



Department
for Business
Innovation & Skills

GROWTHACCELERATOR

COMMENTARY ON THE FINDINGS FROM THE
YEAR 1 MONITORING SURVEYS

MARCH 2014

Contents

Summary	2
1. Background	3
2. Findings	5
2.1 Accessing GrowthAccelerator	5
2.2 Outcomes of using GrowthAccelerator	7
2.3 Satisfaction and points for improvement	10
2.4 Next steps	11

Summary

This note outlines the findings from the first year monitoring surveys of the GrowthAccelerator service and has been written to accompany the survey data tables. In summary, the surveys suggest that GrowthAccelerator is delivering value for assisted companies and helping them achieve their intended outcomes.

The evidence presented provides an overview of how the service is working. The surveys show that GrowthAccelerator is meeting users' expectations and helping them achieve the objectives they had prior to accessing the service. The results also indicate that GrowthAccelerator is helping businesses understand the value of using business support and addressing the identified market failures that provide the rationale for government intervention.

The initial diagnostic process adds value by improving users' understanding of the issues that their business is facing. Following the diagnostic, GrowthAccelerator helps users introduce a range of improvements to their businesses – from business planning to accessing finance. Where businesses' needs cannot be fully met by the assistance, businesses are referred to external providers of support, and businesses report high levels of satisfaction with the quality of the referrals. Overall, assisted businesses show very high satisfaction rates with the service, and 97 per cent of them agreed they would recommend the service to their peers.

1. Background

GrowthAccelerator aims to help England's businesses realise their growth potential

GrowthAccelerator is a Government-backed service that aims to help up to 26,000 of England's brightest businesses realise their ambitions and potential. It was launched in May 2012 to provide a comprehensive business support package to Small and Medium Enterprises (SMEs) with the potential for achieving high growth. It is delivered by a consortium of private sector companies led by Grant Thornton, and provides expert business coaching, tailored to addressing each business's needs.

There are well established market failures that affect the use of external business support and these primarily stem from incomplete and asymmetric information¹. Evidence suggests that many businesses are unable to assess their support needs, the potential benefits of support for their business and the quality or impartiality of support providers². Financial constraints³ can mean that even those willing to meet the market cost of support may not be able to do so. The existence of market failures determines that without government intervention, use of business support will be less than optimal.

Businesses with the potential to achieve high growth are of particular importance for the economy. Recent research suggests that while high growth companies make up 1 per cent of job creating companies, they create 22 per cent of all new jobs in the economy⁴. This suggests that government funded support could achieve higher value when it is targeted specifically at companies with the potential to achieve high growth.

GrowthAccelerator involves a rigorous selection process used to identify a company's potential to achieve high growth. Suitability is assessed on three main criteria: ambition, opportunities and capacity for growth.

Once the client has signed the initial proposal, they have to complete a bespoke diagnostic tool called GROWTHmapper⁵. This tool delivers an insightful report that informs the coaching process by providing an accurate picture of business needs and capabilities. Growth Managers then review the results of the GROWTHmapper exercise to understand the needs of the business. This enables them to develop a detailed Action Plan and scope of the coaching required and recommend coaches suitable for achieving the growth objectives.

The coaching offer is split into three main strands – Access to Finance, Growth through Innovation and Business Development. Assisted companies can also access up to £2,000 of matched funding for Leadership and Management training for each senior manager. As well as coaching, GrowthAccelerator provides comprehensive support by connecting client businesses to other trusted providers of business advice that might be better suited to help them achieve their growth ambitions, such as UKTI, incubators and professional advisors.

Over 12,500 SMEs have joined the service since it was launched in May 2012.

¹ A more detailed discussion of the rationale for intervention can be found in BIS (2013) "SMEs: The key enablers of business success and rationale for Government intervention"

² CEEDR (2011) "Research to understand the barriers to take up and use of business support"

³ Growing businesses are more likely than those not growing to report cash flow difficulties as a barrier to success (Small Business Survey 2012)

⁴ Anyadike-Danes, Hart and Du (2013) "Firm dynamics and job creation in the UK". The figure includes large high-growth companies

⁵ <http://www.growthmapper.co.uk/>

Five regular surveys are conducted to monitor the performance of GrowthAccelerator

Performance of GrowthAccelerator is monitored regularly as part of the monitoring and evaluation strategy for the service. Five surveys are conducted:

- The effectiveness survey is undertaken with businesses three months after they have signed a GrowthAccelerator contract. It focuses on understanding how effective the scheme has been in delivering support.
- The outputs survey is undertaken with businesses six months⁶ after they have signed a GrowthAccelerator contract. It focuses on understanding the difference the support has made.
- The stakeholder⁷ survey is undertaken annually to understand their perception of the service.
- The investor survey is undertaken annually to understand their view on the quality of referrals coming from GrowthAccelerator.
- The Leadership & Management (L&M) survey interviews the individuals who have accessed L&M support to understand what effect the training had on their skills and capabilities.

This paper focuses on the first run of the outputs and effectiveness surveys. The surveys were conducted in January to March 2013. For the effectiveness survey, 300 businesses were interviewed out of the population of 899⁸. For the outputs survey 192 businesses were interviewed out of the population of 395⁹. Effort was made to interview different businesses for both surveys, in order to avoid surveying the same business twice within a short period of time. The surveys were conducted by RMG: Clarity, an independent market research firm. Headline results from these surveys were contained in GrowthAccelerator's Annual Report which was published in July 2013¹⁰.

⁶ In the year 2 output surveys, businesses are interviewed 9 months after they signed up for support

⁷ Including Local Chambers of Commerce, Local Enterprise Partnerships, business schools, etc.

⁸ The population includes all the businesses that were on the service for between 3 and 6 months.

⁹ All the businesses that were on the service for more than 6 months when the surveys were conducted

¹⁰ GrowthAccelerator (2013) 'Annual Report 2013: Where High Growth Happens'

2. Findings

2.1 Accessing GrowthAccelerator

Only a third of companies had accessed strategic advice prior to using GrowthAccelerator

Thirty-two per cent of assisted companies had used strategic advice prior to using GrowthAccelerator¹¹ and 88 per cent of the companies reported that they were likely to use external advice in the future¹².

The vast majority (81 per cent) of the client companies first engaged with GrowthAccelerator for general advice to grow their businesses¹³. Given that this is the primary aim of the service, it suggests that the users generally understand the support offered. Other common reasons include “getting an independent external view of the company” (23 per cent) and increasing profitability (22 per cent).

Assisted businesses became aware of GrowthAccelerator in a variety of ways¹⁴. A third of the companies first found out about it from their external advisors. Another key source of referrals was business contacts, cited by 26 per cent of the assisted companies. Other commonly cited routes of awareness included internet searches (8 per cent) and networking events (4 per cent)¹⁵. This is consistent with the service monitoring data¹⁶, which identifies that the majority of companies were referred directly to GrowthAccelerator rather than having found it independently.

Affordability of the service is the most common reason for choosing GrowthAccelerator

Seventy-one per cent of assisted companies agreed that GrowthAccelerator provided something that they could not have got from any other source. However, this may be overstated given that only 40 per cent of the companies had actually investigated alternative support available.

Those who did investigate other options primarily identified affordability¹⁷ (36 per cent), quality of the service (17 per cent) and strength of the recommendation (17 per cent) as the reasons for choosing GrowthAccelerator. The fact that affordability is a key factor in firms’ decision to join GrowthAccelerator supports the rationale for government intervention – firms are price-sensitive and thus government subsidy affects the take-up of business support.

¹¹ Effectiveness survey, question B1.

¹² Outputs survey, question B10

¹³ Effectiveness survey, question B4

¹⁴ Effectiveness survey, question B3

¹⁵ Both internet search and networking were not provided as options in the question on routes of awareness and were identified in an open question, therefore real percentages may be higher

¹⁶ Service monitoring data is collected on a regular basis for the whole assisted population, and includes basic information such as number of assisted companies, breakdown by strand of assistance, turnover, employment, etc.

¹⁷ Effectiveness survey, question B8

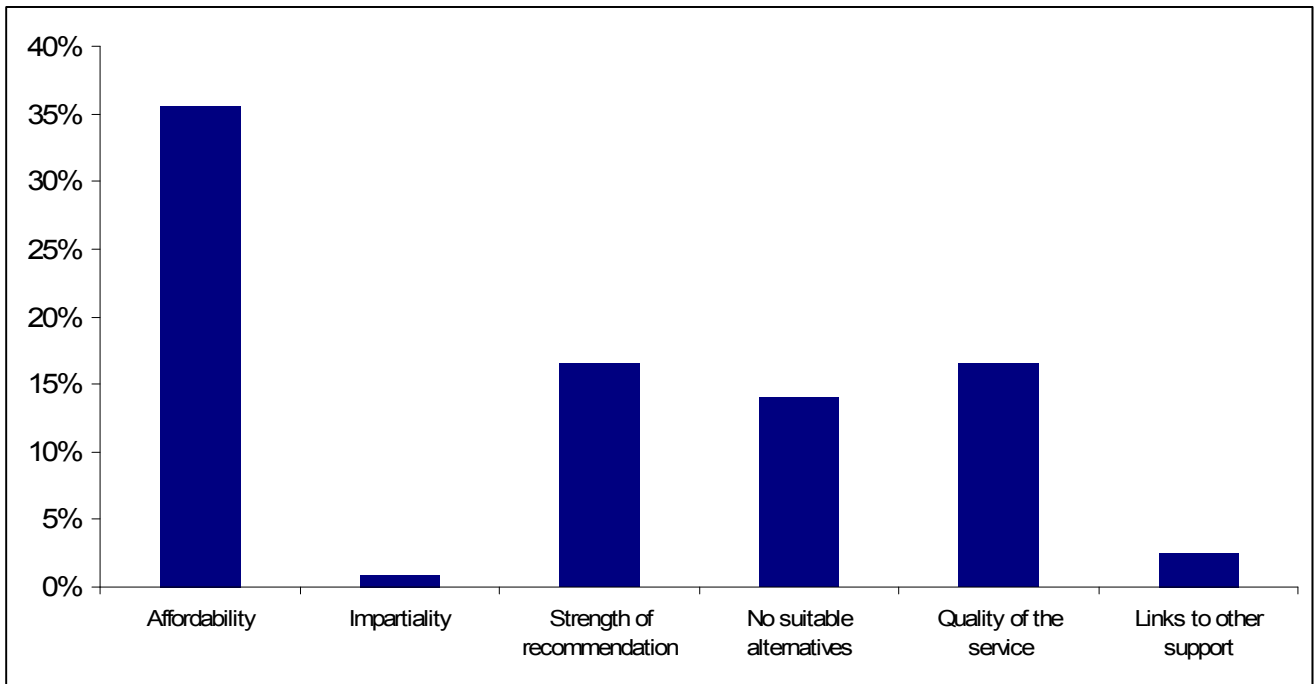


Figure 1. Reasons for choosing GrowthAccelerator

The outcomes that firms expected to achieve prior to accessing support were achieved by nine out of ten companies

Companies engaged with GrowthAccelerator in order to achieve a range of different outcomes¹⁸:

- Ninety-one per cent expected to improve the capabilities of their executive team
- Seventy-seven per cent expected to increase their sales by more than 10 per cent
- Sixty-nine per cent expected to implement change processes
- Sixty-seven expected to commercialise new ideas.

Just six months since signing up to the service, 9 in 10 assisted companies had achieved their expected outcomes¹⁹. The proportion of assisted companies achieving their expected outcomes varied little between the specific outcomes. The objective achieved most often (by 92 per cent) was improving the capabilities of the executive team. The objective achieved least often (by 85 per cent) was “increasing the sales by 10 per cent”, perhaps because sales outcomes are less immediate than improvements in business management.

¹⁸ Outputs survey, question C1

¹⁹ Outputs survey, question C2

2.2 Outcomes of using GrowthAccelerator

The initial diagnostic process helps firms' understanding of the areas they need to develop

The quality of GrowthAccelerator as a whole hinges on the effectiveness of the initial diagnostic process, in that correctly identifying the key needs of the assisted companies enables them to maximise the value of coaching. The academic literature suggests that companies often experience information-related barriers to growth and lack the capabilities to acquire and apply external knowledge²⁰. These barriers include lack of understanding of the benefits of support, lack of knowledge of available sources of support and lack of trust in support providers.

The surveys indicate that the diagnostic stage of the process does add value. Ninety-five per cent of the assisted companies reported that the initial review had an influence on their understanding of their business development needs²¹.

- A third of them reported that the review helped them identify issues that they were not previously aware of
- The vast majority of them (81 per cent) reported that the review clarified the issues they needed to focus on
- Sixty-two per cent of them mentioned that the review confirmed the specific issues they needed to focus on.

GrowthAccelerator has helped companies make a range of improvements

Firms have introduced a range of improvements to their business as a result of accessing support²². Ninety per cent of companies thought GrowthAccelerator helped them become better at business planning. This is a positive result given the link between more sophisticated business planning and business growth that is identified in the research literature²³. Businesses have also improved their access to finance, innovation and marketing capabilities, and those improvements were achieved by users of different strands of support, not just the users of targeted coaching products. This finding suggests that improvements in general business running and management enable companies to introduce a range of other improvements. The key findings are summarised in Table 1.

²⁰ Phelps, Adams and Bessant (2007) "Life cycles of growing organizations: A review with implications for knowledge and learning"

²¹ Effectiveness survey, question C2

²² Outputs survey, question E11

²³ Brinckmann et al (2010) "Should entrepreneurs plan or just storm the castle? A meta-analysis on contextual factors impacting the business planning–performance relationship in small firms"

Table 1. Areas where improvements were achieved for assisted companies

	Yes, to a large extent	Yes, to some extent	Total
More likely to grow	61%	35%	97%
Planning	54%	36%	90%
Marketing	35%	41%	77%
Coping with economic downturn	28%	47%	75%
Spotting opportunities	27%	46%	73%
Developing new products	26%	44%	70%
Understanding risk	21%	41%	62%
Financial management skills	26%	35%	60%
Managing costs	20%	40%	59%
Investment readiness	19%	40%	59%
Seeking external finance	22%	32%	54%
Started to export	2%	10%	13%
Exporting	3%	9%	13%

Thirteen per cent of companies have started to export as a result of GrowthAccelerator support. A further 13 per cent of the assisted companies reported that they became better at exporting as a result of support. This suggests GrowthAccelerator is having a positive effect in an area that is not the primary focus of the service; the companies with the need for specific export support are referred to UKTI.

Nine in ten assisted companies were satisfied with the quality of referrals to other sources of support

While GrowthAccelerator is a comprehensive service that encompasses a number of different products, this can be complemented by more targeted support in specific areas. Firms that may benefit from more specific support can be referred to external providers. Thirty-eight per cent of the assisted companies were referred or connected to other support services²⁴. According to service monitoring data, firms are most often referred to other public-funded business support, as well as business membership organisations and

²⁴ Effectiveness survey, questions E4,E5

specialised training providers. Out of those referred, 89 per cent were satisfied with the quality of referral, indicating the effectiveness of the diagnostic process.

Almost nine in ten businesses considered GrowthAccelerator to be important in increasing their turnover

While it is too early at this stage to observe the long-term impacts of the service, firms' feedback can help gauge what those impacts might be. According to the surveys, 80 per cent of assisted companies considered GrowthAccelerator to be at least marginally important in creating additional jobs in the future, while a third considered it to be very important (see Figure 2). The average impact on turnover was even larger, with 87 per cent of the businesses considering GrowthAccelerator to be at least marginally important, while 44 per cent considered it to be very important.

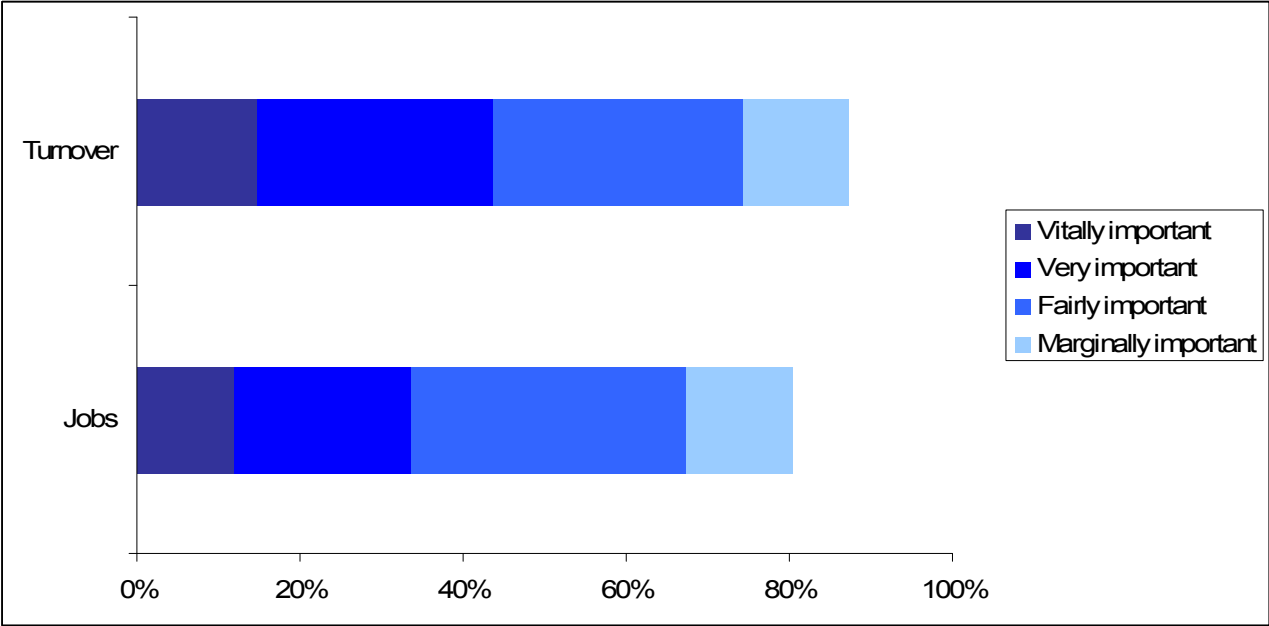


Figure 2. Importance of GrowthAccelerator on increasing turnover and creating jobs

2.3 Satisfaction and points for improvement

Customer satisfaction was very high across all stages of the service...

The level of satisfaction with a service is a key indicator of the quality of delivery. While the benefits of assistance might be high, the level of satisfaction provides insight as to whether certain parts of the process are confusing, cumbersome or time-consuming. The effectiveness survey asks about satisfaction with reference to the different aspects of the three main stages of GrowthAccelerator support – initial assessment, engagement with the Growth Manager and coaching²⁵.

- **Initial assessment.** The online application to GrowthAccelerator had the lowest satisfaction rate out of all the stages of the process – but still the vast majority (83 per cent) were satisfied with the online application. The fact that four per cent were “very dissatisfied” with the online application could indicate that some people find the process difficult. The telephone interview had a higher satisfaction rate, with 91 per cent of users satisfied. This may be because over the phone people get a chance to ask questions and clarify anything they find confusing.
- **Growth Manager.** Ninety-three per cent of users were satisfied with the face-to-face meeting and action plan. In general, companies were very satisfied with their Growth Manager, including their insight of business (92 per cent), scope of support (89 per cent) and knowledge of services (92 per cent).
- **Coaching.** The level of satisfaction with coaching was even higher across four different indicators. Assisted companies were satisfied with their coach’s understanding of their business (92 per cent), business experience (95 per cent), technical skills (92 per cent) and credibility (96 per cent).

Overall, 97 per cent of assisted companies reported that they would recommend GrowthAccelerator to other businesses²⁶, reflecting a very high level of satisfaction with the service.

...however, some points for improvement were identified, including increased networking opportunities and extending the duration of coaching

While over a third of the companies thought that either no improvements are needed or they could not think of anything, a number of potential improvements to the service were identified.²⁷

- Most often (6 per cent) companies mentioned the need for more opportunities and information on mentoring. This has been largely addressed with the launch of Growth Community, a GrowthAccelerator alumni network which will facilitate networking amongst assisted companies.
- Four per cent mentioned making the service more widely known. This is being addressed through ongoing marketing efforts which are likely to increase awareness of the service. However, the nature of the service places significant reliance on supported customer acquisition – e.g. direct referrals from other businesses and coaches.
- Four per cent mentioned the duration of coaching could be extended.

²⁵ Effectiveness survey, questions E1-E3

²⁶ Effectiveness survey, question F3

²⁷ Effectiveness survey, question F2

- Four per cent identified a need for better matching of the coaches to businesses.

A range of other possible improvements were also mentioned, albeit by fewer businesses. An upcoming formative evaluation of GrowthAccelerator will explore the possible improvements in more detail.

2.4 Next steps

To accurately capture the long-term impacts of the programme and assess its performance, a comprehensive monitoring and evaluation framework is in place

- An interim evaluation of GrowthAccelerator will be published later this year, reviewing the findings from year 1 and year 2 surveys and using them to gauge the expected economic impact of the service. A formative evaluation of the service has also been commissioned.
- It is expected that the full economic impact of the GrowthAccelerator scheme will only be realised in the longer term. The first full economic assessment of the scheme is planned for 2016/17. This will add to the insights from the surveys by using a quasi-experimental approach and matching to administrative data to track firm performance.

© Crown copyright 2014

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. Visit www.nationalarchives.gov.uk/doc/open-government-licence, write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

This publication available from www.gov.uk/bis

Any enquiries regarding this publication should be sent to:

Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
Tel: 020 7215 5000

If you require this publication in an alternative format, email enquiries@bis.gsi.gov.uk, or call 020 7215 5000.

BIS/14/687