



THE WINSTON CHURCHILL MEMORIAL TRUST OF AUSTRALIA

**Report by Phil Kemp
Churchill Fellow 2000**

To study ways to improve the provision of services and support
to small and medium enterprises in the United Kingdom
August – October 2000

The Winston Churchill Memorial Trust

REWARDING AUSTRALIANS STRIVING FOR EXCELLENCE

ACKNOWLEDGEMENTS

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Lastly, I would like to thank my wife Ruth for letting me go for two months whilst she was working full time and caring for Alexandra, our 18 month old daughter. If there had been any hesitation on her part for me being away for so long, I would never have gone.

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EXECUTIVE SUMMARY

The Churchill Fellowship allowed me to travel to the United Kingdom to investigate support mechanisms for small and medium sized businesses, with a particular focus on not for profit agencies and the mix of services they provide.

Britain's support systems for these businesses, known as SMEs, are recognised as being among the best in the world. As Australia is increasing its investment in similar support systems, the purpose of this investigation was to look at what support structures existed in Britain, in order to assess what is best practice and how such systems can be implemented in Australia.

It is essential to note at this point *why* it is necessary to improve the support that Australia provides to SMEs. At the local level, small business development strategies can help create and maintain a high level of employment and job quality. They can help to create the jobs necessary for providing middle-class opportunities for the unemployed and working poor. They can also provide the earnings needed to make further investments in education, government services, amenities, infrastructure, and quality of life.

The issues surrounding small business development have been steadily increasing in importance with the public and the media. Often, small business is used as a convenient answer to the question: "Where are my kids going to find a job?" This will only be the case if small businesses can be nurtured beyond start-up phase and rise above the 'subsistence level' seen in many enterprises – businesses that provide just enough money to support a single person but have little in the way of growth opportunities.

If businesses do receive support, they are more likely to grow beyond single-operator enterprises. Their success and growth can have a major impact, as governments in Australia and around the world are increasingly being judged on their capacity to create employment and on the success of the local economy.

To put this study tour into perspective, I am the Executive Officer of a not for profit small business development agency in Fremantle, Western Australia. We provide business facilitation (one to one business counselling) and business incubation services to small businesses, mainly start-up micro businesses (fewer than 5 employees). The organisation is called Coastal Business Centre Inc and it has been in existence in one form or another for over 10 years.

The people and organisations I arranged to visit were mainly organisations such as my own, however there were a few notable exceptions. Foremost of these was a meeting with David Irwin, the chief public servant of the Small Business Service in the United Kingdom, with the responsibility of delivering government business development services to small business and also known as the “Small Business Tsar” as labelled by the British media due to his direct access to the British Prime Minister, Tony Blair. I also met with the guru of small business development academic literature, Professor Alan Gibb from Durham University, and with David Grayson, the chairman of the Business Link accreditation panel and head of Business in the Community in the UK.

This report will be divided into several sections, outlining, in broad terms, the information gleaned from these series of meetings. I will discuss not only the structures that are in place in Britain, but how they relate to each other, and to the clients they serve – the SMEs. I will also look at what lessons can be learned from the support networks in place in Britain and, more specifically, the lessons learned from highly successful, individual centres. I will look at how these lessons can be applied to the West Australian Business Enterprise Centre network and, finally, I will make a series of recommendations based on my experience in the UK.

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PROGRAM

Itinerary – Bases of Operation

22 nd August	Depart Perth
23 rd August	Arrived in London
5 th September	Arrived in Harrogate
11 th September	Arrived in Durham
25 th September	Arrived in Edinburgh
8 th October	End of Churchill Fellowship

Contacts and Appointments

LONDON

Sally Agas	Chief Executive Officer – Hackney Business Venture
John Firman	Business Advisor – Hackney Business Venture
Alan Bretherton	Chief Executive – National Federation of Enterprise Agencies
Sue Cheshire	Managing Director – The Academy of Chief Executives
David Grayson	Chairman, Business Link Accreditation Panel
Dr David Hall	Director – Thames Gateway Technology Centre
Ed Baldwin	Director – Redarch Associates Limited
Kevin Horne	Chief Executive – Norfolk & Waveney Enterprise Services

HARROGATE

Brian Dunsby	Chief Executive – Institute of Business Advisors
Derek Baker	Small Business Manager – Business Link Leicestershire
Norman Whyte	York Business Development
Mike Horner	Managing Director – Centre for Business Development
Richard Harvey	Chief Executive – Tapton Park Innovation Centre
Dennis Vint	Business Development Manager – Bolton Business Venture
Mike Parker	Loan Fund & Finance Manager – Bolton Business Venture
Walter Yates	Small Business Manager – Business Link Liverpool

DURHAM

Professor Alan Gibb	Professor Emeritus – University of Durham Business School
Andrew Atherton	Director – The Foundation for SME Development
Nik Grewer	Business Development Advisor – Sedgfield Borough Business Service
Paul Finlay	Property Manager – Project North East

Colin Weatherspoon	Business Director – Cobweb Information
David Howell	Operations Manager – Business & Innovation Centre Sunderland Enterprise Park
John Whymark	Project Engineer – Business & Innovation Centre Sunderland Enterprise Park
Dan Brophy	Chief Executive – Tyne & Wear Small Business Service
Doug Scott	Chief Executive – Tyneside Economic Development Company
Paul Forsyth	General Manager – Business Link Durham
Derek Toon	Chief Executive – County Durham On-line
David Bowles	Director Business Development – One North East
Stewart Watkins	Director of Business Services – County Durham Development Company
Shaun Stuart	Chief Executive – Teesdale Enterprise Agency
David Irwin	Chief Executive – Small Business Service United Kingdom

EDINBURGH

Susan McLellan	Business Manager – Scottish Enterprise Edinburgh and Lothian
Linda Gosden	Manager – Small Business Gateway
Dr Brian McVey	Manager Small Business Services Division – Scottish Enterprise
John Cunningham	Chief Executive – Scottish Enterprise Lanarkshire
Michael McHugh	Business Manager – Scottish Enterprise Lanarkshire
	Skye & Lochalsh Enterprise

Glossary of Terms

BEC – Business Enterprise Centre

LEA – Local Enterprise Agency

LEC – Local Enterprise Company

PBA – Personal Business Advisor

SBDC – Small Business Development Corporation

SBS – Small Business Service

SME – Small and Medium Enterprise

TEC – Training and Enterprise Council

SMALL BUSINESS IN THE UNITED KINGDOM

Overview of small business support mechanisms in the United Kingdom

For many years, support for small business in the United Kingdom has proved to be a roller-coaster ride of government initiatives, funding programmes, changes in policy and overlapping services, ending in small business confusion and apathy. Each regional area of the United Kingdom – England, Scotland, Northern Ireland and Wales – has had its own unique and separate system for supporting small businesses. Initiatives have been funded from the national Government in Westminster to local communities and the private sector sponsoring the creation of support agencies.

In general, much of the support for small business has focussed on providing advice and guidance at the creation of the business (as a start-up) and in its early stages of growth. However, increasing attention is being paid to assisting businesses that have the potential to grow, which often involves intensive advice of a specialist nature. The organisations that deliver support services have tended to be community-based, not for profit associations or government-created autonomous agencies.

Business Links and the new Small Business Service

Since 1992, the major government initiative for SMEs has been with a network of advice centres called Business Links. They provide local information, advice and consultancy services to small and medium sized firms. This could range from answering simple inquiries over the telephone to a specialist consultancy (on topics such as marketing, management, exporting, innovation and training) or intensive one-on-one consultancy services with a personal business advisor (PBAs).

Business Links were formed to reduce the confusion in small business services and to standardise quality. They were formed in partnership with other organisations including Training and Enterprise Councils (TECs), chambers of commerce, enterprise agencies and local government. In 1999, the partnerships were structured around a network of 89 local hubs, with more than 200 satellite offices.

The philosophy behind Business Links was that they were to be more than just signposts to information – they were to provide a broad range of more intensive services such as business counselling and consultancy services. These services were delivered by PBAs, who as well as answering general inquiries, had to maintain a portfolio of companies with which they had regular contact.

Up until 1999, however, Business Links attracted considerable criticism for not providing satisfactory services, not satisfying customer demand, not attracting enough clients and actually increasing the level of confusion of services available to small business (Bennett and Robson 1999). In response (and because of a change of government), the Business Link network has been redesigned. Since April 2000, the name Business Link has been maintained as a brand name for an information and advisory service for SMEs that is similar to the services previously provided. This new service, the Small Business Service (SBS), is more comprehensive and differs from the old Business Link service in three key ways.

Firstly, instead of giving the contract for the Business Link hub to the local TEC, they are being removed completely, with Business Links to be contracted directly to SBS. As part of this change, the number of Business Link hubs will be cut from 89 to 45.

Secondly, the targeting of the service has been widened to be open to all SMEs, not just start-ups, thus spreading support more widely. Intensive advice remains part of the portfolio of services, but only as one element and only after the clients have evaluated and have chosen the intensive service for themselves.

Finally, the SBS has sought to renew an emphasis on quality improvement by giving greater emphasis to advisor training and accreditation.

Local Enterprise Agencies

Local Enterprise Agencies (LEAs) are companies limited by guarantee, typically set up as partnerships between the private sector and local authorities, with support from British Government, depending on their individual circumstances. These organisations are most like Business Enterprise Centres in Australia. In England, there are around 160 independent LEAs. LEAs originated in the early 1980s, as a

partnership response from business and local councils to high levels of unemployment and to the demise of large sections of manufacturing, particularly in the industrial Midlands and the North (National Federation of Enterprise Agencies, 2000).

They deliver business support services under contract to Training and Enterprise Councils (TECs), to Business Links, to the Single Regeneration Budget and, increasingly, to overseas customers through development aid funding. The agencies' key purpose is to promote economic regeneration by assisting in the creation of small businesses.

LEAs provide support services such as business advice and information, counselling and training. They deliver these services to pre-starts, start-ups, sole traders, partnerships, co-operatives, and limited companies. Nearly half of all LEAs operate business incubators for small businesses, which offer office space at a competitive price, easy-in/easy-out lease agreements and access to a business advisor whenever required.

LEAs annually see about 100,000 clients, and 22,000 of those clients go on to start up businesses. According to the Annual Report 1998–99 for the LEA network, an average agency has been in operation for 15 years, employs four full time equivalent employees, has attracted 22 private sector sponsors, offers seven services including advice and office space, sees 326 micro-businesses annually and has an annual turnover of £212,000. On average, 73 per cent of start-ups helped by the LEA survive at least 18 months.

It is important to note at this point that of all agencies visited, LEAs are most like Business Enterprise Centres in Australia in terms of structure and services.

Scottish Enterprise

The Scottish system of supporting small business differs from that in the rest of the United Kingdom. Scotland has a network framed by Scottish Enterprise, Highlands and Islands Enterprise and their subsidiaries, the Local Enterprise Companies.

Traditionally, the responsibility of local economic development in Scotland fell to two major agencies – the Highlands and Islands Development Board, created in 1965, and the Scottish Development Agency, which was established in 1975. Both organisations provided a focus for economic development activity that evolved with time and changes in government policy.

The Highlands and Islands Development Board was created to encourage regional and local economic activity while stabilising declining population levels. It was created at a time when unemployment was particularly high and job prospects were few, prompting considerable social displacement. The board's overall economic development strategy hinged on the region's natural resources, but also sought to encourage and attract industrial development and investment from external sources.

The Scottish Development Agency was set up to provide, maintain and safeguard employment across the lowlands, in particular. It sought to promote industrial efficiency, improve the Scottish economy and increase the competitiveness of Scottish businesses to allow them to prosper on a world stage.

By the 1990s, changes in the political landscape in the UK had forced the need to restructure the two agencies. In 1991, the Scottish Development Agency was replaced with Scottish Enterprise; the Highlands and Islands Development Board was succeeded by Highlands and Islands Enterprise.

Both new bodies were charged with stimulating self-sustaining economic development and the growth of enterprise, improving the environment, encouraging job creation, reducing unemployment and improving the skills of the Scottish workforce. Unusually, both have been vested with a degree of social responsibility for their geographical areas.

The two organisations have created Local Enterprise Companies or LECs. In essence, these organisations provide a network of delivery points for the services associated with economic development; training, enterprise and business development and environmental improvement.

Scottish Enterprise and Highlands and Islands Enterprise:

- provide strategic policy guidance and expert advice to the LECs on individual economic sectors;
- undertake major projects or research activities which extend beyond the areas of individual LECs;
- provide individual LECs with a range of central support services which include administrative, accounting and property services;
- undertake marketing and inward investment programs for the areas in question;
- undertake major environmental improvement and land renewal programmes, in consultation with the LECs involved and
- monitor the progress of the LECs in implementing their plans and achieving their objectives.

The significance of a coordinated, cohesive network of LECs and a central hub providing resources cannot be underestimated. The LECs under Scottish Enterprise receive an average of £25 million and in the 1999–00 Annual Report, the network estimated 10,000 new start-up businesses had been assisted, about 25,000 new jobs had been created due to the network's activities and more than 100,000 general business inquiries had been received. The one-stop approach to all government assistance for small business certainly seems to be working.

Private Sector – Academy of Chief Executives

The concept of private sector business development in Britain is worth some mention, as it provides a valuable resource for larger enterprises. The Academy for Chief Executives is the brainchild of several former Business Link employees and is run in a for-profit, private sector manner. The Academy is effectively a mentored peer support programme, which also espouses the philosophy of personal development.

Groups of up to 14 members meet monthly and a chairperson who holds or has held a CEO position in a major organisation runs each group. The morning session has a guest presenter who discusses topical business issues to the group. The afternoon is for members to raise their own business issues in confidence; including voicing their problems, or seeking advice on challenges or opportunities they are facing.

Between monthly group meetings, each member meets with the group chairperson for a performance coaching session. There is also an annual two-day retreat where each member presents and is challenged on his or her personal and business goals for the coming year. The group then commits to helping each member achieve the goals, which are tracked during the year.

Academy group membership is open by invitation to chief executives, chairpersons, managing partners or business owners of companies ranging in turnover from £2 million to over £200 million. There is also a Leaders Forum group for leaders of smaller organisations and senior managers and directors of larger organisations. Each member of the Academy is charged approximately £12,000 per year, and there are currently 26 groups across the United Kingdom and more than 300 members.

LESSONS TO BE LEARNT FROM BRITIAN'S EXPERIENCE

Despite the range of services on offer, the British system of supporting small business is complex to the small business owner, inconsistent in quality and services, lacks coordination between service deliverers and is very bureaucratic. However, small business development organisations, both government and not for profit are well funded, enjoy strong stakeholder support for their objectives and generally make a difference to their local communities.

Some of the initiatives and lessons that can be taken from an overall look at small business development in Britain are as follows:

- Government and community support for small business initiatives is strong. These key stakeholders understand that economic growth, job creation and future national prosperity will come from supporting the creation and growth of small businesses
- Consistent branding and the creation of one-stop shops for SMEs reduces confusion with the target audience and improves the interaction with the community. This is especially recognisable in the activities of Scottish Enterprise.
- Quality standards have been introduced to benchmark the small business support. Although they have some way to go, the government's funding organisations realise that there is great inconsistency in the quality of service provided by small business development organisations and that service must be improved to maintain the public's confidence in the small business support system
- Moves have been made to reduce the bureaucracy involved in small business development, to ensure that organisations providing services to SMEs reflect the culture of small business. Although this issue will never be truly resolved, organisations that deliver services to small businesses must have a "can do" culture and be responsive to the needs of their clients.

On an individual level, the most successful enterprise agencies visited exhibited the following characteristics. They:

- Focused on people development as opposed to business development
- Operated successfully, despite stifling bureaucracy and government systems

- Had boards of management made up of key stakeholders that contributed time, resources and contacts
- Provided a holistic service of business counselling, office space, micro financing, training seminars, mentoring and networking
- Subsidised non income generating activities such as business counselling, mentoring and micro finance initiatives with money generated by the operation of incubator facilities
- Had a corporate image, name, logo, marketing material and website that displayed a consistent professional image and reflected the services offered and the organisation's values.

Overall, small business support in the United Kingdom is more comprehensive than in Western Australia with a greater emphasis from government on funding initiatives that assist in creating employment and wealth.

I believe that this is perhaps the greatest lesson of all from my study tour – the battle has been won on the reasons why small business should be supported. Governments and the community understand the benefits of creating small businesses and supporting them to grow so they, in turn, generate employment.

In Australia, that argument is still continuing, with Federal, State and local governments continuing to fund small business initiatives really as a token gesture to satisfy questioning from the few lobby groups interested in small business. Until governments realise that national prosperity can be derived and improved by the creation of viable small businesses, small business development in Australia will remain an under-funded and misunderstood industry.

APPLICATION TO WESTERN AUSTRALIA'S BEC NETWORK

The Churchill Fellowship allowed me to step outside of the Western Australian business development context and explore alternatives to the way Business Enterprise Centres (BECs) could operate and provide services to small businesses.

There are two levels to my findings: lessons that can be taken on board by an individual Business Enterprise Centre operation and those applicable to the whole BEC network in Western Australia. I will start with some recommendations to improve the level of service by an individual BEC.

Recommendations to an individual BEC operation in Western Australia

In many ways, the Business Enterprise Centre network stands at a crossroads. State Government funding is barely enough to employ a skilled professional person to provide a basic facilitation service in a standard office with equipment. Local government, once a strong financial supporter of the BEC network, is starting to employ its own economic development officers. The role these officers play in improving the economic wellbeing of their communities is similar and overlaps with the role of BECs, especially in smaller remote communities. The bulk of government initiatives that proved to be good money earners for the BECs have been withdrawn or replaced.

The best small business support agencies that I visited in the UK were also the most entrepreneurial. They were like this because they were managed by board members that enabled their agency to be entrepreneurial and they recruited chief executives that could work within the complex world of not for profits, bridging government stakeholders and the small business clients with ease.

These organisations had developed new programs to attract the local business community to their service; they looked and acted as if they were small businesses themselves so they understood their small business clientele intuitively and responded to their changing needs quickly. These organisations were able to do all this even

thought they were working within a stifling bureaucratic environment that otherwise tended to quash any new ideas or initiatives.

A few attempts have been made to restructure and refocus the BEC network since its inception. A report commissioned in 1995 by WA's Small Business Development Corporation (SBDC) indicated that the BEC network should look at private sector funding sources for additional funding to strengthen the network's ability to achieve its mandated goals. In 1998, Tim Atterton, of Durham University Business School, produced a document entitled *Shaping a Preferred Future – Service standards and benchmarks for Business Enterprise Centres in WA*. The document created a model of essential characteristics that a BEC should exhibit. He said BECs needed to

- ◆ embody a small business culture,
- ◆ provide relevant business support services and
- ◆ act as a bridge between small business and BEC stakeholders

Although SBDC commissioned the Atterton report, nothing has been done to adopt its reforms. BECs continue to act like many of their own small business clients – BEC managers are working 50-hour plus weeks and are often unable or unwilling to take a step back to look strategically at their role in the community.

Some lessons from the United Kingdom's experience in funding and providing services to small business could be considered as being best practice. Best practice is defined as activities that follow tried and true methods of operation, actions that have been already proven in the field. An important aspect of best practice is that it does not stifle innovation, but builds on the knowledge of what works and what does not. Best practice does not mean conformity or standardisation. It recognises that not every technique will work in every situation. It does mean a constant focus on improvement and renewal of services to ensure relevance. Best practice is a measurable quality. Benchmarks can be used to assess its success as a method of operation.

Business Enterprise Centres are charged with providing business development services in their local communities. Since every community is different and requires

different services, a BEC must have a diverse set of business development 'tools' to meet those unique needs. Not every service can be implemented in every community, and not all at the same time. It must also be remembered that a small business client may need to access more than one service to achieve a positive outcome. A mix of the services, appropriate to each community, should be offered to the small business client as part of the activities of a successful BEC. The following is a suggestion of services that could be adopted by a best practice BEC. Some are already in place in most BECs, while other services are proposed based on evidence of what has worked in the British networks.

An Example of a Best Practice BEC Toolkit

- Business Counselling – a service that provides one to one assistance to pre-start, and start-up operations as well as to existing business people
- Business Mentoring – a service that provides a longer term relationship between the operator of an ongoing or growing business and a mentor
- Business Coaching – a service that is most suitable for owners of growing businesses, provided by a highly skilled business coach able to encourage business owners to achieve their best
- Training seminars/workshops – short course training or one-off workshops on topics of direct importance to the SME owner
- Business incubator – provision of office space to early start-up businesses, with associated mentoring and business support provided to tenants. Also provides other common use facilities such as photocopiers, secretarial and internet access
- Micro finance fund – small loans for start-up small businesses or larger loans for businesses that are expanding, tied in to mentoring and business support
- Networking club – a regular get together of local business owners for the purpose of networking and expanding business contacts
- Newsletter – in electronic or hard copy format, as a regular vehicle to communicate with the small business community, keeping SMEs abreast of current topics and in promoting the services of the agency.

Recommendations to the BEC Network in Western Australia

My Churchill Fellowship also provided much discussion on how to improve not only an individual BEC but also the collective interests of BECs. From my findings and discussions, I believe that there needs to be a full and complete review and overhauling of the business model and funding structure that underpins the Business Enterprise Centre network in Western Australia, with a view to introducing a sustainable operational model that encourages the network to be entrepreneurial, innovative and more proactive at the local level.

As a guiding principle, BECs must behave entrepreneurially – they must reflect their target market or they will be considered to be government agencies, bureaucratic, out of touch and irrelevant.

The critical issue regarding the future of the BEC network in Western Australia is funding. The existing level of funding is insufficient for the BEC network to maximise its capacity to deliver SME support services.

For example, the average small business client base for each BEC within the metropolitan area of Perth ranges from 10,000 to 25,000. Within rural Western Australia, facilitators can have a territory in excess of 25,000 square kilometres but only service a business base of a few thousand at best. Yet each centre is funded the same amount of money (centres north of the 26th parallel receive an additional \$10,000). With each Centre only able to employ one facilitator and most unable to afford to employ administrative staff, the demands on their time and resources can be extreme.

Funding for British organisations varied, but for the LEAs, which are the most similar to BECs in terms of structure and services, the level of funding considerably exceeded that given to the Australian organisations. As covered above, the average LEA has four full time equivalent employees – compared to the one or two at each BEC – and has an annual turnover of £212,000. While the turnover comprises both government funding as well as income from a range of other sources, it is far and away above the average turnover of most BECs. Importantly, however, most LEAs see about the same number of clients as their lesser-funded Australian counterparts.

Additional funding for WA BECs could produce many direct benefits, including:

- Allowing for competitive salary packages to be offered to facilitators, thus improving the level of quality in relation to qualifications and experience of BEC managers. This problem is particularly relevant when recruiting for regional and remote centres, where additional benefits such as housing allowances and air conditioning allowances are not viable conditions for BECs to offer
- The ability for BECs to employ the necessary support staff required to administer the Centre, freeing the resources of the small business facilitator to improve service delivery to clients. Currently, many BECs rely on trainees and other temporary sources of human resources. The subsequent high turnover of support staff produces extraordinary demands on the time of the facilitator in terms of training and lost productivity.
- Improving the level of public awareness of the services offered by BECs. Restricted funding currently limits the ability of the BEC to invest in effective marketing. This lack of marketing restricts the number of small businesses accessing the service.
- Allowing BECs to invest in training of their facilitators and creating a general acceptance of the existence of a business facilitation profession. Training facilitators would lead to the creation of benchmarks for accreditation of facilitators and generally improve the overall service provided by BECs.

Recommended Action 1

Increase the level of funding to Business Enterprise Centres

Increasing the level of funding would require increased levels of accountability of public money. The only manner in which the government could effectively protect its investment into BECs is to include a series of minimum performance measures in the funding agreement to ensure continued funding for the BEC.

Currently, the BEC funding agreement between SBDC and a BEC involves no performance measures. A BEC could provide services to one client a month or 100 per month and still receive the full amount of BEC funding it is entitled to, with no mechanism for review of performance. Innovative and entrepreneurial BECs receive

no additional funding for their actions, providing a disincentive for facilitators and committees to improve their level of BEC service, leading to poor retention rates of staff and committee members.

Performance measures should be consistent with the region of activity for the BEC; there is little to be achieved by creating performance measures that are the same for metropolitan BECs and remote BECs. Some generic performance measures per annum are suggested:

- Number of new business starts
- Number of jobs created/maintained
- Client satisfaction level above 90% for BEC services
- The annual addition of a sponsor for the BEC
- Development and implementation of an additional SME support programme

Recommended Action 2

Performance measures to be included in the BEC funding agreement

BECs are not for profit, community organisations that have a board of management made up of local people who provide time and experience to the organisation in a voluntary capacity. There is a great disparity across the network as to the level of professionalism and skill of the people that make up these boards. This manifests itself in all aspects of the BECs operations, from recruitment of facilitators to the management of their work and the level of involvement the BEC has in the community.

There is an urgent need to provide training and support to the people that volunteer their time to a BEC, especially if BECs are granted additional core funding and are required to meet performance targets. Not only must the facilitator be professional, so must those managing the overall strategic direction of the BEC.

Recommend Action 3

The provision of training and support for BEC Committee members

The amount of overlap in services provided by government departments and BECs has been increasing in recent years and subsequently SMEs have found it increasingly difficult to identify which government services apply to their situation. State government departments that offer services to SMEs include the Departments of Commerce and Trade, Training and Employment, Contract and Management Services and Agriculture WA as well as regional development commissions. Services are also provided by local governments and chamber of commerce/business associations.

Notwithstanding these overlaps between separate government departments, the relationship between SBDC and the BEC network is also one that involves an overlap of services. At the heart of the matter is the provision of facilitation services by SBDC. This issue mostly affects the 10 metropolitan BECs and the services provided by the enterprise development officers within SBDC.

An update of the BEC network should also include an update of the role and responsibilities of SBDC. At issue is defining a relevant and contemporary role for SBDC that reflects international best practice in terms of government's role in support of SME development.

Specifically, this would involve a significant shift in strategic emphasis from the broad delivery of support services to a more focused role in terms of monitoring the state of the SME sector. SBDC should concentrate on establishing mechanisms for communicating with the SME community and identifying their opinions and trends in the small business sector. It should also assess the needs of the community in order to enhance development, provide services and support to the BEC network and ensure consistency and coherence across the range of government departments and agencies that also interact with SMEs.

It should not be in the business of delivering services to SMEs, effectively placing SBDC in competition for clients and funding with its own BEC network.

Recommendation 4

Update the role and responsibilities of SBDC, moving it from a service delivery agency to a strategic agency

CONCLUSION

Overall, this Churchill Fellowship tour and paper highlight that while Australia certainly has the basics of a world-class business support network; it also has a long way to go before the systems in place are consistent, complementary and able to operate at their full potential.

The most important lesson gleaned from the tour is that the argument over whether or not to fund support systems for small and medium businesses is a battle that has already been won in the United Kingdom. The argument has progressed from this basic premise to a discussion on how best to service these SMEs and – as can be seen in the diversity of the roles performed by the Scottish agencies – how those services can also be used for broader social development and environmental improvement.

The acceptance by the British Government that SMEs are vital is evidenced by the importance given to the sector (such as through the appointment of a small business tsar) and its willingness to fund programs. It is also shown in the longevity of the programs available; unlike Australia's systems, where new economic development measures are often introduced on an ad hoc basis determined by political expediency, funded for a brief period, then allowed to drop.

My conclusion from this tour is that Western Australia's BEC network could have a similarly successful and influential role to play in economic development, provided there is a willingness to fund the network properly, streamline its interaction with other agencies, while reducing duplication both at a State and local government level, and if those at the coalface – the BEC service providers – are trained properly and encouraged to meet performance benchmarks. This last point would not only improve the standing of Business Enterprise Centres, but it could have long term economic benefits for the State of Western Australia by ensuring that free, comprehensive support is available to such a vital part of the State's economy.

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