

A photograph of three people, two men and one woman, looking intently at a tablet computer. The lighting is warm and focused on the device. The text is overlaid on the image.

LEADING THE WAY: BOOSTING LEADERSHIP AND MANAGEMENT IN SMALL FIRMS

Discussion paper

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Experts in Business

1. INTRODUCTION

Evidence shows that UK productivity is negatively affected by weaknesses in leadership and management capabilities at firm level, particularly among small businesses. Research by the Department for Business, Innovation and Skills has found that leadership and management skills are key to driving innovation and high performance working, and can help ensure that organisations adopt the right strategies to boost productivity and growth¹.

Despite this, many small businesses do not prioritise developing management skills, particularly at the early stage of growth. With increasing the productivity of the UK dependent in part on the survival and growth of small businesses, it is important to examine the barriers preventing small and medium-sized firms from gaining the management and leadership skills they require to be successful and from capitalising on the support available.

This discussion paper explores the importance of strengthening the management capabilities of small businesses to close the productivity gap and boost firm performance at three key stages of the business life cycle – starting up, growing moderately and high growth. This report also makes a series of recommendations aimed at supporting small firms and enabling them to acquire the skills, behaviours and capabilities required to sustain and grow their business and reducing the number of poorly performing businesses in the UK.

What is leadership? What is management?

Leadership involves having a vision of where the company will be in the future. Business leaders will generate support for this vision and have an understanding of how it might be achieved.

Management applies to the operational aspects of the business and processes that keep the organisation functioning. This can be broken down into three areas: **strategic, operational and people**.²

¹ Department for Business, Innovation and Skills, Leadership and Management in the UK – The key to sustainable growth, July 2012.

² For more information, see: CIPD, Factsheet – Leadership, June 2015 and CMI, Pathways to management and leadership, 2010.

2. LEADERSHIP, MANAGEMENT AND THE PRODUCTIVITY GAP

The impact of leadership and management on business has been explored extensively, and there is evidence of a clear link between the adoption of good management practices and performance and growth. Research by Bloom and Van Reenen shows that a single-point improvement in management practices (rated on a five-point scale) is associated with the same increase in output as a 25 per cent increase in the labour force or a 65 per cent increase in invested capital³.

At an economy-wide level, increasing the share of well-managed, high-performing firms is likely to translate into stronger productivity growth. However, on this measure the UK continues to experience a shortfall relative to our international competitors. Indeed, the most recent estimate suggests that the productivity gap between the UK and the rest of the G7 countries widened by three percentage points between 2013 and 2014 to the largest shortfall since records began in 1991⁴ (Figure 1⁵). Although UK output per hour relative to Japan and Italy was unchanged in 2014 – remaining above that of Japan by 15 percentage points and lower than that of Italy by 10 percentage points – it was lower than that of Canada by four percentage points, and of France, Germany and the US by 32–33 percentage points. Output per hour in the UK is now lower than in the rest of the G7 by 20 percentage points⁶.

Index: UK = 100

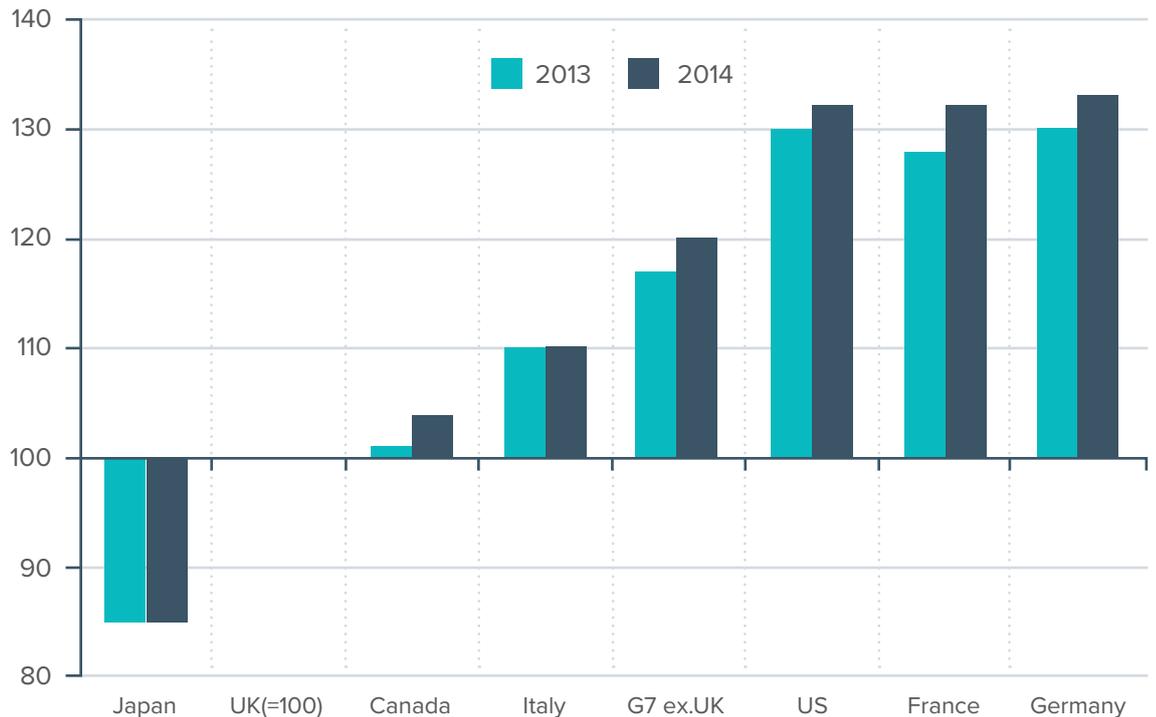


Figure 1: The productivity gap between the UK and other G7 economies

A recent study found that differences in management practices explain approximately a quarter of these cross-country productivity differences⁷, suggesting that an increase in the adoption of

3 Centre for Economic Performance, Management practice and productivity: Why they matter, July 2007.

4 Ibid.

5 ONS, International comparisons of productivity – First estimates 2014, February 2015.

6 Ibid.

7 Bloom, N. Sadun, R. And Van Reenen, J. Management as a technology, April 2015.

management best practice by UK firms will help reduce the productivity gap. In its 2015 Productivity Plan, the UK Government adopts a similar view, stating that one of the ways to reduce the productivity gap is through building a stronger enterprise culture and improving management skills⁸.

This point was also made in the Leitch Review of Skills back in 2006, and in Lord Heseltine’s report on pursuing growth in 2012⁹.

To further highlight the cross-country differences in management performance, the chart below (Figure 2) has been produced using data taken from the World Management Survey (WMS). Using an in-depth survey method, WMS evaluated and scored the management practices of 732 medium-sized firms in both the public and the private sector in the United States, France, Germany, and the United Kingdom¹⁰. They did this first by defining the concept of ‘good’ and ‘bad’ practices and codifying them from 1 (worst practice) to 5 (best practice) across key management practices by organisations across different sectors. These practices were then grouped into five areas: operations management, performance monitoring, target setting, leadership management and talent management.

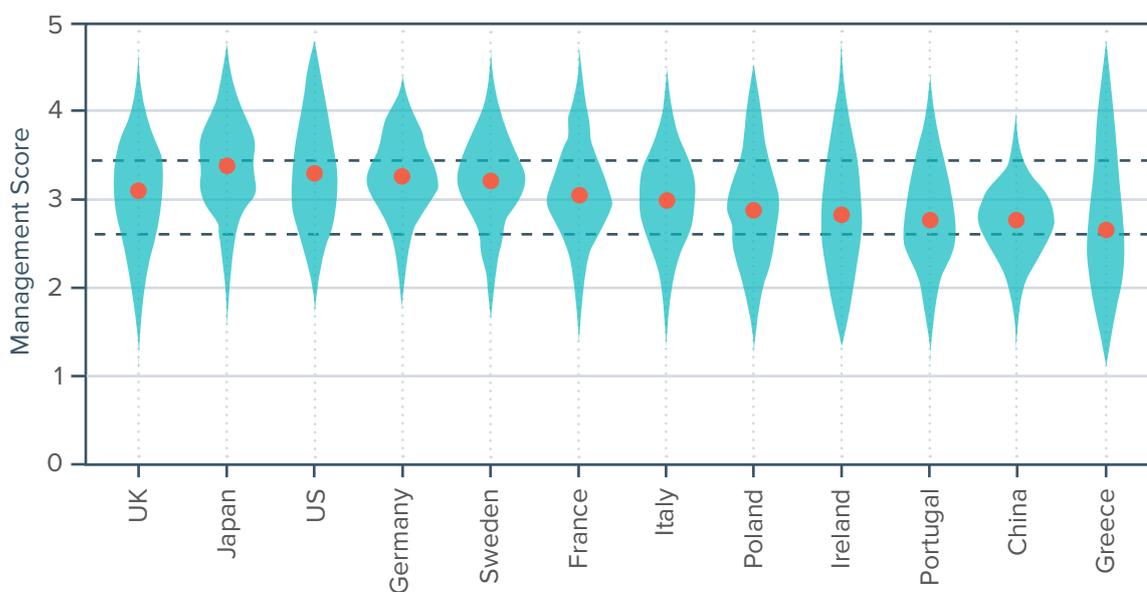


Figure 2: Management performance by country

Figure 2 shows the country distribution of management practices scores on the 1–5 scale; red dots are medians and dotted lines are cross-country quartiles. According to the data, the UK has a good share of businesses in the top quartile, along with Japan, Germany, Sweden and the US. However, there is a ‘long tail’ that reaches well into the bottom quartile. Although this tail is not as far-reaching as that of Greece, Portugal and Ireland, it is comparable to that of Italy, France and Poland.

This evidence therefore suggests that the UK has a larger share of firms with less-established management practices, which is resulting in lower levels of productivity when compared to a number of its international counterparts.

8 HM Treasury, Fixing the foundations: Creating a more prosperous nation, July 2015.

9 Lord Heseltine, No stone unturned in pursuit of growth, October 2012.

10 Bloom, N. Sadun, R. and Van Reenen, J. ‘Measuring and explaining management practices across firms and countries’, The Quarterly Journal of Economics, November 2007.

3. BUSINESS AND MANAGEMENT: HOW DOES MANAGEMENT VARY BY FIRM PROFILE AND WHAT SUPPORT DO COMPANIES NEED?

The benefits to businesses of having strong effective management practices in place are not only higher productivity, but also better returns on capital and more robust growth. Evidence also suggests that smaller firms stand to benefit significantly from boosting management performance. A government study found that small firms with between five and 19 employees would benefit most from improvements in leadership and management capabilities as a result of adopting good practices¹¹.

At the same time, the leadership and management capabilities of firms are also likely to vary depending on the profile of the business and, in particular, on the stage of the business life cycle at which they find themselves. The same is true of the support these firms can obtain to boost their management performance, either directly or indirectly. Here, we examine three different stages of business with reference to typical management features and the support available to firms to develop management capabilities.

Start-ups

Start-up firms are businesses that are in the process of creating a product or service or have recently entered the market. For these businesses, revenue is not always consistent and there is often a prevailing, short-term focus on firm survival. In contrast, less attention tends to be paid to ingraining and developing management processes in these early years. The UK has seen a rise in early-stage entrepreneurial activity in recent years, with more people engaging in this type of activity than in France and Germany¹². However, although the survival rates for businesses in their first year are also higher in the UK than in France and Germany, the five-year survival rate in the UK is lower¹³.

Initial access to finance is vital for new firms and various financing options are available. This includes over £155 million worth of start-up loans, which have been awarded to over 30,000 new entrepreneurs over the past three years¹⁴. However, it is not just initial financing that start-ups need; access to broader business support is crucial for addressing the mismatch between entrepreneurial activity and the skills and capabilities required for growth¹⁵.

As the FSB has found in previous research, the wide variety of business support schemes that exist for start-ups and established firms can be confusing, which carries the risk of individuals not engaging with them or investing in the wrong type of support¹⁶. Instead, other, often informal, forms of support are sought. In its discussions with small firms, the FSB has found that the main source of support that has contributed to the growth of their businesses have been peer networks. In a recent FSB survey of women entrepreneurs, over a third (37%) said that mentoring would help more women set up their own business. In addition, over a quarter (27%) said that mentoring and coaching have helped them grow their business¹⁷.

¹¹ Department for Business, Innovation and Skills, Leadership and Management Skills in SMEs: Measuring associations with management practices and performance, March 2015.

¹² Global Entrepreneurship Monitor United Kingdom report 2014.

¹³ Eurostat, One, three and five year survival rates of enterprise, 2012.

¹⁴ Anna Soubry MP, Hansard cW, 23 July 2015.

¹⁵ Global Entrepreneurship Monitor United Kingdom report 2014.

¹⁶ FSB, Enterprise 2050 – Getting UK enterprise policy right, Discussion Paper, February 2013.

¹⁷ FSB, Supporting women entrepreneurs, June 2015.

Mentoring networks, such as the FSB and Mentorsme, can be an inexpensive and effective way for new business owners to develop their business and management capabilities in the early years of starting a business. In addition, the Start Up Loans initiative gives entrepreneurs access to mentors, which can help with accessing additional finance and providing guidance throughout this initial phase.

Moderate growers

A large proportion of businesses consist of those that have been established for more than five years and experience consistent trading. Although these firms often have the potential to grow, they do not always have the ambition or drive to achieve it. Furthermore, many may be operating in markets that lack competitive pressures, meaning they are able to continue operating as before without innovating or improving business processes and management practices. As a result, this group of firms are likely to be in the 'tail' of the UK's poorly performing firms. Therefore, the focus of additional support needs to be those that have the potential to grow but lack the requisite knowledge and skills.

Formal external business support can be crucial to moderately growing firms, with nearly 60 per cent of SMEs reporting improved sales and profitability and being helped to ensure survival¹⁸. In 2012-13 SMEs spent over £400 million on consultancy and research services¹⁹. However, while a significant share of these firms have some basic management processes or capabilities, others may have none at all. Figures from the Chartered Management Institute (CMI) show that UK firms are not training managers effectively, which is having a significant impact on the overall success and productivity of small firms; less than a quarter (23%) of organisations rank as 'good or very good' on leadership and management training before or within three months of taking up a management position.

Good human-resource management skills are also essential to growing firms as they seek to bring in new staff and boost workforce productivity²⁰; three quarters of businesses in England that reported a deficit in leadership and management skills may have suffered as a consequence²¹. In 2012, CIPD research examining exemplary HR practices that lead to sustainable organisational performance in SMEs found that that practices adopted by SMEs as they transition through distinct stages of growth were shown to make a true difference to the long-term performance of an organisation²². Investment in this area is crucial, yet many small and microbusinesses do not have a dedicated HR function within the firm.

High-growth firms

High-growth firms are those that have the ambition to grow substantially in terms of both product and people. High-growth firms outperform their rivals with their ability to exploit their previous investment in successful innovation, and Mason et al. (2009) found that innovative UK firms grow twice as fast as firms that do not innovate²³. Despite accounting for less than one per cent of the business population, high-growth firms – many of which are small businesses, with 90 per cent having fewer than five employees – were responsible for 36 per cent of net job creation between 2008 and 2013²⁴. Business owners who want to reach this point are encouraged to focus on improving their leadership and management capabilities. Indeed, research by Nesta found that a

18 Department for Business, Innovation and Skills, SMEs: The Key Enablers of Business Success and the Economic Rationale for Government Intervention, December 2013.

19 CBI, Best of both worlds: Guide to business-university collaboration, January 2015.

20 Department for Business, Innovation and Skills, Leadership and Management Skills in SMEs: Measuring associations with management practices and performance, March 2015.

21 Department for Business, Innovation and Skills, Leadership and management in the UK – The key to sustainable growth, July 2012.

22 CIPD, Perspectives on leadership in 2020 – Implications for HR, Research report, August 2012.

23 Du, J., Gong, Y. and Temouri, Y. High growth firms and productivity – Evidence from the United Kingdom, Nesta Working Paper No 13/04, March 2013.

24 Anyadike-Danes, M., Hart, M. and Du, J. Firm Dynamics and Job Creation in the UK – Taking stock and developing new perspectives, Enterprise Research Centre, ERC White Paper No. 6, April 2013.

third of firms with high growth potential believe that lack of management skills could be an obstacle to achieving it²⁵.

To achieve high growth may also require firms to access investor funding such as equity finance and public offerings²⁶. This type of finance can have a positive effect on a firm’s leadership, as equity investors bring expertise and knowledge and ultimately require high levels of performance and professionalism in order for them to make an initial investment and subsequently see a return. Despite this, just one per cent of small businesses use some form of equity financing, contributing to the relatively weak investment performance by UK firms²⁷.

In other countries, support has been focused on helping high-growth firms in particular sectors; a common feature of these programmes is the value they place on peer learning and mentoring. For instance, the Dutch Growth Accelerator, designed to increase turnover from €2 million to €20 million over five years, provides mentoring, peer learning and leadership masterclasses as part of the course, while a willingness to engage in peer review is one of the criteria for selection for the programme²⁸.

In the UK, the GrowthAccelerator scheme has until recently been available to firms with growth ambitions, as part of the Business Growth Service. Under this scheme, firms could access up to £2,000 of match funding for eligible senior managers to undertake training in leadership and management. Since it was launched in May 2012, GrowthAccelerator has helped businesses obtain over £13 million in grants for senior team development. However, following the 2015 Spending Review, the Department for Business, Innovation and Skills decided to wind down the national delivery of GrowthAccelerator and devolve these services to local Growth Hubs, which are being established across each of the Local Enterprise Partnership areas in England.

Beyond the summary provided above, there are a range of other support schemes available to firms at different stages of growth in the UK, which are designed to boost chances of success and either directly or indirectly enhance their leadership and management capabilities, as the table below summarises.

Firm type	Type of support available
Start-ups	• Start Up Loans
	• Mentoring in addition to, or as part of, financial support
	• Universities (resources and housing)
	• Local authorities and Growth Hubs to signpost entrepreneurs to national, local, public and private support
Moderate growers	• Formal external business support, including financial, strategic, regulatory or marketing advice
	• Business schools
	• Tax relief for firms offering training that has a direct link to a job (i.e. could include management training)
	• Growth vouchers and other government-funded support schemes offered nationally and locally

25 Nesta, Free to grow? Assessing the barriers faced by actual and potential high growth firms, November 2011.

26 For more information on business finance options, see: ICAEW, The business finance guide, 2014.

27 II Party Parliamentary Group Small Business Group, An inquiry into productivity and small firms, March 2015.

28 Enterprise Research Centre, Supporting Sustained Growth among SMEs, September 2013.

High-growth firms	<ul style="list-style-type: none">• Local Growth Hubs (which are due to take over responsibility for the services previously offered by the Business Growth Service, including GrowthAccelerator)
	<ul style="list-style-type: none">• Privately funded schemes, such as The Goldman Sachs 10,000 Small Businesses programme
	<ul style="list-style-type: none">• UK networks, such as the CBI's M-Clubs and groups like the Supper Club

4. THE SMALL BUSINESS PERSPECTIVE

Research by the Department for Business, Innovation and Skills shows that best-practice management development can result in a 23 per cent increase in organisational performance, in terms of both high-performance working and business success, and the creation of more sophisticated and higher-quality product and market services²⁹. The FSB surveyed over 2,000 small business owners about their leadership skills and approaches to management³⁰, with the following results:

Most business owners update their skills each year but prioritise business strategy. Over half (59%) of business owners update their own business knowledge and skills at least once a year, although a higher proportion of them (77%) review their business strategy every 12 months. Developing and updating one's skills is the key to ensuring the business is taking advantage of new commercial opportunities, and enables owner-managers to create more robust strategies for growth. Business owners should therefore recognise skills development as being as important as strategy formulation.

Specific management training is lacking. Only a quarter of small business owners (25%) have undertaken specific management training in the last 12 months and roughly the same percentage of firms (26%) have never undertaken such training. This may be because firms are unaware of what training is available to them and of the value of this training to the business. As the firm grows it may not be able to reach its potential because of the lack of management skills within the organisation³¹. This is supported by other research indicating that two thirds (64%) of employers believe a lack of leadership and management skills is holding back growth. Even more (68%) believe these deficiencies are preventing their employees from reaching their full potential³².

Most business owners find it easy to manage their business but report difficulties managing staff. Four fifths of small business owners reported no problems with managing their business; however, when it comes to managing staff, only a quarter (27%) of small business owners said they strongly believed that it was easy, with a fifth (20%) saying they found it difficult. In many microbusinesses, the owner is the sole line manager and tends to be concerned primarily with the day-to-day running of the business. Such a person may lack both prior experience of managing staff and sufficient knowledge of HR practices, and as a result often struggles to deal with workplace challenges and keeping up to speed with employment legislation. Indeed, a previous FSB survey found that 44 per cent of small businesses found employment law to be the most difficult area of legislation to comply with³³. Nevertheless, according to ACAS, relatively small improvements in the way employees are managed and organised can have a big impact on performance and productivity³⁴.

Small businesses are using formal management processes to manage staff but there is room for improvement. Two thirds of small business employers (68%) say they use formal management processes to manage staff at least once a year. These include performance management, appraisals and feedback. A fifth of employers (19%) do not use formal management processes, representing a significant number of small firms whose operations, productivity and growth potential may be limited by this. Our survey also finds a positive link between management training and the use of formal management processes, with small business owners who had undertaken training in the past two years being more likely to use management processes regularly than those who had not had training in the past 10 years.

29 Department for Business, Innovation and Skills, Leadership and management in the UK – The key to sustainable growth, July 2012.

30 The survey was conducted over a three week period in April/May 2015.

31 For more information on people management trends see: CIPD, Good management – A new (Old) driver for growth, 2011.

32 CMI, Commission on the Future of Management and Leadership, Management 2020: Leadership to unlock long-term growth, July 2014.

33 FSB, Voice of Small Business Panel survey on 'Barriers to Enterprise', October 2013.

34 ACAS, Evidence to the All Party Parliamentary Small Business Group productivity inquiry, 2014.

Small firms are not using skills audits to help them prepare for current or future needs. Our survey found that over half of small firms with employees (58%) have rarely – or indeed never – undertaken a skills audit. A lack of understanding about how to do this may be holding firms back. This may not be surprising, considering that many businesses – particularly microbusinesses – are established by people with little or no previous management experience and are often run without a dedicated HR function. Addressing this gap in resource could provide much-needed support for business owners without people management experience or skills. This can come at an extra cost for firms, although the level of return on the investment may outweigh the cost.

The cost and availability of relevant training are barriers preventing employers from providing work-related training for their workforce. The cost of training was identified as the key challenge facing small firms (43%), followed by a lack of relevant training (34%). Despite almost all (91%) of business owners recognising the value of investing in staff training and development, less than half (43%) said they did so. These results suggest that businesses are reluctant to allocate funding for training purposes and that there is a lack of confidence in the quality and relevance of training provision; on the other hand, it may also be symptomatic of effective people management and appraisal systems. Whatever the case, investing in training the workforce can have multiple benefits for a firm. It can build on existing skills that the company already values, it can have a positive effect on staff performance and loyalty, and it can be less expensive than hiring new staff.

External training is not common among small firms. Only a fifth of small firms (19%) offer external management training to their staff; however, small businesses are more likely to invest in external training for business purposes, such as marketing, finance and digital, than in other types of training such as management and business qualifications. Training and developing staff can be advantageous in building on existing knowledge of the firm, and can boost morale and increase staff retention³⁵. Despite this there is a disconnect between recognising the need to develop staff and actually doing so.

Many small businesses recognise the importance of business support but are not making use of it. Over half (54%) of small businesses recognise that business support would have an impact on their firm. Despite this, over two thirds (69%) of them are not using a government-backed business support scheme, such as growth vouchers, which includes support in the area of leadership and management. Furthermore, just 11 per cent claimed to know where to find information on grants and tax relief for training and only five per cent of small firms are taking advantage of this tax relief. Research conducted by the Government shows that only 45 per cent of SME employers in England sought external advice or information on matters affecting their business in 2011–12³⁶. The lack of take-up of business support may also be a consequence of a confusing landscape of support where businesses are not sure what services to access and how – a point the FSB has made previously³⁷.

Yet, as turnover and size of firm increases, small business owners are more likely to use government-backed business support schemes. A firm with an annual turnover of less than £25,000 is nine percentage points less likely to use these schemes once a year than a firm with an annual turnover of above £1 million (20 percentage points to 29). Furthermore, a firm with up to 10 employees is nearly two and a half times less likely to use these schemes than one with 21 to 50 employees. Smaller firms are more likely to use peer networks as a form of business support. This suggests that as businesses grow they may be more exposed to and likely to obtain external support, including schemes designed to boost management capabilities, than smaller, non-growing firms.

³⁵ For more information about people management practices, see: CIPD, Megatrends: Are UK organisations getting better at managing their people? December 2014.

³⁶ Department for Business, Innovation and Skills, SMEs: The Key Enablers of Business Success and the Economic Rationale for Government Intervention, December 2013.

³⁷ See: FSB, A new design: Making local support work for business, February 2015.

5. RECOMMENDATIONS

1. Leadership and management taster courses

There is a clear need to help small firms understand the role of leadership and management capabilities and their value to their business. Addressing this will require a change in culture and mindset in the early stages of developing and growing a business in order to influence investment assumptions and decisions.

Short and simple taster courses in which the benefits of leadership and management training are introduced to small businesses would provide an effective way of achieving this. Lancaster University Management School offers masterclasses for small businesses, where guest speakers from business deliver seminars and talks on topics including leadership and management. These masterclasses are supported by NatWest and are free to attend.

A further option would be to include a training module in leadership and management as an integral part of the support package provided as part of the Start Up Loans scheme. This would not only help new entrepreneurs access this support, but also ingrain within start-ups the importance of good leadership and management to business growth and long-term success.

Beyond introductory courses, more training for small businesses should be available on demand and online. For some small companies, taking time out of day-to-day operations can present a challenge – particularly in the early stages of growth. Training providers should offer more modular and online courses, which need to be accessible, flexible and affordable. Initiatives aimed at encouraging initial take-up of training, including ‘try-before-you-buy’ offers or subsidised rates, should be explored.

2. Greater involvement from finance providers and professional associations

The initial points of contact for many businesses, especially start-ups, are banks and professional or business associations; these organisations have an established relationship with many small businesses. This being the case, they are effective touch points for extolling the merits of leadership and management training by raising awareness of and signposting training for small businesses. The Goldman Sachs 10,000 Small Business programme performs a similar function, providing high-quality, practical education and business support for leaders of high-growth small businesses and social enterprises across the country.

In addition to the support already available, large banks could offer a ‘School for Start-Ups’ programme whereby new businesses are invited to take part in courses run by a business school. Training modules could address specific topics and be delivered in conjunction with key stakeholders, for example, a guide to exporting delivered by UKTI. These ‘Schools for Start-Ups’ could be funded either by the banks themselves, on the basis that they will benefit from increasing the likelihood of creating more successful firms, or on a mixed-funding model, where businesses cover a portion of the costs.

From the perspective of providers of financial support, leadership and management training could help boost the number of successful applications as management capability forms a key part of being investor- or finance-ready. There may also be a role for organisations such as the British Business Bank, which is tasked with making finance markets work better for small businesses, to work with its partners to design, deliver and even coordinate a series of leadership and management support programmes for small businesses.

For professional bodies, greater emphasis on improving leadership and management skills in small firms should lead to the increased professionalisation of these skills and an interest in gaining recognised qualifications in this field. One such qualification might be the new Chartered Manager Degree Apprenticeship, which provides business education, work-based learning and professional development through to chartered status. High-quality apprenticeships provide an effective means of meeting future skills needs and building a range of expertise in an industry setting.

3. Businesses supporting businesses

Uncertainty over the potential return on investment can act as a key barrier preventing many small businesses from spending money on support and training. Businesses tend to trust the advice of other businesses, particularly those with similar experiences and challenges, and therefore we should seek to maximise opportunities for knowledge exchanges to occur. This principle can be explored in a number of ways:

- **Peer networks** – peer networks are valuable channels for informing, raising awareness and encouraging best practice. In their recent paper, UKCES suggest that the current rate of employer collaboration to address common workforce development issues – which currently stands at 17 per cent and includes skills development – may need to increase to improve the effectiveness of addressing the productivity challenges facing UK businesses. Growth Hubs, LEPs, universities and business schools all provide environments, resources and facilities in which this could occur. Enterprise Zones are also ideal locations where peer networks could be created and encouraged.
- **Business owners to provide training and insight** – Training course providers should use people with business experience to lead or facilitate training, and ensure that business owners provide informative case studies and/or a mentoring role to participants once the course has been completed. There is also a clear role for large businesses in sharing their knowledge, expertise and resources with small firms in order to enhance the leadership and management capability and inform best practice in these firms. This includes supporting firms in their supply chain by providing access to training or other resources.

4. Map the existing landscape of leadership and management support

Before further support is designed and made available in this area, it will be important to gain a comprehensive and clear picture of what leadership and management support is already available, to identify any gaps and to be able to cross-reference existing support with areas and level of need. This mapping exercise needs to be undertaken across a range of considerations: sectors and industries, size of business, geographies, affordability and whether the support is delivered by public- or private-sector bodies.

6. POINTS FOR FURTHER DISCUSSION

If the UK is to boost the competitiveness of its small firms and reduce the productivity gap, it must address the factors that prevent many firms from developing their leadership and management capabilities. An important part of this will be ingraining in new business owners the notion that good leadership and management are indispensable and are essential to helping firms achieve long-term, sustainable growth.

This will be most effective during the start-up phase, when businesses are more likely to actively seek advice about which skills and expertise can help them to realise their ambitions and when opportunities to access support occur more frequently. However, business owners must also be made aware of the importance of continuous development of their leadership and management skills as their business grows and demands change. Part of this involves recognising where particular training would benefit staff, especially those who have management responsibilities themselves. Productivity cannot be achieved simply by the owner but is a sum of all parts of the business.

Finally, the expertise and support provided by finance and professional bodies, access to affordable training and appropriate business support schemes are all important aspects of this discussion – and should be made more widely available to businesses at all stages of growth if they are to boost their leadership and management credentials and ultimately grow their business.