

the  
small  
business  
view of...

# business support

South East  
England  
Findings

A report by The Federation of Small Businesses



# Introduction

In 2006, an FSB survey<sup>1</sup> revealed that only 4% of small businesses had used government funded business support in the previous 12 months. In contrast to this, 54% of businesses said they primarily use their accountant for business support services.

Soon after this was published, in March 2006, the government announced that it was looking to simplify the complicated web of business support services it provided, from 3,000 to fewer than 100 schemes.

From 2008, the government aims to introduce a central portal, run by Business Link, through which businesses are directed to a range of private and public business support options to assist their needs.

The FSB undertook a further survey in May 2007, to ascertain what business support services were used most commonly by members and to gather their opinions of the business support services provided by the government. The findings of this report are taken from the 653 response to the survey from small businesses in the South East of England.

Building on these results, the FSB has identified:

- Seven key findings relating to small business use of business support. Based on these findings, a number of recommendations have been made
- A number of ways to enhance the profile of Business Link amongst small businesses

We hope that this document will increase the understanding of the needs of small businesses and highlight ways to improve the current state of business support.

<sup>1</sup> Lifting the Barriers to Growth 2006, FSB 2

## Reasons for not using government funded business support

36.2% of those businesses who had not used government support in the last 12 months were unaware of the government funded business support services available. Many small businesses have struggled with the complexities of business support products and, in particular, finding the right service for them. 20.9% of the total sample did not use government support due to confusion over the service provision on offer.

**Table 1. What were the primary reasons for not using government funded business support?**

(multiple responses were allowed)

Reason	Percentage of total sample
Unaware of government funded business support services	36.2
Confusion over service provision on offer	20.9
The support services on offer do not cover my business needs	13.1
Lack of confidence in the service through my own experience	12.0
Too focused on bigger businesses	11.4
Did not need or want support during those 12 months	9.8
Too many different bodies offering services	6.4
Lack of confidence in the service through other business owners' experiences	5.9
I have established effective relationships with non-governmental support services	5.8
Too many government support services on offer	5.3

59.7% of the total sample did not know whether a reduction to fewer than 100 products would influence them to use government funded business support.

## small business owner

*“Government-backed funding appears to be designed to be very, very hard to access - so only large companies with better resources can stay the course and actually get it”.*

## The level of satisfaction, amongst small businesses using government funded business support, has increased

Within the last three years, 37.5% of businesses have used government funded business support. Over half (57.9%) of businesses were satisfied with the service and just under a quarter (19.5%) were dissatisfied.

Within the last twelve months, 26.5% of businesses have used government support. 48.4% of businesses were either satisfied or very satisfied with the services. Only 12.1% were dissatisfied. Several businesses commented positively on the 'Passport to Export' programme from UK Trade & Investment.

## Small businesses are increasing their internet usage

### Recommendation

As the internet is the most commonly used medium for FSB members seeking business support, it is vital that an online portal directs small businesses to the right products/services, which are targeted to their business needs

The 2007 survey found that 37% of businesses have used the internet for business support purposes in the past three years. 77.2% were either satisfied or very satisfied with the service and only 2.4% of businesses were dissatisfied (the remaining 20.2% remaining neutral).

The FSB found that in 2006, the number of businesses using government funded business support had reduced from 14% in 2004 to 4% in 2006. Other private sources also reduced (e.g. banks from 33% in 2004 to 11% in 2006). The fall in those seeking traditional sources of business support may have been due to increasing numbers using the internet for support.

## Cost remains the main barrier to accessing business support

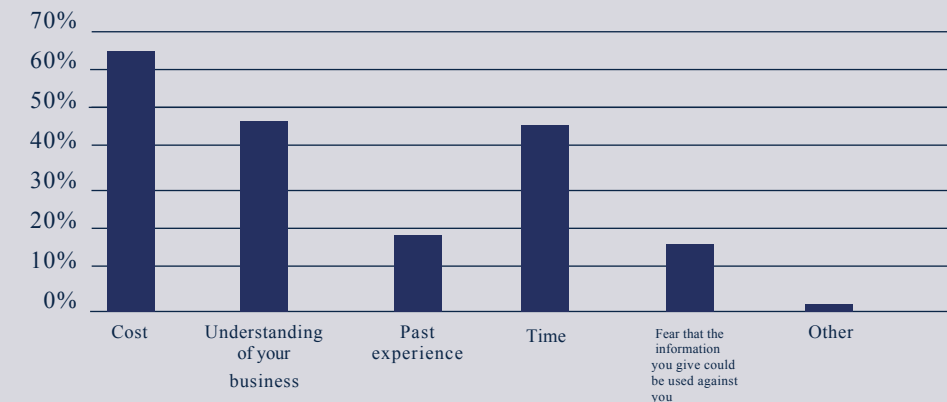
Figure 1 shows the main barriers to accessing business support are: cost (64.1%), business advisers lacking an overall understanding of the business (46.4%), and time constraints (44.5%).

A previous bad experience of seeking business support was cited by 18.0% of businesses as a reason for putting them off seeking further support in the future.

16.2% of businesses admitted to fearing that the information they give could be used against them.

**Figure 1. Barriers to seeking business support**

(multiple responses were allowed)



## small business owner

*"I find the people within the organisation pleasant but often not fully trained... I have come to think of Business Link as an organisation to refer to only if we are looking for grants".*

## Lower costs and more awareness would encourage small businesses to use government funded business support

### small business owner

*“I have no idea what is available and therefore go for the simple option of using my accountant. It saves time, effort and money as I have already paid for my accountant’s services.”*

63% of businesses who responded to the survey use their accountants and 82% were satisfied with the support service given.

**Table 2. What would make you use government funded business support in the first instance as opposed to other sources of support?**

*(multiple responses were allowed)*

Choice	Percentage sample
Free or low cost initial assessments	60.9
Better advertising of government funded services	43.4
A central point to access the services on offer	38.5
Business advisers, within Business Link, diagnosing the needs of the business quicker and offering better service	32.7
A reduction in the number of services on offer	6.7
A service targeted at micro/small businesses	48.8
Nothing, I use it anyway in the first instance	3.8
Other	9.1

Table 2 shows that the cost of obtaining business support is often a significant barrier for small businesses; 60.9% said that free or low cost initial assessments would encourage them to use government funded business support in the first instance.

48.8% answered that new government funded business support services must be targeted at the micro/small business level.

32.7% of businesses said that business advisers must diagnose the initial needs of the small business quicker and more effectively.

It is vital for the new Business Link portal to provide products which cater for the needs of small businesses. There is a strong perception amongst small businesses that there is an inherent bias towards big business from all government funded business support services<sup>3</sup> and this view needs to change in order to encourage increased use among small businesses.

<sup>3</sup>FSB Survey on Business Support, May 2007. Q.19 How can government funded business support services be targeted more effectively at small businesses? 54% of businesses said that the government must remove the inherent bias towards big business from all government funded business support services.

## Businesses provide other businesses with information on business support

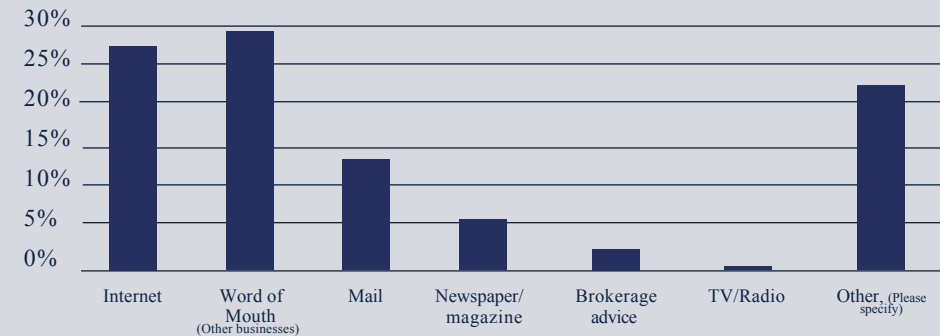
Figure 2 shows that small businesses are most likely to access information on government funded business support either through “word of mouth”; 29.6% of businesses (in the last 12 months) said they found out about government support this way.

Businesses do not seem to be receiving information on government funded business support services through traditional mediums such as TV/radio, newspapers/magazines and mail shots.

### Recommendation

Business Link should undertake a nationwide campaign to promote the new Business Link portal, paying specific attention to improving its marketing on TV and radio and in newspapers and magazines.

**Figure 2. How did you find out about government funded business support? (multiple responses were allowed)**



As mentioned in section 5, 43.4% of businesses feel that better advertising of government funded business support services is required.

## Independent government funded business support services are essential

### *Recommendations*

The brokerage service needs to offer a number of business support options. This should, where appropriate, include at least one private and one public option of provision. The government should only fund the provision of business support where there is no private sector provision available

It is crucial that the diagnostic service, offered by Business Link, is staffed by business people with a business background in the field for which they are providing business solutions. This will further enhance the reputation of Business Link and ensure that the advice being given is honest and business focused

The majority of businesses said that having an independently tailored service to the small business sector would improve government funded business support.

- 47.9% said that all information, advice and guidance services should be free of commercial influence
- 40.8% said that Business Link should be completely independent of both government and commercial influence

Tailored, independent brokerage would ensure that businesses are given a range of private and public options from which to access business support.

## Ways to enhance the profile of Business Link amongst small businesses

To raise awareness of the new portal in 2008, the FSB recommend that Business Link take the following steps:

- Ensure there are links with organisations that offer career advice, whether at school or university level or for adults. 25% of businesses said that organisations offering career advice (e.g. school/FEs/ Universities) should have a small business focus
- Be more involved with organisations that seek to encourage and support those interested in running their own business. This could involve participation with organisations such as the National Council for Graduate Entrepreneurship, which aims to promote entrepreneurship to students and graduates
- Have a presence at events that attract businesses. This should not only be specifically business events, such as networking forums, but also those events which attract both the general public and business such as craft fairs or country shows. Attending events such as these would not only bring Business Link into contact with established businesses, but also with those that are potentially considering starting up their own business.

Taking the steps above would help to ensure that anyone who expressed an interest in running their own business would receive useful, accurate advice at the point of service.



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