



Impact and Attribution Research Summary – May 2011

THIS RESEARCH, commissioned by Peninsula Enterprise, explores the impact and benefit of the Business Link Service in Cornwall and the Isles of Scilly, Devon and Somerset.

EXECUTIVE SUMMARY

Business support needs were until quite recently regarded as general in their nature, however this research has identified that these needs are becoming increasingly specific. This shift means that understanding clients' expectations and matching delivery to meet their expectation is the key to providing high quality support which will deliver real and positive benefit. To enable the client to realise the full potential impact and benefit, advisory support needs to clearly make the link between action and outcome.

By interpreting the responses we can identify how different groups of businesses respond differently to business support. One group will take the initiative, follow up actions, and have the motivation to make changes to improve their business. Another group might consider recommendations but actively decide to take no action, and there are others who need more encouragement to try the steps suggested.



RESEARCH BACKGROUND

In March 2009 Peninsula Enterprise commissioned Acuigen Ltd to investigate the impact and attribution of the Business Link Service in Cornwall and the Isles of Scilly, Devon and Somerset.

The research took the form of telephone interviews with businesses who, a) had received 'light touch' support of at least 2 hours assistance, and b) those who received 'in-depth' intensive assistance of 16 hours or more support and had agreed an action plan with their adviser. The research was undertaken in two waves: Wave 1 (June 2009 to January 2010) and Wave 2 (November 2010 to February 2011). In total, 730 interviews were undertaken.

OBJECTIVES

- Inform development to deliver service improvement.
- Identify the benefits and value customers have realised from the advice and support provided.
- Discover how strongly the benefits could be attributed to the work and resources of Business Link.
- Find out how soon after the intervention benefits are realised.
- Understand the extent external referral organisations and people impact on the benefit realised.

KEY FINDINGS

How do customers perceive their own performance?

In-depth assistance customers were fairly positive about their own performance:

- 57% perceived growth in turnover
- 54% perceived growth in profitability
- 42% perceived growth in number of employees
- 25% state no change in turnover and profitability
- 43% state no change in employee numbers
- 15% believe turnover, profitability and number of employees were decreasing

Compared to Wave 1, customers experiencing turnover growth increased by 9% and 7% more customers reported that profitability is growing.

Light touch assistance customers were also positive about their performance, although to a lesser extent than the in-depth customers:

- 52% perceived growth in turnover
- 47% perceived growth in profitability
- 66% state no change in employee numbers
- 13% believe number of employees were decreasing

Stated turnover and profitability levels for the light touch clients remain consistent over the two waves. 8% more customers state that employee numbers are decreasing from Wave 1 to Wave 2.

What benefit has been gained from the advice and support from the Business Link service?

60% of customers interviewed perceived notable or significant benefit from the support received. Benefit received was rated higher in the in-depth customer group with two-thirds stating notable or significant benefit against half of light touch customers.

Customers who contacted Business Link because of a recommendation state that they experience more benefit than those customers who have decided to contact Business Link themselves.

60% of customers received a notable or significant benefit.

The benefit gained by in-depth intensive assist customers was notably higher – 66% against 50% for light touch customers.

Just over half of benefits cited by customers were general in nature, such as:

- Support and reassurance
- General advice
- Motivation and confidence boosting
- Ideas
- Sounding board

The remainder were much more specific and tangible:

- Improved business performance including revenue, profit, new customers and cost savings
- Identifiable progress (*'my business plan wouldn't be in existence if it weren't for Business Link'*)
- New contacts
- Access to funding

In Wave 2, nearly two thirds had seen benefits either immediately or within 1-3 months. A further 14% experienced benefit within 4-6 months; with only 6% yet to see any benefit. 43% businesses think that there is still significant benefit to be gained from the advice.

What were customers seeking prior to contacting Business Link?

There has been a marked increase in customers seeking assistance to do something specific - 32% in Wave 2 compared with only 9% in Wave 1. Advice on funding and grants has also ranked higher in Wave 2 than Wave 1 (19% vs 15%), while the number of customers seeking general business advice has fallen back in Wave 2 along with those seeing specialist information and advice.

The greatest benefit was perceived in areas relating to the motivation and creation of ideas; such as being

a valuable sounding board, motivation and encouragement to take action, raising awareness of specialist support, or helping to resolve an issue. A below average number of respondents

The strongest perceived benefits were received in areas relating to motivation of businesses and the creation and validation of ideas.



perceived benefit was experienced in helping to develop new skills in business.

What impact did the support have or will have?

Impact measures, such as increased profits and sales, reducing costs or better financial management skills, are rated lower than benefits. Lower than average ratings relate to increasing sales and reducing costs, with the highest ratings relate to management skills and practices such as:

- improved business planning
- better trained/skilled staff
- exploiting new markets/channels
- better compliance
- attraction of more customers/orders
- raising the awareness and profile of the business.

What would be the consequences of not contacting Business Link?

Over half of the customers interviewed (52%) anticipated negative consequences had they not sought assistance, mainly due to either failure to make rapid progress or business failure, had Business Link help not been received. Often mentioned was speed of achievements or activities which were accelerated because of Business Link intervention. Also notable were financial benefits, where some businesses had saved money (e.g. tax) as a result of the advice.

52% of customers thought they would have suffered negative consequences had they not sought assistance from Business Link.

How did the service received compare with expectations?

The level of customers saying that the service received was better than their expectations has improved from Wave 1

40% of customers' expectations were exceeded.

to Wave 2, with more in-depth support customers stating that the service was better than expected when compared with the light touch customers. Expectations are not always high, but also clear benefit is not always assumed - particularly when the customer has ill-defined perceptions of the Business Link proposition.

85% of referrals were followed up.

Effects of referring a customer to an external organisation

- 38% of customers spoken to were referred on to another person or third party, with a marked increase in referrals reported from Wave 1 (30%) to Wave 2 (48%)
- 57% of customers followed up on this referral themselves
- 28% of customers were contacted by the referral company
- 62% of those referred perceive more benefit than those who were not, with a marked increase in those reporting notable or significant benefit in Wave 2 (68%) against Wave 1 (56%).

Satisfaction with the advice received from the third party organisation is higher in the second wave, and in both waves the relevancy of the information is the highest rating factor, followed by timeliness of response, affordability, and value for money.

Perceived benefit from Business Link increases when a referral is progressed. Conversely, failure to follow up referrals leads to greater disappointment.



Therefore, it is clear that successfully converting referrals with contact established between the customer and the third party will deliver greater benefit.

If Business Link had not made the recommendation to the third party, most referred customers would not have thought to make contact with them themselves.

Response to advice and support

In-depth customers:

- 63% recognised agreeing an action plan
- 70% acted on all or some of the actions recommended

Light touch customers:

- 64% recognised the action plan
- 57% acted on some or all actions

In total, 70% of in depth intensive assist customers and 57% of light touch intensive assist customers did go on to act on the advice.

Analysis of customers' response to the advice and support received has identified 4 segments:

- Those who recognise and agree the action plan or that recommendations were made and have taken action on all or some of them.
- Those who recognised the action plan or some recommendations, and have either done nothing yet but intend to or have done something.
- Those who recognised and agreed the action plan or that recommendations were made but have taken no action and don't intend to.
- Those who didn't recognise the action plan or didn't hear any recommendations and so have done nothing.

This indicates that those customers who take action are most likely to see a benefit. This may be because the advice was better or because they are generally more focused and pro-active. Therefore action to ensure more customers do something as a result will deliver greater benefit. Also, it was found that those who take action are more successful with fewer declines in customers' performance across all measures (i.e. no. of employees, turnover, and profitability). Clearly identifying customers unlikely to act alone and pushing them to do something will increase the impact of business support.

CONCLUSIONS

Accurately setting and managing expectations is key to ensure a match between customer need and business support capability. This can be achieved by:

- Employing accurate and consistent marketing messages.
- Establishing expectations up front – when the match is poor it may be better to identify an alternative option for these companies.

Referral to appropriate organisations delivers enhanced benefit.

Referral to appropriate organisations delivers enhanced benefit, but ensuring follow through is vital to realising this. It is important to consider:

- Some customers need a bigger push than others
- Some third parties don't pursue referrals
- Initiatives to drive up referral conversion rates will generate more benefit



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Understanding the commercial implications will assist in driving up motivation to act.

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Action plans must be recognised and implemented.

To assist in this it should be considered:

- By focusing on increasing awareness, use and relevance of the action plan
- By embedding an appropriate plan early in the relationship
- Base the action plan on effective segmentation

Peninsula Enterprise is committed to supporting the economic and social development of the South West. Based in the heart of the region, we work in partnership with the public and private sectors to develop solutions and deliver services that inspire change and drive growth. In Cornwall and the Isles of Scilly, Devon and Somerset, Peninsula Enterprise delivers a range of Government and EU funded business support services.

