



**The Federation of Small Businesses
West Midlands Policy Unit**

West Midlands Business Support Provision Survey Report

October 2008

Contact details:

Denise Craig, West Midlands Policy Manager
PO Box 2840, Wolverhampton, WV4 4ZW
Tel: 01902 621264 Email: denise.craig@fsb.org.uk

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INTRODUCTION

The Federation of Small Businesses (FSB) is the UK's largest lobbying organisation representing the self-employed and owners of small businesses. Founded in 1974, the FSB has over 215,000 members across all industry trades and sectors within the UK. The FSB has 18,197¹ members employing over 200,000 people², in the West Midlands, an area co-terminus with Government Office for the West Midlands.

Background

Over the past few years, FSB members have been critical of the Business Link/Business Support provision. This has been evidenced in several 'Lifting the Barriers to Growth' surveys. We have lobbied for an independent, 'one-stop-shop' service that truly understands the needs of small businesses and can provide high quality advice and support.

In April 2005 the West Midlands' RDA (Advantage West Midlands) took over responsibility for enterprise and control of the region's five Business Link services. This led to changes in the way business support was provided in the West Midlands, resulting in provision of a new regional service from 1st April 2007.

Prior to this, Business Support in the West Midlands was provided through a variety of different organisations on a sub-regional basis. Many, though not all, were delivered through Chambers of Commerce. The quality of support delivered was varied.

Between the beginning of April 2007 and end of March 2008, government funded business support was accessed through the 'Gateway', 'Brokerage' and 'Manufacturing Advisory Service West Midlands' (MAS-WM). It is on this period that FSB members were surveyed. It should be noted that from the start of April 2008, the Gateway and Brokerage arms of the service were merged into a single business support agency.

- Gateway provided the 'one-stop-shop' online and call-centre service, making referrals where appropriate, to the Brokerage service. It was operated by the Black Country Small Business Service – a subsidiary of the Black Country Chamber
- West Midlands Brokerage Services was a consortium of the Black Country Chamber, Birmingham Chamber, Coventry and Warwickshire Chamber, Staffordshire Business Support Ltd and Business Link West Mercia providing Core Brokerage and also Enterprise Brokerage services.
- MAS-WM provides specialist manufacturing support.

FSB West Midlands involvement

Our involvement with Business Support in the West Midlands to date has included:

- FSB representation on the assessment panel for the bidding suppliers
- Provision of contact details of around 80 members willing to take part in qualitative research prior to the start of the new regional service (Spring 2007)
- Feedback on results of qualitative research to Chief Executive of West Midlands Brokerage Service
- FSB representation on the Rural Business Advisory Group

¹ As at end of September 2008

² Extrapolated from FSB Lifting the Barriers to Growth 2006 Survey

PURPOSE AND SCOPE OF THE SURVEY

The FSB has been regularly asked to comment on the changes to the provision and delivery of business support in the West Midlands and our stance has been that of a cautious welcome, with assessment of the new system only made when enough time had elapsed for the service to settle down.

It was agreed we would assess how much real impact had actually been felt by FSB members from the new service after 12 months since the new service started and we made our position known to the various groups and agencies across the West Midlands.

This assessment was undertaken through a survey of 17,807 West Midlands FSB members sent out in April 08. Members would be asked to comment solely on their experience (if any) of the business support provision between 1 April 2007 and 31st March 2008.

The questions cover the type and range of support received, the quality of the advice and the impact on their business – whether positive or negative. They also asked about any involvement with the Supplier Register.

The costs of printing and postage of the questionnaire has been funded by the West Midlands Regional Assembly and the analysis report will be used as part of the evidence-base in the Scrutiny Panel on West Midlands Business Support planned for autumn 2008.

All questionnaire content was set independently by the FSB.

SERVICE USAGE, RATINGS AND EXPERIENCE

496 valid responses from West Midlands FSB members were received.

Of these, just under a quarter (23.5% - 117) had used any form of Business Support service (some respondents had used more than one service).

Slightly more than half of all respondents (50.4% - 59) respondents were based in rural locations, 44.4% (52) in urban locations and 5.2% (6) did not specify.

Just over a fifth (20.9% - 104) respondents had accessed Business Support provided by Gateway, Brokerage, Train to Gain, MAS-WM, and/or UKTI. Of those respondents accessing only these services, 50% (52) were rurally-based, 48% (47) were urban-based and 2% (5) did not specify.

Table 1 – Business Support services used

	<i>Have used</i>	<i>% of respondents using service</i>
Gateway West Midlands	30	25.6%
West Midlands Brokerage Service	30	25.6%
Train to Gain	44	37.6%
MAS (Manufacturing Advisory Group)	14	12.0%
Local Authority	17	14.5%
DEFRA	9	7.7%
UKTI	13	11.1%
BES (Business Enterprise Support)	20	17.1%
Others	20	17.1%

Table 2 – Experience of Business Support services used

	<i>Very satisfied or satisfied</i>	<i>%</i>	<i>Neutral</i>	<i>%</i>	<i>Dissatisfied or very dissatisfied</i>	<i>%</i>
Gateway West Midlands	18	60.0%	3	10%	9	30%
West Midlands Brokerage Service	20	66.7%	4	13.3%	6	20%
Train to Gain	19	43.2%	8	18.2%	17	38.6%
MAS (Manufacturing Advisory Group)	12	85.7%	2	14.3%	-	-
Local Authority	8	47.1%	5	29.4%	4	23.5%
DEFRA	7	77.8%	1	11.1%	1	11.1%
UKTI	10	76.9%	2	15.4%	1	7.7%
BES (Business Enterprise Support)	9	45.0%	4	20.0%	7	35.0%
Other	16	80.0%	3	15.0%	1	5.0%

Table 3 – Business Support Topic areas

The top 15 topic areas on which respondents sought support were:

<i>Topic area</i>	<i>% of respondents using a service</i>
Training for your employees	30.8%
Raising Money/Finance	27.3%
Marketing	25.6%
Training for yourself	25.6%
Producing a business plan	17.9%
Employment Law	12.8%
Health & Safety	12.0%
Sales	11.1%
Intellectual Property	8.5%
Cash flow forecasting	7.7%
Exporting	7.7%
Keeping financial records	6.8%
R&D Grants	6.8%
Reducing costs	5.1%
Taxation	4.8%

A small percentage of respondents had sought support in other areas which include troubleshooting, licensing issues, expanding and diversification, legal support and tenders. No respondent had sought assistance on sourcing from overseas.

Table 4 – Rating of topic areas used

<i>Service</i>	<i>Topic Areas</i>	<i>Excellent</i>	<i>Good</i>	<i>Satisfactory</i>	<i>Poor</i>	<i>Inappropriate</i>	<i>Points of note</i>
Gateway	14	36%	11%	21%	26%	6%	<i>Most used topic areas:</i> Producing a business plan (17%) Health & Safety advice (17%)
Brokerage	14	32%	24%	8%	10%	26%	<i>Most used topic areas:</i> Raising money/finance (26%) Marketing (21%)
Train to Gain	9	18%	19%	29%	29%	5%	<i>Most used topic areas:</i> Training for employees (46%) Training for owner (26%)
MAS	7	33%	59%	8%	0%	0%	<i>Most used topic areas:</i> Marketing (42%)
Local Authority	9	0%	71%	29%	0%	0%	
DEFRA	5	0%	20%	80%	0%	0%	Limited usage
UKTI	5	83%	0%	9%	8%	0%	<i>Most used topic area:</i> Exporting (50%)
BES	17	6%	12%	6%	49%	27%	Most 'Poor' ratings for any service
Others*	14	50%	31%	16%	3%	0%	Advice sought mostly on 'Raising Money/Funding' and 'Taxation'
Not specified	9	10%	70%	20%	0%	0%	

* Includes: Bham Reference Library, Chambers of Commerce, FSB, HMRC, Prince's Trust, Sector Skills Councils, Universities, WIRE

For most services, more respondents rated the support given as either 'Satisfactory', 'Good' or 'Excellent' than rated it 'Poor' or 'Inappropriate'.

Table 5 – Advisor understanding of business seeking advice

Not all respondents completed this section; those that did indicated the following range of understanding by advisors:

<i>Service</i>	<i>Fully or mainly understood business issue</i>	<i>Partial understanding of business issue</i>	<i>Little or no understanding of business issue</i>
Gateway	54%	11%	35%
Brokerage	64%	9%	27%
Train to Gain	42%	26%	32%
MAS	72%	10%	18%
Local Authority	60%	20%	20%
DEFRA	0%	100%	0%
UKTI	71%	0%	29%
BES	22%	26%	52%
Others	72%	14%	14%

IMPACT ON BUSINESSES USING BUSINESS SUPPORT

97 respondents who had used business support completed this section. Of those that did, 31 businesses reported a positive impact of some kind on their business. 5 respondents reported increases in excess of 25% for both their profitability and turnover. Net total of 66.5 jobs were gained. 63 respondents reported no change in any of the three areas being considered. 3 reported adverse impacts.

9 of the 14 respondents using the MAS-WM service had reported positive impacts on their business.

Table 6 – Impact on businesses using Business Support

	25%+ increase	10%+ increase	Marginal increase	No change	Marginal decrease	10% + decrease	25% + decrease	Unable to measure
Profitability:	5	9	12	50	-	1	-	20
Turnover:	6	5	13	47	1	-	1	21

	Increased workforce	Please state number:	No change	Decreased workforce	Please state number:
Employment:	12 businesses	70.5 employees	69	2 businesses	4 employees

SUPPLIER REGISTER

23 respondents applied to go on the Supplier Register, of which 13 were successful and 3 were unsuccessful. 1 had applied for pre-registration and received an email but heard nothing further and 2 failed to complete the application process. The others were either still waiting to hear or did not complete the rest of that section on the questionnaire. Some respondents ticked more than one box.

Table 7 – Supplier Register

Month Applied	Respondents applying	Very Simple	Fairly Simple	Time Consuming	Complicated	Very Complicated	Accepted	No. of months to hear	Number of Referrals	Recommend to other businesses?
Apr 07	4			3	1		4 – Y	1 – same month 1 – 2 months later 2 – did not specify	10 Nil Nil	Y N N
May 07	-									
Jun 07	2		1	1			2 – Y	1 – next month 2 – 2 months later	1 Nil	Y Y
Jul 07	-									
Aug 07	-									
Sep 07	2		1	1			2 – Y	1 – next month 1 – did not specify	Nil 1 - possibly	Y Y
Oct 07	1*	1		1			1 – Y	1 – 5 months later	Nil	N
Nov 07	-									
Dec 07	1*			1	1		1 – Y	1 – 3 months later	1	N
Jan 08	2		1	1			1 - unknown 1 – Y	- 1 – next month	- 3	Y Y
Feb 08	3		2	1			1 – not completed 1 – N 1 - Y	- 1 – did not specify 1 – next month	- - 1	- N Y
Mar 08	4	1		2	1		1 – Y 1 – not yet heard 2 – not yet heard	1 – same month - -	Nil - -	Y Don't know -

* More than one box ticked

Supplier Register feedback and tracking facility.

9 respondents said they were aware of this facility, 8 were not.

Of those who were aware of it, 7 had not used it but 2 had and one of them found it useful.

SUMMARY

Response Rate

It was disappointing that having sent out almost 18,000 questionnaires, only 500 or so responses were received (less than 3% response rate). On making further enquires through 50 calls to members across the region (selected at random from the FSB membership database), an explanation for the low return suggested that many members did not see the point of responding as they had not used any business support services in the time period being surveyed.

Usage of Business Support Service

This additional information would suggest that the usage rate of 23.5% of respondents using one or more service, as indicated on page 5, is not a true reflection of the usage of business support services by small and micro³ businesses. Indeed when only considering the usage of Business Support Services provided by Gateway, Brokerage, Train to Gain, MAS-WM and UKTI, the usage rate of 20.9% suggests very limited take up by small and micro businesses.

It could therefore be concluded, that the main Government Funded Business Support services are failing to reach their target audiences in the West Midlands.

The most used service is the Train to Gain service, with 37.6% (44) of respondents seeking support from this service.

Comments made by several respondents suggest a significant level of confusion about which service had actually provided the support – this may be due to a lack of understanding about the nature of the Gateway service which may be improved with the merging of the Gateway and Brokerage services in April 2008.

Rurally-based businesses expressed concern that the introduction of a 'one-stop-shop' service was to be centrally located within the conurbation. They felt it could result in a lower level of service for them. The findings of this survey would suggest that this has not happened and that services have been provided fairly evenly.

Satisfaction Ratings

Satisfaction ratings for most services are relatively good, with MAS-WM gaining the highest satisfaction rating of 85.7%. However, some caution should be applied to the figures, as the actual sample size was very low. Only 14 respondents (12.0%) had sought support from MAS-WM.

Train to Gain was the most used service; however, respondents' ratings suggest there is room for improvement given that over a third of respondents were 'Dissatisfied' or 'Very dissatisfied' with the service. Respondents had sought support in fewer topic areas than most of the main service providers, but it received fewer 'Excellent' or 'Good' ratings than any other service apart from Business Enterprise Support (BES)

Business Enterprise Support (BES) was used by 20 respondents and its satisfaction ratings were amongst the lowest with 35% 'Dissatisfied' or 'Very dissatisfied' with the service. It also received the most 'Poor' ratings on the range of topic areas where support had been sought (49%).

³ <http://www.berr.gov.uk/dius/innovation/nms/faqs/page32346.html> - definition of Small & Micro Business = Businesses employing less than 50 people.

Advisor Understanding

The most highly rated service in this area was MAS-WM, with 72% of their respondents considering the business advisor they had dealings with had 'Fully or mainly understood' their business issue. UKTI also had high ratings, with 71% of respondents considering their business issue was 'Fully or mainly understood'.

Once again, 52% of respondents using BES felt their business advisors had 'Little or no understanding' of their business issue.

The understanding of Train to Gain advisors was also inconsistent, with 42% of advisors receiving a 'Fully or mainly understood' rating, but also 32% being given a 'Little or no understanding' rating.

Impact on Businesses

The majority of respondents using Business Support reported no change to their profitability (50), turnover (47) or numbers of employees (69).

31 respondents reported positive impacts and a net increase in numbers of employees of 66.5 compared with only 3 reporting an adverse impact on their business, it would suggest that there are significant opportunities for growth where interventions are effective.

The most effective service in terms of positive business impacts was the MAS-WM, with 9 (64%) of the 14 respondents using the service reporting improvements.

Supplier Register

Although low levels of respondents (23) had applied to go on the supplier register, a good proportion of applicants were successful and most of their applications were processed relatively quickly.

The numbers of referrals provided in general seemed to be low, with one notable exception.

It would appear that some progress has been made towards simplifying the application process since the register was set up, but many respondents were still reporting the process to be time-consuming and complicated at the year end.

5 of the successful applicants said they would not recommend the Register to other business, possibly due to the lack of referrals received.

FSB Policy Position

Government funded support services should be available for established businesses and business start-ups and should be independent, easily accessible and not confusing to the user. It should be marketed to appeal to small businesses and for products to be inexpensive and targeted at the needs of the business through the Information, Diagnostic and Brokerage (IDB) model. The diagnostic service offered must be staffed by business people with a business background in the field for which they are providing business solutions, and the advice given must be honest and business focused.

Appendix 1

PROFILE OF RESPONDENTS

Business Locations:

228 (46.0%) respondents were based in urban areas and 246 (49.6%) were based in rural areas. 22 (4.4%) did not specify.

Of those that did specify, respondents in the main conurbations came from:

Birmingham	65	13.1%
Black Country	73	14.7%
Coventry	18	3.6%
Solihull	17	3.4%
Stoke-on-Trent	17	3.4%
Telford	15	3.2%

In the rural parts of the shire counties:

Herefordshire	34	6.8%
Shropshire	54	10.9%
Staffordshire	40	8.1%
Warwickshire	47	9.5%
Worcestershire	68	13.7%

Industry Sectors:

Retailing	74	14.90%
Manufacturing	72	14.50%
Business services	67	13.50%
Construction and building related activities	46	9.30%
Computer and related activities	33	6.60%
Sale, maintenance & repair of motor vehicles & fuel retail	28	5.60%
Health & social work (care & provision [including Care Homes])	25	5.00%
Personal services	23	4.60%
Financial services	22	4.40%
Wholesale trade	19	3.80%
Hotels, restaurants, bars and catering	19	3.80%
Real Estate activities	13	2.60%
Tourism	13	2.60%
Transport and activities related to transport	8	1.60%
Education	8	1.60%
Not specified	8	1.60%
Agriculture, forestry, fishing	7	1.40%
Electricity, gas and water supply	3	0.60%
Others – creative industries	3	0.60%
Renting of machinery, equipment, personal & household goods	2	0.40%
Post, courier and telecommunications services	1	0.20%
Research and development activities	1	0.20%
Others	1	0.20%
Mining & quarrying	0	0%

Age of respondents:

Age	No. of businesses	%
Under 21	0	0%
22-34	21	4.2%
35-44	107	21.6%
45-54	148	29.8%
55-64	165	33.3%
65+	53	10.7%
Not specified	2	0.4%

Age of Main Business:

<i>No. of years</i>	<i>No. of businesses</i>	<i>%</i>
0-1 years	24	4.8%
2-3 years	59	11.9%
4-7 years	78	15.7%
8-10 years	58	11.7%
11-20 years	125	25.2%
20+ years	138	27.8%
Not specified	14	2.8%

Gender:

Male:	348 (70.2%)
Female:	134 (27.0%)
Declined to answer:	14 (2.8%)

Employment levels:

65 (13.1%) of respondents do not have any employees.

431 (86.9%) employ at least 1 casual employee indicating that respondents provide at least 1,500 full-time jobs, 700 part-time jobs and over 500 casual jobs.

<i>Number of employees</i>	<i>Full-time</i>	<i>% of respondents</i>	<i>Part-time</i>	<i>% of respondents</i>	<i>Casual</i>	<i>% of respondents</i>
1	103	20.7%	112	22.6%	68	13.7%
2	81	16.3%	70	14.1%	33	6.7%
3	47	9.5%	33	6.7%	6	1.2%
4	26	5.2%	16	3.2%	4	0.8%
5	19	3.8%	19	3.8%	6	1.2%
6-10	42	8.5%	18	3.6%	9	1.8%
11-15	20	4%	1	0.2%	Nil	-
16-20	14	2.8%	3	0.6%	4	0.8%
21-30	2	0.4%	Nil	-	Nil	-
31-50	7	1.4%	2	0.4%	Nil	-

Respondents from the following sectors were most likely to have employees:

Manufacturing (69 respondents - 13.9%)

Retail (63 – 12.7%)

Business Services (54 – 10.9%)

Construction (39 – 7.9%) sectors

Again, of those who specified where their businesses were based, the urban/rural split was fairly even (urban 48%/rural52%).

Future business expectations:

It should be noted that this survey was undertaken during May 2008. The economic climate has changed significantly since that time.

50% of respondents (248) had plans to grow their businesses in the future, although 10.2% (51) were anticipating difficulties and only 12% (60) expecting to downsize, sell or close their business.

6.8% (34) hoped to pass it on to their families, the majority of these were respondents aged 55 or older (4.6% - 23).

A third of those wishing to grow their business were mainly aged between 35 and 54, although 13% of those over 55 also had plans to expand.

Appendix 2
Business Support Survey Questions

1. In the last 12 months (since 1st April 2007) have you used any of the following Business Support services (please tick all that you have used) and for those that you used, what was your experience of the service? If none used, please go to question 6.

[List included: Gateway West Midlands; West Midlands Brokerage Service; Train to Gain; MAS (Manufacturing Advisory Group); Local Authority; DEFRA; Sector Skills Councils; UKTI; BES (Business Enterprise Support); Other – please state]

[Reply range: Very satisfied; Satisfied; Neutral; Dissatisfied; Very dissatisfied]

2. Would you use the service again and/or recommend it to other business owners?

[Yes - would use again; No - would not use again; Don't know if would use again] *then* [Yes - would recommend; No - would not recommend; Don't know if would recommend]

3. What business support have you used (Please tick all that apply to you) and how would you rate the advice given? [Excellent, Good, Satisfactory, Poor or Not appropriate for my business]

4. As a small or micro business owner, did you feel that the advisors understood your business issues? [Range between: Fully understood = 1 to Did not understand at all = 5; N/A also available]

5. The purpose of providing business support is to improve business sustainability and development. What impact has the support you received had on your business in respect of:

	Increased by more than 25%	Incr. by more than 10%	Increased marginally	No difference	Decreased marginally	Decr. by more than 10%	Decr. by more than 25%	Not able to measure
Profitability:								
Turnover:								

	Increased workforce	Please state number:	No change	Decreased workforce	Please state number:
Employment:					

This next section is for businesses who supply (or wish to supply) services through the Business Link service. Otherwise please go to Q15.

6. Have you applied to go on the supplier register for Business Link?

Yes No If no, please go to question 15

7. If Yes, when did you apply? State month applied

8. How did you find the registration process?

Very simple; Fairly simple; Time-consuming; Complicated; Very complicated;

9. Since applying, were you successful?

Yes: State month accepted..... No

10. If you were successful, how many referrals have you received? State number:.....

11. Would you recommend applying to be on the supplier register to other businesses?

Yes No

12. If you refer your own clients to Business Link, are you aware there is a feedback and tracking facility on the progress of your client?

Yes No

13. If yes, have you used it?

Yes No

14. If yes, have you found it useful?

Yes No

General Business Questions

15. Which postcode does your business work from? (First half of postcode only required e.g. XY12).....

16. In which industry sector is your main business?

- | | |
|---|---|
| <input type="checkbox"/> Agriculture, forestry, fishing | <input type="checkbox"/> Real estate activities |
| <input type="checkbox"/> Mining & quarrying | <input type="checkbox"/> Renting of machinery, equipment, personal & household goods |
| <input type="checkbox"/> Manufacturing | <input type="checkbox"/> Computer and related activities |
| <input type="checkbox"/> Electricity, gas and water supply | <input type="checkbox"/> Research and development activities |
| <input type="checkbox"/> Construction and building related activities | <input type="checkbox"/> Business services |
| <input type="checkbox"/> Sale, maintenance & repair of motor vehicles & fuel retail | <input type="checkbox"/> Education |
| <input type="checkbox"/> Wholesale trade | <input type="checkbox"/> Health and social work (care and provision [including Care Homes]) |
| <input type="checkbox"/> Retailing | <input type="checkbox"/> Personal services |
| <input type="checkbox"/> Hotels, restaurants, bars and catering | <input type="checkbox"/> Tourism |
| <input type="checkbox"/> Transport and activities related to transport | <input type="checkbox"/> Other, please specify: |
| <input type="checkbox"/> Post, courier and telecommunications services | |
| <input type="checkbox"/> Financial services | |

17. What is your age?

- | | |
|-----------------------------------|--------------------------------|
| <input type="checkbox"/> Under 21 | <input type="checkbox"/> 45-54 |
| <input type="checkbox"/> 22-34 | <input type="checkbox"/> 55-64 |
| <input type="checkbox"/> 35-44 | <input type="checkbox"/> 65+ |

18. What is your gender?

- | | |
|-------------------------------|---------------------------------|
| <input type="checkbox"/> Male | <input type="checkbox"/> Female |
|-------------------------------|---------------------------------|

19. How old is your main business?

- | | |
|------------------------------------|---------------------------------------|
| <input type="checkbox"/> 0-1 years | <input type="checkbox"/> 8-10 years |
| <input type="checkbox"/> 2-3 years | <input type="checkbox"/> 11 -20 years |
| <input type="checkbox"/> 4-7 years | <input type="checkbox"/> 20 years + |

20. How many people do you employ on a full-time, part-time or casual basis?

	1	2	3	4	5	6-10	11-15	16-20	21-30	31-50	50+
Full-time											
Part-time											
Casual basis											

21. What are your plans for your business in respect of?

- | | |
|--|---|
| <input type="checkbox"/> Wish to grow | <input type="checkbox"/> Looking to sell business |
| <input type="checkbox"/> Remain in business in the medium term | <input type="checkbox"/> Looking to close business |
| <input type="checkbox"/> Expect difficulties | <input type="checkbox"/> Pass business on to family |
| <input type="checkbox"/> Expect to down-size | |

Please return this survey (using the enclosed return envelope) by **31st May 2008** to:

Business Link Survey
 Federation of Small Businesses – W Midlands Policy Unit
 FREEPOST NWW 7858A
 PO Box 2840
 Wolverhampton
 WV4 4BR

You may also include additional information on a separate page if wished.
 Please add your name and contact details if you would like us to contact you.