Loan from family/business partner/directors	8
Loan from a Community Development Finance Institution	9
Credit card finance	10
Grant	11
Other [SPECIFY]	12
Don't know	13
Refused	14

ASK IF ANY DIFFICULTIES RAISING FINANCE (UFFB11 '1-3'). OTHERS GO TO FILTER BEFORE UFFB14

UFFB13 **What reasons were given for your difficulties in obtaining finance after you had received the support? DO NOT PROMPT MULTICODE OK**

No security	1
Insufficient security	2
Poor personal credit history	3
Poor business credit history	4
No credit history/not been in business long enough	5
Applied for too much money	6
Applied for too little money	7
Too many outstanding loans or mortgages	8
Inadequate business plan	9
Business sector considered too risky	10
No reasons given	11
Other [SPECIFY]	12
Don't know	13
Refused	14

ASK UFFB14 IF SUCCESSFUL IN OBTAINING FINANCE SINCE GETTING SUPPORT (UFFB11'2-4').
OTHERS GO UFFB15

UFFB14 On a scale of 1 to 5, where 1 means to no extent and 5 means to a critical extent, how important was the support received through the Understanding Finance for Business scheme in securing this finance?

- 1 – to no extent
- 2
- 3
- 4
- 5 – to a critical extent
- Don't know

ASK ALL UFFB

UFFB15 On a scale of 1 to 5, where 1 means not at all confident and 5 means very confident, how confident are you in your ability to raise finance following the support you received through the Understanding Finance for Business scheme?

- 1 – Not at all confident
- 2
- 3
- 4
- 5 – Very confident
- Don't know

SECTION 5G: FINANCE FOR BUSINESS

ASK SECTION IF SAMPLE TYPE 7. OTHERS GO TO SECTION 6

FB1 **When first applying for Finance for Business, what were the reasons for seeking finance?** READ OUT.
MULTICODE OK 1-9

To start up your business	1
To finance research and development	2
To purchase an asset (e.g. equipment)	3
To expand your premises	4
Relocation	5
To provide the company with working capital	6
To finance a new product or service	7
To finance your company's entry into a new market	8
Other 1 [SPECIFY]	9
Other 2 (SPECIFY)	10
Other 3 (SPECIFY)	11
Don't know	12
Refused	13

ASK IF MORE THAN ONE REASON GIVEN AT FB1. OTHERS GO TO FB3

FB2 **And which of these was the main reason for seeking finance?** SINGLE CODE ONLY. READ AGAIN IF NECESSARY. ONLY SHOW THOSE MENTIONED AT FB1

To start up your business	1
To finance research and development	2
To purchase an asset (e.g. equipment)	3
To expand your premises	4
Relocation	5
To provide the company with working capital	6
To finance a new product or service	7
To finance your company's entry into a new market	8
Other 1 [SPECIFY]	9
Other 2 (SPECIFY)	10
Other 3 (SPECIFY)	11
Don't know	12
Refused	13

ASK ALL FFB

FB3 **How much finance did you obtain in total from Finance for Business?** SINGLE CODE ONLY. READ BANDS IF NECESSARY

Nothing	1
Less than £50,000	2
£50,000-£99,999	3
£100,000-£149,999	4
£150,000-£249,999	5
£250,000-£499,999	6
£500,000-£999,999	7
£1 million or more	8
Don't know	9
Refused	10

FB4 How long ago did you receive this finance? SINGLE CODE ONLY. READ BANDS IF NECESSARY

In the last six months	1
Between 6 months and a year ago	2
Between 1 and 2 years ago	3
Between 2 and 3 years ago	4
Between 3 and 4 years ago	5
Between 4 and 5 years ago	6
Over 5 years ago	7
Not received anything yet	8
Other (SPECIFY)	9
Don't know	10
Refused	11

FB5 What type of finance did you obtain through Finance for Business? READ OUT. MULTICODE OK

Debt finance	1
Equity finance	2
A combination of debt and equity financé	3
Mezzanine finance	4
Some other type of finance (SPECIFY)	5
Don't know	6
Refused	7

FB6 Was the finance you obtained through Finance for Business part of a wider funding package?

Yes	1
No	2
Don't know	3

ASK IF FFB WAS PART OF A WIDER FUNDING PACKAGE (FB6 '1'). OTHERS GO TO FB9

FB7 Thinking about all funding you have received in the past couple of years, what proportion of the total did Finance for Business account for? READ OUT. SINGLE CODE ONLY

Less than 25%	1
25-49%	2
50-74%	3
75% or more	4
Other (SPECIFY)	5
Don't know	6

NO FB8 OR FB9

ASK ALL FFB

FB10 **Since receiving the funding, has your business introduced any new or significantly improved products, services or processes?** SINGLE CODE ONLY. IF YES, PROBE WHETHER NEW OR IMPROVED PRODUCTS/SERVICES/PROCESSES, OR BOTH

- | | |
|---|---|
| Yes – new products, services or processes | 1 |
| Yes – improved products, services or processes | 2 |
| Yes – both new and improved products, services or processes | 3 |
| None | 4 |
| Don't know | 5 |
| Refused | 6 |

FB11 **If you had not been able to access the Finance for Business funding to what extent do you think you would have been able to raise the finance you received from Finance for Business elsewhere?** READ OUT. SINGLE CODE ONLY

- | | |
|---|---|
| You definitely would have been able to raise other finance | 1 |
| You probably would have been able to raise to raise other finance | 2 |
| You probably would not have been able to raise the other finance | 3 |
| You definitely would not have been able to raise the other finance | 4 |
| Other (SPECIFY) | 5 |
| Don't know | 6 |

SECTION 7: BUSINESS AND PERSONAL PROFILES

ASK ALL IN BUSINESS (S2 '1-2'). OTHERS GO TO DEM3

DEM1 **I'd like to ask you some questions about the owners, partners and directors in your business. Including yourself, how many owners, partners or directors are there in day to day control of the business?** IF NECESSARY: **Please do not include any non-executive directors.** PROBE FOR BEST ESTIMATE

Enter number (1+)
(Don't know)
(Refused)

ASK IF MORE THAN ONE AT DEM2, OTHERS GO TO DEM3

DEM2 **And how many of these owners, partners or directors are female?** PROBE FOR BEST ESTIMATE

Enter number (ALLOW FOR ZERO)
Don't know
Refused

ASK ALL

DEM3 CODE GENDER OF RESPONDENT (DO NOT ASK)

Male 1
Female 2

ASK IF MORE THAN ONE AT DEM2, OTHERS GO TO DEM7

DEM4 **How many of the owners, partners and directors in your business are from ethnic minority groups?** PROBE FOR BEST ESTIMATE

Enter number (ALLOW FOR ZERO)
(Don't know)
(Refused)

DEM5 AND DEM6 ARE DELETED

ASK ALL

DEM7 **Please could you tell me your age?**

Write in
Refused

ASK IF REFUSED AT DEM7. OTHERS GO TO DEM10

DEM8 **Can I ask you which of the following bands your age falls into?**

- Under 251
- Between 25 and 342
- Between 35 and 443
- Between 45 and 544
- Between 55 and 645
- Over 646
- Refused..... 7

DEM9 DELETED

ASK ALL

DEM10 **What was your highest level of qualification at the time of receiving the support?** PROMPT AS NECESSARY. SINGLE CODE ONLY

- Degree, NVQ4, HND, HNC or higher 1
- A-Level, NVQ3 or equivalent 2
- GCSE, O-Level, NVQ2 or equivalent 3
- Below GCSE level 4
- Other (SPECIFY) 5
- No formal qualifications 6
- Don't know 7
- Refused 8

DEM11 **Do you have any long-standing illness, disability or infirmity?** [ADD IF NECESSARY] **By 'long-standing' I mean anything that has troubled you over a period of time or that is likely to affect you over a period of time.**

- Yes1
- No2
- Unwilling to answer3

ASK ALL WITH CURRENT BUSINESSES (S2 '1-2'). OTHERS GO TO DEM20

DEM12 **I would like to finish with a few more questions for classification purposes. In what year was your business first established? This is when the business first started trading.**

WRITE IN YEAR (RANGE 1400-2010)

- Don't know
- Refused

ASK IF DON'T KNOW AT DEM12, OTHERS GO TO DEM14

DEM13 **Was your business first established...?** READ OUT

- In the last year**..... 1
- About 1-2 years ago** 2
- About 2-3 years ago** 3
- About 3-4 years ago** 4
- About 4-5 years ago** 5
- About 5-7 years ago** 6
- About 8-10 years ago** 7
- About 10-20 years ago** 8
- Over 20 years ago** 9
- Don't know 10
- Refused..... 11

ASK ALL IN BUSINESS

DEM14 **And what is the main activity of your business?**

WRITE IN. PROBE FULLY FOR INDUSTRY TYPE

--

DEM15 **Which of the following best describes the legal status of your business?** READ OUT. SINGLE CODE

- Sole trader..... 1
- Partnership 2
- Private Limited Company (Ltd) 3
- Public Limited Company (plc)..... 4
- Limited Liability Partnership 5
- Other (SPECIFY)..... 6
- Don't know..... 7
- Refused 8

DEM16 **A social enterprise is a business whose main purpose is to pursue social or environmental goals, where any profit or surplus generated is primarily reinvested for this purpose. Would you say that your business is a social enterprise?**

- Yes..... 1
- No 2

DEM17 **I'd like you to think about your businesses' competitors and the nature of the competition in your main markets. Would you say that there is...?** READ OUT. SINGLE CODE.

- Very intense competition..... 1
- Intense competition 2
- Moderate competition 3
- Weak competition..... 4
- Or no competition at all 5
- Don't know..... 6

DO NOT ASK IF MAS, GRD OR KTP (SAMPLE TYPES 1, 2 OR 40. OTHERS GO TO DEM19

DEM18 **I'd now like you to think about innovation within your business i.e. new products and processes.**

Have you introduced new or significantly improved products, services or processes in the past 12 months? SINGLE CODE ONLY

- New products or services 1
- New processes 2
- Both new products/services and new processes 3
- Neither 4
- Don't know 5
- Refused 6

ASK ALL WITH A BUSINESS

DEM19 **Does your business currently export goods or sell outside of the UK?**

- Yes 1
- No 2
- Don't know 3
- Refused 4

DEM19a **Does your business have access to and use the internet?**

Yes	1
No	2
Don't know	3
Refused	4

ASK ALL

DEM20 **Finally, would it be possible for BIS to link your responses to other information that you have provided previously to the Government. By this data linkage, we can reduce the burden of our surveys on your business and can improve the evidence that we use. We will never release information that identifies any individual business and your survey responses remain strictly confidential. Do you give your consent for us to do this?**

Yes	1
No	2

DEM21 **Thank you very much for taking the time to help us with this research. Would you be willing to take part in any follow-up research on customer satisfaction and the customer journey conducted on behalf of the Department for Business, Innovation and Skills?**

Yes	1
No	2

Technical Annex

Methodology

Design of the study

The study is based on a telephone survey of businesses which had used one of the seven SfB products under investigation, yielding self-reported data on outputs and impacts, rather than existing data sources (either public records or follow-up monitoring by RDAs). It was considered that such a survey would reduce problems with (i) consistency of reporting between businesses, and (ii) issues of matching records relating to the same business. The use of telephone interviews is less burdensome on business owners than a paper-based survey, and is thus likely to increase response rates. Furthermore, a survey can be tailored to suit the evaluation questions, whereas data from existing sources may not fit closely with the objectives of the evaluation. Conversely, the survey responses from different businesses may not be wholly reliable: responses to detailed questions may not be accurate, either because of respondents not knowing the answer or interpreting the question in different ways.

The survey questions included those that addressed the extent to which these impacts and outputs directly resulted from the support. This gives a self-reported measure of the *additionality* deriving from use of the product - i.e. the extent to which the support led to outcomes and impacts which would otherwise not have happened at all, or which would have happened differently. For example, a rise in employment in the business may still have occurred, but use of the support may have aided in increasing the size of the increase or shortening the time in which it was accomplished. Respondents were also asked if the support provided something which they could not have obtained from any other source.

There are clearly limits to this form of self-reported additionality, as it relies on respondents being able to form accurate views on the baseline 'without intervention' position i.e. the counterfactual question of how the business would have performed in the absence of using the support.

Sampling

The data in this report derives from a telephone survey of businesses and individuals who have used one (or more) of the seven SfB products. Contact details for clients were supplied by RDAs for clients who had accessed these products over the previous 18 months, or since October 2009 for the three products also included in the previous cross-product survey (SaHGB, CfHG, UFFB).

The numbers of clients accessing each product varied substantially by RDA. As well as simple differences in take-up of products by region, this variation stemmed from the nature of local delivery and the implementation of SfB itself. While the definitions of all the products in the survey were approved for use by January 2009, RDAs did not necessarily implement them immediately and there is no compunction to implement every product in every region.

This difficulty particularly affected the two high growth products, since several RDAs simply delivered a single high growth programme, rather than separating out start-ups. Differences in the Customer

Relationship Management processes between regions also complicated the development of the samples for this study, particularly in the manner in which the specific product used was recorded.³²

For these reasons, details supplied for several products fell short of the number needed to achieve the planned number of responses (see Section 3). This was compounded by other issues relating to the information, including missing and dead telephone numbers.

The telephone survey took place in February 2011. The survey aimed to achieve 150 responses per product, which would lead to a sampling error, at 95 per cent confidence, of between ± 4.2 per cent (for findings where approximately 90 per cent of the sample provided the same response) and ± 6.9 per cent (for findings with 50 per cent agreeing). For SaHGB, those clients who had not (yet) started a business were included in the survey, with a quota of no more than one-third of the achieved responses (i.e. no more than 50) to come from this group, the approximate upper limit of an estimate of the proportion of users who would not form a business, based on typical programme performance.

Questionnaire

The questionnaire for the treatment group is included in this report as Appendix I. For the most part, and to facilitate completion of the questionnaire within a tight timescale, questions were taken from previous similar surveys conducted by BIS/BERR, either verbatim or in a slightly modified form, to provide for a degree of consistency between surveys.

The majority of the questionnaire was concerned with impacts on business and/or personal outcomes. Questions on impacts were derived from the logic chain models for the products, which set out the outputs and outcomes expected. The following definitions are used:

- a) Outputs: 'the results of activities that can be clearly stated or measured and which relate in some way to the outcomes desired'.³³ In these SfB products, the direct output is usually the improvement in the skills, knowledge and management capacity of the clients.
- b) Outcomes: the eventual benefits to society that policies are intended to achieve. In practice, this means assessing impacts against the core objectives for the product (e.g. impacts upon employment and turnover).

A set of questions were asked of all respondents who had a business, regardless of the product they had accessed, which focused on impacts on employment, turnover and skills which could be directly attributed to the client's use of the product. Sets of product-specific questions were only asked to those clients who had accessed the relevant product, including a set for clients of SaHGB who had not (yet) gone on to establish their own business. These questions probed specific changes to business behaviour, and the development of skills and competencies in areas related to each product.

For all of the outcomes resulting from the improved skills and management capacity, respondents were asked about (a) those which had already been realised; and (b) their assessment of those which were likely to happen in the future. For example, the impact on employment was divided into (a) the number

³² In addition, some RDAs had recently completed their own evaluations of some products, and requested that these products not be evaluated in their region to avoid repeatedly burdening clients with responding to similar surveys.

³³ HM Treasury (2003) *The Green Book: Appraisal and Evaluation in Central Government*, TSO, London

of extra jobs and number of jobs retained within the business as a *direct result* of using the support; and (b) the number of extra jobs anticipated to be realised in the future, as a *direct result* of the support.

Notes on presentation of analysis

Two points concerning the presentation of the data should be borne in mind:

- Where figures are reported as statistically significant, this refers to significance at a confidence level of 95 per cent. The term 'significant' will not be used unless this is the case.
- For the most part, the 'don't know' category is very small (usually under 1-2 per cent). For that reason, in many tables, 'don't knows' are omitted for reasons of clearer presentation, but *are* included in the calculation of percentages, so that figures as presented do not necessarily add up to 100 per cent. Where the 'don't know' category is particularly high, it is included.