

DOCUMENT

PROGRAMME OF RESEARCH AND ACTION ON THE DEVELOPMENT OF THE LABOUR MARKET

LOCAL EMPLOYMENT INITIATIVES

Local enterprise agencies in Great Britain

**A study of their impact, operational lessons and
policy implications**



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PROGRAMME OF RESEARCH AND ACTION ON THE DEVELOPMENT OF THE LABOUR MARKET

LOCAL EMPLOYMENT INITIATIVES

Local Enterprise Agencies
in Great Britain

A study of their impact, operational lessons
and policy implications

by
Community Initiatives
Research Trust (CIRT)
Liverpool

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The research was carried out by Lilian Geach and David Mundy under the overall direction of Rodney Stares.

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EXECUTIVE SUMMARY

1. This study, carried out by the Centre for Employment Initiatives (CEI) on behalf of the Community Initiatives Research Trust (CIRT) with financial assistance from a mix of public, private and charitable sources, focuses on the performance of a limited sample of local enterprise agencies (LEA's) operating in Great Britain. LEA's represent a new form of collaborative action at the local level in support of new and existing small and medium sized enterprises (SME's). The projected rapid spread of these agencies across the country, with its attendant resource implications and risks of overlap with existing structures, provided the spur to this enquiry the aims of which were threefold; to assess their impact on local economic activity and employment, to derive some operational lessons for the future and to consider the resulting policy implications.

2. The approach adopted by the study to the assessment of impact distinguished between its direct and indirect forms. Within the former particular emphasis was placed on trying to establish to what extent the positive outcomes achieved (particularly in terms of net job creation) could be attributed specifically to the work of the LEA's (ie. the degree of additionality of their actions). Efforts were also made to measure the relative performance of the LEA's against other local bodies operating in the same area of concern. Since in both cases assessments of performance required acts of judgement to be made it was felt appropriate to give primacy to the views of the consumers, namely the LEA's clients. This was supplemented by interviews with other selected observers in each locality.

3. Twelve LEA's were selected according to a number of criteria designed to ensure a broad spread of locations and characteristics:
 - 92% had been operating for more than one year;
 - typical catchments of between 300,000 - 400,000 people;
 - a mix of public private sponsorship with a predominance of private input of resources;
 - a mean resource input of £70,000 p.a. of which approximately 75% was assistance in kind (mainly seconded staff).

All LEA's provided basic business advice and counselling with other activities such as training, provision of premises and risk capital being less generalised.

4. A total of 370 in depth, face to face interviews were carried out in the twelve locations covering LEA directors (12), sponsors (46), clients (236), local authority officers and members (27) and other informed observers (49). Clients were chosen at random from among those who had received at least one face to face counselling session with their LEA.
5. Two measures of the additionality of the direct impact of LEA actions were employed. These produced very similar results, namely that a majority of the clients interviewed judged that the agencies had made a significant contribution to the creation/growth/survival of their business and its level of employment and that within their number an important segment felt that without the assistance received they would not have succeeded in what they attempted. In specific terms:
 - 11% of respondents starting in business (start-ups) and 9% of those already in business felt that they would not have started or would have gone bust without the assistance provided;
 - a further 53% of start ups and 34% of existing firms felt that it would have been more difficult, they would have taken longer or would not have so many people employed without the agency's assistance;
 - 23% of start-ups and 15% of existing firms rated the agency's role as crucial in helping to create or save 54 and 79 jobs respectively;
 - a further 42% of start-ups and 32% of existing firms considered that the agency's help had been useful in creating or saving 168 and 188 jobs respectively;
6. The LEA's also scored highly in assessments of their performance relative to that of other local business support organisations (banks, chambers of commerce etc). Both client and non-client respondents rated LEA's in top position in terms of contribution to their specific businesses and to small firms generally.
7. The individual LEA's varied widely in their scores for additionality and relative performance, but these variations were noticeably non random in character. A small number of agencies consistently exhibited above and below average scores respectively.
8. Although complicated by differing follow-up practices, the majority of clients (73%) either remain in touch or are likely to use their agency again.

9. Tangible evidence of positive indirect effects proved less substantial:
 - 42% of non client respondents reported evidence of positive changes attributable to the existence of the agencies;
 - a higher percentage of respondents with close contacts to the agencies acknowledged positive effects than those not involved.
10. On the basis of direct observations, pointers and inferences gathered in the course of the fieldwork various factors were identified linking agency characteristics and performance. These 'operational lessons' covered the composition of the sponsoring group, the roles of sponsors and staff, day to day operations and the range of services provided. Among them the two that appeared to be most significant were the personality and commitment of the director and the breadth of sponsorship and its active involvement.
11. The report ends by briefly exploring the implications of its findings for some current policy issues in the field of local enterprise support. Its principal conclusions are that:
 - contrary to some recent criticisms the performance of LEA's (as evidenced by this survey) is such as fully to justify continued public sector encouragement and support;
 - while successful precedents do exist for locating all local enterprise support activities within a single LEA, other models which retain a degree of institutional specialisation without attendant confusion appear to be emerging;
 - there are likely to be inherent limitations on the ability of LEA's to meet directly the different enterprise development needs of the less conventional types of entrepreneurs and of the sorts of initiatives to which they frequently give rise;
 - there would be merit in shifting the balance of emphasis in favour of following up recently established firms and supporting existing businesses that are under-performing;
 - the LEA's are uniquely placed to act as a conduit for the provision of low level risk capital and this might well be an additional service they should give attention to;

- the growing pressure on resources - to maintain existing LEA's and expand their numbers - relative to the willingness and ability of the private sector and local authorities to provide them suggests that some form of long-term core funding from central government is needed.

RÉSUMÉ D'EXÉCUTION

1. Cette étude menée par le Centre for Employment Initiatives (CEI) au nom du Community Initiatives Trust (CIRT), financée par un ensemble de fonds provenant de l'état, du secteur privé et de fondations bénévoles, vise le fonctionnement d'un nombre limité de 'local enterprise agencies' (LEAs) en Grande Bretagne. Les LEAs représentent une forme nouvelle d'action collaboratrice au niveau local, dédiée au soutien des petites et moyennes entreprises (PME), nouvelles ainsi qu'existantes. Une prolifération rapide dans tout le pays est prévue pour ces agences, ce qui entraîne obligatoirement des conséquences pour les ressources disponibles et des risques de chevauchement sur les structures actuelles; ce sont ces mêmes dangers qui ont incité notre enquête à triple but: l'évaluation de leur effet sur l'activité économique locale et sur l'emploi, l'acquisition de savoir opérationnel pour l'avenir et la prise en considération des conséquences politiques qui en résultent.
2. L'enquête a choisi d'aborder le problème de l'évaluation des conséquences en distinguant entre ses formes directes et indirectes. En même temps, l'accent est mis sur la question qui suit: jusqu'où les résultats positifs (création du nombre exact d'emplois en particulier) sont-ils attribuables au bon fonctionnement des LEAs (c'est-à-dire au total du nombre des emplois rajoutés par leur action). L'étude vise aussi à mesurer la performance des LEAs par rapport à celle des autres organismes agissant dans ce domaine. Puisque dans les deux cas une évaluation demande qu'un jugement soit rendu, il a semblé juste de donner la première place aux opinions du consommateur, à savoir aux clients des LEAs. Des entrevues avec un choix de témoins locaux y seront rajoutées dans chaque cas.
3. Douze LEAs ont été sélectionnées selon un nombre de critères destinés à assurer un éventail de situations et de caractéristiques:
 - 92% étaient en marche depuis plus d'un an;
 - aire de recrutement type de 300.000 à 400.000 habitants;
 - patronage mixte public/privé avec une mise à disposition de ressources en majeure partie privées;
 - une mise à disposition de fonds moyennant £70.000 par an, dont à peu près 75% consistait en aide en nature (prêt de personnel spécialisé surtout).

Toutes les LEAs étudiées fournissent des conseils gestionnaires, la provision d'autres services tels que la formation, l'offre de locaux et de capitaux (risk capital) étant moins générale.

4. Un nombre total de 370 entrevues approfondies, face à face, ont été effectuées dans les douze emplacements, rassemblant les directeurs des LEAs (12), les répondants (46), les clients (236), les élus locaux et les membres des collectivités (27) aussi bien que d'autres témoins bien informés (49). Les clients ont été choisis au hasard parmi ceux qui avaient obtenu au moins une consultation en tête à tête avec une LEA.
5. La montée des emplois^{par} l'effet direct des actions des LEA a été mesurée de deux façons. Les résultats obtenus furent presque pareils; en effet, la majorité des clients interrogés ont jugé que les agences avaient eu une portée importante sur la création/le développement/la survie de leur entreprise et de son niveau d'embauche. Une grande proportion d'entre eux ont même estimé que sans l'aide reçue ils n'eussent pas réussi à accomplir leur objectif. Tout particulièrement:
 - 11%^{des} clients qui mettaient sur pied leur entreprise et 9% de ceux dont les entreprises étaient déjà établies ont conclu qu'ils n'eussent ni débuté, ni échappé à la faillite sans l'assistance fournie;
 - de plus, 53% des clients provenant d'entreprises naissantes et 34% de ceux qui faisaient partie de projets en cours ont estimé qu'ils eussent eu davantage de difficultés ou qu'ils eussent embauché un personnel plus restreint sans l'aide de l'agence;
 - 23% des 'débutants' et 15% des 'établis' considéraient le rôle de l'agence décisif du point de vue de la création ou la récupération de 54 et 79 emplois respectivement;
 - 42% des 'débutants' et 32% des 'établis', de plus, jugeaient que l'aide de l'agence avait été utilisée pour créer et récupérer 168 et 188 emplois respectivement;
6. La performance des LEAs est aussi hautement appréciée par rapport à celle des autres organismes de soutien locaux (banques, chambres de commerce etc.). Les clients comme les autres prisent hautement les LEAs en ce qui concerne ce qu'elles apportent à leurs propres entreprises et aux petites entreprises en général.

7. Les LEAs ont largement varié entre elles quant à l'évaluation de l'augmentation nette des emplois et leurs performances relatives, mais ces écarts étaient remarquablement peu liés au hasard. Un petit nombre d'agences ont régulièrement obtenu un classement au-dessous et au-dessus de la moyenne respectivement.
8. Quoique la situation soit compliquée par les écarts dans l'application du suivi, la majorité des clients (73%) restent en contact ou s'adresseront probablement de nouveau à l'agence.
9. Les preuves réelles des effets positifs indirects sont moins solides:
 - 42% des non-clients interrogés ont signalé des preuves de changements positifs attribuables à l'existence de l'agence;
 - un pourcentage plus élevé des interrogés qui étaient en contact direct avec les agences leur ont reconnu des effets positifs que ceux qui n'y étaient pas impliqués.
10. Par suite d'observations directes, d'indices et de déductions amassées au cours de l'enquête, une série d'éléments liant les caractéristiques d'une agence à sa performance ont été identifiés. Ces 'leçons opérationnelles' comprennent la composition du groupe de patronage, le rôle du patronage et du personnel, le fonctionnement quotidien et la gamme de services offerts. De ce nombre, les deux aspects qui paraissent être les plus importants sont la personnalité et l'engagement du directeur et l'étendue du patronage et de son engagement actif.
11. L'étude conclue en examinant brièvement la portée des résultats de cette recherche sur la politique actuelle de soutien pour les entreprises locales. Les conclusions principales en sont:
 - en dépit de la critique récente, la performance des LEAs (ainsi que le prouve ce sondage) est d'un ordre à justifier la continuation du soutien et de l'encouragement du secteur public;
 - bien qu'il existe des exemples réussis de structures de soutiens pour les entreprises locales qui se réuniraient toutes dans une même LEA, d'autres modèles qui maintiennent un certain niveau de spécialisation sans confusion concomitante semblent être en voie d'apparition;

- il existe sans doute des limites naturelles quant à l'aptitude des LEAs à remplir directement les besoins des entrepreneurs moins classiques et par là des initiatives auxquelles ils peuvent fréquemment donner le jour;
- il y aurait du mérite à favoriser davantage le suivi d'entreprise récemment établies aussi bien que le soutien de celles dont la performance est faible;
- les LEAs sont exceptionnellement bien placées pour servir de voie de canalisation à la fourniture de petits capitaux à risque et ceci pourrait sans doute leur fournir un service de plus à considérer;
- la pression croissante sur les ressources - pour subvenir aux besoins des LEAs établies et pour augmenter leur nombre - liée à la bonne volonté et à la compétence du secteur privé et de la collectivité en ce qui concerne leur approvisionnement, semblent indiquer que des fonds publics à long terme provenant de l'état s'imposent.

SECTION I THE NATURE OF THE ENQUIRY

1. BACKGROUND

1.1 Introduction

There is now general agreement that a healthy small business sector is essential to the economy both as a complement to the activity of large firms, and as a means of coping with the problem of mounting unemployment. Various legal, fiscal and structural changes have either been implemented or advocated to stimulate small business. For the most part however these measures have been permissive or reactive in character rather than providing direct practical support.

Since the early 1970's a number of new organisations have grown up at the local level in Britain with the aim of more directly fostering and encouraging small-scale local enterprise and wealth creation. They have often arisen by different routes but they share certain common characteristics:

- they are broadly-based community organisations which provide a focus for collaboration between the key sectors of the local community such as the municipal authorities, local firms, the banks, educational establishments and voluntary organisations;
- they are necessarily local and their work is therefore rooted in personal contact and intimate first hand knowledge of the local area and its inhabitants;
- they are themselves enterprising organisations looking for opportunities as well as responding to requests for help and operating in non-bureaucratic ways.
- typically they discharge their 'midwifery' functions by helping new and existing small firms with access to technical and professional assistance and information, and by promoting collaborative arrangements as in, for example, marketing and the provision of finance.

Organisations sharing these characteristics came to be known initially as Local Enterprise Trusts (LET's) and latterly as Local Enterprise Agencies (LEA's). Since few if any actually use the legal framework of a trust deed, throughout this report the more recent designation 'LEA' will be used.

Although LEA's may sometimes use premises owned by an existing small business agency such as a Chamber of Commerce one of their central features is their

comparative independence from either public small business promotion structures, whether at national or local levels, or from private interests whether individual or collective such as Chambers of Commerce.

1.2 Origins and Growth

Like all innovations it is possible to identify precedents from an earlier age. Nevertheless the beginning of what is now sometimes referred to as the 'local enterprise agency movement' can be dated around 1974/5 with the convergence of a variety of different strands of thinking and action. In particular:

- growing concern within some large corporations (such as Pilkington Glass in St. Helens) about the impact of their emerging employment requirements on their host communities;
- the creation by the British Steel Corporation (BSC) of a specialist subsidiary to handle the response to its large scale programme of plant closures and the development of the concept of 'seedbed workshops';
- the importation into the UK by the charity Alternative Society of some of the thinking underlying the work of the Community Development Corporations in the USA;

Systematic promotion of the concept began in late 1975 by Stan Windass of Alternative Society and subsequently on a full-time basis by John Davis the newly appointed UK officer for the Intermediate Technology Development Group. During 1976 links were made with embryo groups around the country (St. Helens, Hackney, West Somerset) and the process of information exchange, monitoring, lobbying and fund-raising began in a regular way. At this time attempts were made - almost entirely unsuccessfully - to obtain government finance particularly from the Manpower Services Commission (MSC) through its Job Creation and Special Temporary Employment Programmes.

During 1978 and 1979 a second generation of LEA initiatives began to be launched on the basis of large scale support in the form of grants, seconded staff and general enthusiasm from national companies, such as Shell, BP, Marks and Spencer etc. They were to a considerable degree influenced by the publicity generated by the St. Helens' Trust and BSC's Clyde Workshops. The ability of organisations like the Action Resource Centre (ARC) to provide a clearing house for placing seconded managers in emerging LEA's also gave an impetus.

As a result of this second phase of new initiatives the number of LEA's rose to two dozen or so covering most of the principal cities (including London, Leeds, Birmingham, Bristol and Newcastle).

The first public government recognition of the phenomenon came in mid 1979 when the Minister for the Environment gave his moral support to the formation of LEA's. Soon afterwards he appointed a working party - chaired by Sir Alisdair Pilkington - with broad terms of reference to consider what role the private sector might play in community affairs and local economic development.

The eventual outcome of the working party was the setting up in 1981 of Business in the Community Ltd (BIC) sponsored by a mix of private and public institutions and staffed by senior executives from large companies with at least one civil servant on secondment. BIC has made the promotion of LEA's its principal activity and as a result the numbers in existence have expanded rapidly (see Fig. 1)

Fig. 1: Growth in numbers of LEA's since 1981

	<u>Year</u>	<u>No. of LEA's</u>
up to April	1981	23
up to April	1982	61
up to April	1983	103
at June	1984	180

BIC. 1984

To a degree BIC has also standardised the development of LEA's through the creation of a model legal structure and by organising development programmes for LEA directors at Durham Business School. Besides the merit of simplicity, the standardised legal structure is designed to ensure that the sponsors of LEA's can obtain the tax reliefs available to them from the government under Section 48 of the 1982 Finance Act.

1.3 Origins of the Research

During the early period of LEA development the Anglo-German Foundation financed a programme to monitor the activities and achievements of 6 'pilot initiatives'

but this work was basically descriptive in character and relied on the judgements of the staff of the various LEA's being monitored. Subsequently individual LEA's carried out in-house follow up surveys and in at least one case commissioned independent client based assessments of their work.

However, by 1982 three factors strongly suggested that an independent, in depth, multi-agency assessment of the impact and operational lessons arising from the work of LEA's was needed:

- although 'the movement' was still comparatively small, ambitious targets had been set for the future which implied a very substantial commitment of resources from both public and private sectors;
- concern was being voiced in some quarters that the proliferation of LEA's was adding to the confusion in the minds of prospective consumers and possibly to a duplication of effort;
- there was a growing interest in seeing whether operational lessons might be derived that could be incorporated in future LEA's to enhance their performance or counteract any dilution of quality that might attend a rapid expansion in their numbers.

Furthermore, none of the studies undertaken up to then (or as far as the researchers are aware, subsequently) had moved beyond establishing that there was a correlation between agency activity and positive outcomes (such as jobs created or saved) to try to determine the degree of causation; the extent to which LEA's could legitimately claim to have been responsible for the observed outcomes. *

Finally, the fact that quite a few LEA's had been operating at that time for more than two years made a more in depth assessment of both impact and operational lessons feasible as well as desirable.

Conscious of this gap the Community Initiatives Research Trust (CIRT) asked the Centre for Employment Initiatives (CEI) in 1982 to prepare some research proposals and to attempt to secure the necessary finance for them. Approaches were made to a number of sources and support was finally secured from the Joseph Rowntree Memorial Trust and the Research and Policy Division of the Manpower, Social Affairs and Education Directorate of the EEC, to review the work of six LEA's.

* See Appendix I for comparative data.

The preliminary findings of this work, which was carried out during August to December 1983, pointed strongly to the need to broaden the sample size in order that the resulting conclusions should be more soundly based and less susceptible to the influence of non representative 'extreme cases'

Efforts were made to secure additional resources and in January 1984, Business in the Community Ltd (BIC) confirmed that it was able to assemble a consortium of backers (listed on the frontispiece) to underwrite the costs of covering a further six LEA's. Field work on the second round of reviews commenced in late February 1984.

2. THE AIMS OF THE RESEARCH

The aim of the research was threefold; firstly to consider the impact of a sample of enterprise agencies on economic activity and employment in their localities; secondly to derive operational lessons for the future. Thirdly, on the basis of the first two aims to consider the policy implications of the findings.

2.1 Agency Impact

In making their evaluation of impact, the researchers were conscious that it might be both direct and indirect in character:

- the direct impact would relate to the benefits derived directly by clients of the agencies (ie individuals approaching the agencies for assistance either with starting an enterprise or with an existing small business) from their contact with agency personnel. This might take the form of assistance with the preparation and presentation of a business plan, leading to success in obtaining bank finance which was in turn crucial to launching, expanding, or indeed saving, the enterprise. Direct impact can therefore be seen in terms of two types of effects:
 - a) effects on intermediate variables such as improving access to business advice and information, finance and premises;
 - b) effects on final variables such as employment gained or saved, and on the number and size of new enterprises.
- the indirect impact of the agencies would be in terms of changes in the attitude and behaviour of other key local institutions (local authorities, banks, local professionals etc) which might have resulted from the creation of an agency and perhaps from their participation in it, and which could lead to benefits for new and existing small enterprises. For example the agency might raise awareness about the shortage of small workshop space and thereby influence local authority attitudes towards planning consents and lead to better provision of premises for small enterprises.

2.2 Operational Lessons

By examining the operations of the sample of agencies the research aimed to identify practical lessons about how

best to establish and run an enterprise agency for maximum effect. Such lessons might refer to the best organisational framework - one major sponsor or a range of partners; the balance of involvement of the private sector and the local authority; the significance of the director and the use of secondees etc.

2.3 Policy Implications

The third main aim of the research was to clarify the significance to policy makers of the local enterprise agency approach to economic development. Given both the growth and the current numbers of agencies operating in the U.K., the operations of LEA's are likely to have implications for policy makers at both the local authority and national government levels.

3. THE RESEARCH APPROACH AND METHODS

3.1 The Approach

As already noted, the impact of local enterprise agencies in their localities can be seen in terms of the direct and indirect effects on new and existing small businesses.

Given that the activities of the agencies are directed primarily towards the creation of wealth and jobs through the fostering of small enterprise, there is a strong case for using 'numbers of jobs created or saved' as a basic measuring rod when considering the success or otherwise of LEA's. However the very nature of the variety of help provided by agencies to their clients and the widely differing circumstances of those clients makes it extremely difficult to equate the help given to the jobs created or saved, in any standardised way.

Moreover in a field where there are frequently several organisations providing a variety of forms of help to new and small businesses, there are clearly limitations in assigning the credit for jobs created to one body or another. In such a situation any assessment of the significance of the direct job creating efforts of the agencies must be largely a matter of judgement with the quality of the research results depending crucially on who is asked to make those judgements.

In choosing their approach to this problem the researchers decided to give primary emphasis to the views of the agencies' clients as to how useful the LEA's services had been and what might have happened or not happened in their absence. This was then supplemented with material collected on the views and opinions of informed local observers and partners in the agencies. This secondary source of insights related to both their perceptions of the direct effects of the agencies and more particularly to those of an indirect nature.

Given the well documented problems surrounding opinion or attitude surveys it was decided to employ a variety of measuring rods to elicit the views of the client group. Within this multiple assessment approach questions about the number of jobs created or saved represent but one strand.

3.2 Research Methods

The execution of the research was carried out in 3 stages:

- the initial stage involved the collection and review of background material on local enterprise agencies generally and the compilation of a sample of agencies to be included in the research. The directors of these agencies received a request to cooperate, together with an outline of the aims of the research and the methods to be adopted. Each director completed a basic background data questionnaire about their agency;
- in the second stage the researchers spent one week with each of the agencies, observing their operation and conducting a programme of interviews;
- in the final stage the results of the field visits were analysed and a draft report circulated to all the participating agency directors, before publication of the final report.

4. THE AGENCY SAMPLE

The choice of a client based approach to assessment, and the use of various measuring rods and of face to face interviews meant that a substantial input of time was required to cover adequately the work of each agency. As a result the number of agencies that could be covered was comparatively small.

4.1 Size of Sample

In total 12 LEA's were covered by the sample, representing about 9% of all agencies in existence at the time of the survey and approximately 11% of the agencies that had been operating for one year or more.

4.2 Selection Criteria

The researchers were conscious that, within the limitations of a sample size of 12, it would not be possible to accommodate all the potentially key operational variables in some form of scientific stratification. However it was felt useful to achieve as wide a spread of differing circumstances as possible. To this end a number of criteria were adopted in making the selection:

- a) Length of time in operation: At the time the fieldwork was carried out, a large number of LEA's had been operating for only a few months (see Fig. 2). It was not thought appropriate to include those newer agencies with a very short history because they could not reasonably be expected to have had an impact on their localities. The sample was therefore deliberately skewed to concentrate on those with a longer track record.
- b) Geographic spread: The sample was selected to provide a spread of locations throughout Great Britain.
- c) Variety of operational contexts: The sample was intended to reflect a variety of different contexts:
 - locations and catchment areas of a rural, semi-rural, small town and city nature;
 - differing economic contexts eg single major local industry in structural decline with heavy unemployment; relatively low local unemployment; preponderance of small firms etc.

- d) Range of structural characteristics: The sample attempted to cover:
- a range of sizes of agencies;
 - differing patterns of sponsorship and levels and forms of support from the social partners.

Fig. 2 Age spread of LEA's BIC (June 1984)

<u>Length of time operating</u>	<u>No. of Agencies (nationally)</u>	<u>%</u> —
Less than 1 year	77	43
1 - 2 years	42	23
2 - 3 years	38	21
3 - 4 years	13	7
4 - 5 years	7	4
5+ years	3	2
Total	<u>180</u>	<u>100</u>

4.3 The Sample Characteristics

Fig. 3 illustrates and lists the locations of the 12 agencies included in the sample and Fig. 4 provides some basic background data about them. Certain characteristics of the sample are worth noting:

- a) 92% of the sample had been operating for more than 1 year and 59% for more than 2 years. The agency that had started most recently had been operating for 10½ months when the fieldwork took place.
- b) 42% of the sample have an immediate catchment (ie the area from which they draw the bulk of their clients) with populations of between 320,000 and 390,000.

Fig. 3 Locations of Agency Sample

Cleveland Enterprise Agency,
Middlesbrough

Small Industries Group,
Bridgewater, Somerset

In Business Ltd.,
Birkenhead, Wirral

Leicester Business Venture

Portsmouth Area Enterprise

Cardiff and Vale Enterprise

Birmingham Venture

Sheffield Business Venture

Norwich Enterprise Agency Trust

Gloucestershire Enterprise Agency
Gloucester

Glenrothes Enterprise Trust Ltd



Fig. 4 Some basic features of the agencies sampled by the study

AGENCY	Length of time in operation						Immediate Catchment		Staffing				Budget (£000's)	
									* Indicates that the figure includes agency director					
	Secondees		Directly Financed											
1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5+ yrs	Population (000's)	Area (Hectares)	Full	Part time	Full	Part time	Cash Income	Value of Indirect Support	
1			x				126	3,900	1*		1	1	26	8
2			x				282	7,300	1*	1	1		25	40
3						x	432	345,000			1*	1	14	2
4		x					343	130,500	1*		1		30	40
5					x		323	20,800	6*				35	95
6				x			339	15,500			4*	2	75	-
7		x					546	36,800	1*	1		1	5	30
8	x						390	41,600	7*		3		55	115
9					x		1,526	52,700	3		3*	1	42	55
10		x					251	59,400	1		2*		30	40
11						x	183	1,900	1	2	4*		76	20
12		x					382	12,200	1*		1	2	40	30

- c) The sizes of catchment area vary widely, from a city centre location at one extreme to highly rural locations at the other. For the semi rural agencies in particular, their nominal catchment areas are considerably larger in terms of physical size than their immediate catchments.
- d) Population densities similarly vary, with the rural locations characterised by a much more dispersed population than the urban based agencies.
- e) There is little correlation between catchment area population and the resources of the agencies as indicated by staffing levels and budgets.
- f) The agencies differ in the ways in which they record enquiries such that the compilation of comparative figures for the whole sample was not possible. 9 agencies were able to supply figures for the total number of enquiries received during the past year. 6 of these were in the 900 - 2000 range and the average for the 9 agencies was just over 1800. The number of cases where these enquiries led on to counselling sessions with clients ranged from 250 to 1500 and averaged just over 750 per agency.
- g) 10 of the agencies are constituted as companies limited by guarantee, one as a voluntary body and one as a section of a chamber of commerce.
- h) All the agencies are involved in the same core activities, namely counselling/consultancy, provision of information, and marketing/promotion; this latter both in terms of advice to clients and of the agency itself. Other services are less uniformly spread:
 - 8 of the LEA's are involved in the provision of training facilities for start-ups and small enterprises;
 - 5 help directly with the provision of premises (as opposed to sign posting to other bodies);
 - Only one of the sample has access to its own source of capital for providing small soft loans to certain clients. Another 4 have indirect access to capital via their

involvement in handling local authority and BSC (Industry) financial assistance to local firms;

- 2 agencies have in-house computer facilities that are used to provide computer modelling of business plans, cash flows etc for clients;
- Although LEA's are being encouraged to become involved in youth training as managing agents under the MSC Youth Training Scheme, only one of the sample had been so involved, and that with another party.

Other activities include running exhibitions, business surgeries and seminars, business competitions etc.

- i) Sponsorship of the agencies and board representation showed a wide variation in the mix of support from the social partners and there were instances of minimal involvement by either the private sector or the local authorities. However, the majority of the agencies were in a cluster exhibiting a similar pattern of support, with the major funding in both cash and secondees coming from the private sector, backed up by smaller contributions from the local authorities and central government development agencies. The involvement of local trades unions and trades councils was notable in its almost complete absence.

Fig. 5

Composition of Agency Boards

	No of agencies having board members from these sources
National and multinational companies	10
Local authorities	9
Chamber of Commerce	7
Banks	7
Development agencies	2
Others	6

Fig. 6

Source of Funding

	<u>No. of Agencies</u>
Private sector only	3
Private and public sector	8
Public sector only	1

- j) The total resource input into the agencies varied widely with a mean value of some £70,000 p.a. Eleven of the agencies were receiving support in kind of on average almost three-quarters of their resource input, but the proportion varied widely. This was predominantly in the form of personnel seconded to the agency but also included the provision of premises, executive time donated directly by sponsoring companies to agency clients, provision of equipment and professional services.
- k) In addition to income received in cash or kind from sponsors, 5 of the agencies operate revenue generating activities, mainly training courses and provision of premises. Income from these sources is mainly quite small but in one case amounts to £22,000 per annum. One agency operates partly as a small business organisation and some of its income is derived from a small annual membership subscription.
- l) In 7 of the 12 agencies sampled, the Director or manager was a secondee rather than being directly paid out of the agency's budget. In only two cases was the agency entirely staffed by secondees although in several cases the paid staff were restricted to secretaries/receptionists.

5. THE INTERVIEW PROGRAMME

5.1 Interview Structure

The interviews were conducted on a face-to-face basis, were in-depth in character and followed a structured format to ensure maximum comparability.

5.2 Individuals Interviewed

For each agency in the sample, the following individuals were interviewed:

- a) The Director/managing executive of the agency - 12 in all.
- b) A sample of agency clients; on average 20 from each agency. A total of 236 clients were interviewed.
- c) A sample of sponsors including the Chairman of each agency board. The sample contained a mix of board and non-board members. A total of 46 sponsors were interviewed.
- d) A sample of local authority members and officials, particularly those involved with planning and economic development matters. In all, a total of 27 individuals were interviewed.
- e) A sample of organisations in the locality involved in small business support activities. This included banks, colleges of further education, polytechnics, cooperative development agencies, chambers of commerce, trades councils or unions, small business clubs, the DTI Small Firms Service, CoSIRA, central government development agencies etc. A total of 49 individuals.

In all, a total of 370 interviews were carried out, an average of 31 for each agency.

6. THE SAMPLE OF CLIENTS

6.1 Sample Selection

An initial sample of clients was constructed by making a random selection from the files of each of the agencies. In those cases where the files contained details of all client contacts, including those made on the telephone and dealt with 'on the spot', these cases were discounted and additional client files selected. As a result a basic sample consisting of clients who had had at least one face to face interview with agency personnel was constructed.

In addition all agency directors were asked to nominate a small number of clients with whom the agency had had a substantial involvement but not just their most successful cases. It was recognised that this could introduce a slight upward bias into the results and there might be differences in the degree to which directors complied with the restriction, but this was not thought to be a major factor since nominated clients amounted to no more than 20% of the sample.

6.2 Client Background

58% of the clients interviewed had approached the LEA prior to or at the time of setting up their business. The remaining 42% of clients were already in business when they approached the agency. The ways in which clients heard of the agency can be grouped under 4 main headings:

<u>Fig. 7</u>	<u>Point of Contact</u>	<u>% of clients</u>
	Agency leaflets, posters, newspaper articles and adverts, radio & T.V.	27
	Through a friend, relation or other indirect personal contact.	21
	Agency involvement on a training course, seminar or talk.	6
	Referral by other organisations.	39
	All others	7
		<hr/> 100

(4% of clients mentioned 2 points of contact)

On average referrals from other organisations were clearly the most significant source of information about LEA's for clients. No one organisation stood out as a dominant source of referrals and this group included banks, professionals, chambers of commerce, local authorities, development agencies, the DTI Small Firms Service, Job Centres, Citizens Advice Bureaux and small business clubs. 27% of clients heard of the agency through the direct promotional efforts of the agency itself. Of these, the most significant was coverage of agency activities in the local press, most usually brought about by constant feeding of local newspapers with 'success stories' by agency directors.

Not suprisingly from the frequency of referrals, 55% of clients had sought assistance from another organisation involved in small business activity before approaching the agency. Of these, 43% expressed a degree of dissatisfaction with the service or help they had received from that other organisation.

Despite 5 of the agencies having easily visible and accessible shop front premises only 3 clients claimed that seeing the agency premises was their point of contact.

6.3 Reasons for Using the Agency

There are two predominant reasons for approaching an LEA revealed by the research:

- for help with financial matters (raising capital, obtaining loans, grants etc). This amounted to 35% of the clients sampled;
- to seek general start-up advice, amounting to 33% of the clients sampled;
- other significant reasons were for help in finding premises (14%) and for marketing assistance (5%).

Around a quarter of the clients interviewed gave more than one reason for going to the agency. It was noticeable how many respondents qualified their response to this line of questioning to the effect that they were seeking a second opinion, a sounding board, reassurance, moral support etc.

6.4 Help received from the Agency

Not suprisingly, the help given to clients largely corresponded to their reasons for going to the agency, but several points of interest emerged:

- only 7% of clients mentioned help with premises, compared with 14% apparently seeking such help;

- 19% of clients were referred on to agency contacts for professional and sometimes technical assistance, frequently on a 'free session' basis;
- in addition, 10% of clients were either taken to or put in touch with contacts at local banks.

SECTION II

THE IMPACT OF THE AGENCIES

7. DIRECT IMPACT

7.1 Background

Before considering the results of the survey it seems worth recalling what is meant by direct impact, and the key features of the approach adopted in measuring it:

- direct impact refers to those benefits derived directly by clients from their contact with a local enterprise agency;
- the research is primarily focused upon the judgements and views of agency clients;
- a multiple assessment approach is used and in gauging direct inputs, 4 measuring rods are employed:
 - a) additionality
 - b) relative performance
 - c) client satisfaction
 - d) third party assessments.

7.2 Additionality

- 7.2.1 This term is used in the report to describe the extent to which the agencies' actions produced positive outcomes that would not otherwise have occurred in their absence.
- 7.2.2 Two questions were used to assess clients' judgement of additionality. Answers were structured to measure the degree of additionality of agency actions.
- 7.2.3 The first question asked, "what would have happened if the agency had not been there?", and classified the answers received under four headings:

- would have done it anyway (ie zero to limited additionality);
- would have taken longer/been more difficult (partial additionality);
- would not have so many employees;
- would not have started/would have gone bust (complete additionality).

The following overall response was obtained:

- of those respondents starting up in business 11% claimed they would not have started without the involvement of the agency;
- a further 53% of those starting up felt that it would have taken longer or they would have found it more difficult to achieve what they have, in the absence of the agency;
- of those respondents already in business at the time they approached the agency 9% felt their enterprise would have folded without the involvement of the agency;
- a further 34% of existing firms felt it would have taken longer or they would have found it more difficult to achieve what they have, or would not have so many people employed in the enterprise, in the absence of the agency.

7.2.4 Probing the same concept of additionality, the second question asked clients "what is your assessment of the agency's role in helping to create or save jobs (in your enterprise)?". Four measures were employed:

- crucial
- useful
- marginal
- irrelevant

Clients were then asked to quantify the jobs so created or saved. The overall response is shown in Fig. 8 which indicates that:

- 23% of respondents starting in business felt the help they had received from the agency was 'crucial' in creating a total of 54 jobs;
- for existing firms, 15% rated the agency's help as crucial in creating or saving 79 jobs;
- 42% of 'new starts' felt the agency's help to have been 'useful' in creating 168 jobs;
- 32% of existing firms considered that the agency's help was 'useful' in creating or saving 188 jobs;
- 57% of all respondents felt the help they had received was 'crucial' or 'useful' in creating or saving 489 jobs.

Analysis of the replies of 'new starts' who rated the agency's help as either 'crucial' or 'useful' indicates that on average 3 jobs resulted. Similar analysis of existing firms shows the average number of jobs created to be 4, and the average number of jobs saved to be 15.

7.2.5

The response to these two questions can be viewed in terms of both "broad" and "narrow" measures of additionality. The broad measures group the last three categories of response under the first question (would have taken longer, not have so many employees, or would not have gone ahead) and the first two categories of response under the second question (ie crucial and useful). The narrow measures are those of 'would not have gone ahead' and 'crucial'.

Two points can be noted from Fig. 9, which summarises the results:

- overall the measures provided by the two questions give very comparable results in terms of the broader measure of the additionality of the agencies actions (55% and 57%);

Fig 8 Clients views on the additionality of agency actions and the effect on their employment levels

Agency's Role	New Starts			Existing Firms			Totals		
	% Of Respondents	Jobs Created		% Of Respondents	Jobs Created/ Saved		% Of Respondents	Jobs Created/ Saved	
		Nos	%		Nos	%		Nos	%
Crucial	23	54	23	15	79	29	19	133	26
Useful	42	168	71	32	188	70	38	356	71
Marginal	15	13	6	12	3	1	14	16	3
Irrelevant	20	-	-	41	-	-	29	-	-
Totals	100	235	100	100	270	100	100	505	100

Fig. 9

Client based assessments of additionality

B R O A D				N A R R O W			
Assessment of additionality	% of respondents			Assessment of additionality	% of respondents		
	Range	Average	Median		Range	Average	Median
"would have taken longer/ been more difficult/ not have so many employees/ not started/ gone bust"	37-81	55	47	"would not have started/ would have gone bust"	0-22	10	12
"role of agency "crucial"/"useful" in helping create or save jobs	37-74	57	59	role of agency "crucial" in helping create or save jobs	0-33	19	20

- as might be expected, the percentage of respondents acknowledging that they would not have started or would have gone bust (ie complete additionality) was lower than those recording that the agencies role was 'crucial' in helping to create or save jobs.

7.2.6 Fig 9 also illustrates the range of variations in client assessment of additionality as between the 12 agencies in the sample. However there was a degree of consistency in the positions of a number of agencies in terms of the 4 assessments illustrated in Fig 9. Three agencies were above average and three agencies were below average in all 4 assessments, indicating that the range of variation is not random as between agencies.

7.3 Relative Performance

7.3.1 This assessment is based both on clients' judgements of the performance of the agencies and on the views of informed third parties, namely individuals within local authorities and others having contacts with local small firms.

7.3.2 Two questions were used to gauge clients' views of the performance of the agencies in relation to that of other organisations and groups involved in small business activity in their locality:

- "how would you rate the following institutions in terms of their contribution to your business? This was linked to a rating scale of ++ + + - =
- "which of the following institutions is the most important in terms of its contribution to helping and creating small business activity?"

It will be noted that the first question refers specifically to the client's business, whereas the second question relates more generally to small business activity as a whole.

7.3.3 Fig 10 shows the response to the first question. Not all clients were in a position to provide a rating for all the organisations listed and this frequency of rating is obviously of significance, as well as the actual ratings given.

The 'others' category covers institutions and groups nominated by the clients for their contribution to their business. The fact that these institutions came to mind in this context makes the fourth ranking

Fig 10 Client assessment of the relative performance of agencies versus other local sources of assistance

Institutions	Frequency of rating	Ranking	% of above average ratings			Ranking
			++	+	total ++ and +	
Banks	213	1	39	25	64	2
Enterprise Agency	205	2	41	37	78	1
Local Professionals	187	3	22	38	60	3
District/Borough/ City Council	131	4	11	25	36	8
DTI Small Firms Service	92	5	12	27	39	6
Chamber of Commerce	83	6	7	39	46	5
Others	78	7	21	32	53	4
County/Regional Council	75	8	7	32	39	6

position of this category under 'above average rating' not unexpected.

Several points can be noted from this table:

- banks were the most frequently mentioned institutions but they had less above average ratings than the LEA's who came out top in both the ++ category and the combined ++ and + measure;
- local professionals and chambers of commerce both secured high scores in the + category but were let down by their ++ scores;
- public sources of assistance (both local and nationally supported) received markedly lower levels of positive assessments than other bodies.

7.3.4 There was again a variation in the assessments received by the different agencies:

- 'above average ratings' ranged from 56% to 100% of the total ratings given to any one agency;
- the three agencies that achieved consistently above average ratings in relation to additionality also achieved the best percentages of above average ratings relative to other local bodies;
- two of the three agencies achieving below average on additionality were also below average in this assessment;
- again the data suggests that for a significant proportion of the agencies sampled their performance was not random.

7.3.5 The response to the second question on relative performance is shown in Fig 11. Overall, 37% of clients across the sample nominated the enterprise agencies as the most important in terms of helping small business generally.

7.3.6 Within this overall assessment, results for the various agencies differed:

- the percentage of agency clients nominating the LEA as the most important ranged from 21% to 56%;
- the three above average agencies for additionality were again above average in this assessment;
- similarly, the three agencies showing below average additionality were again below average on this measure.

Fig. 11: Client assessment of most important local source of support

Institutions	% of respondents nominating as "most important"	Ranking
Enterprise Agency	37	1
Banks	34	2
Local Professionals	10	3
District/Borough/City Council	6	4
Others	6	4
Chamber of Commerce	3	6
DTI Small Firms Service	2	7
County/Regional Council	2	7

7.3.7 Third party views on the relative performance of LEA's were assessed by asking respondents to rate a number of institutions in terms of their "contribution to helping and creating small business activity". Ratings were based on a ++ + + - = scale. Respondents were then asked to nominate which one of those institutions was in their opinion the most important, on the same basis. Agency sponsors were asked only for a rating of the LEA.

7.3.8 These assessments were necessarily of the general impact of the agency, rather than being 'client specific'.

7.3.9 Fig 12 illustrates the responses to these questions aggregated across the sample of twelve agencies. The two main classifications relate firstly to the percentage of the ratings received by each institution that were above average (ie ++ and +) and secondly to the percentage of the total number of 'most important' nominations made by the interviewees, that were received by each of the institutions.

Several interesting points can be noted:

- the agencies as a group again emerged as the most highly regarded enterprise support bodies, both in respect of their percentage of above average ratings (74% and 84%) and their percentage of top rankings (34% and 37%);
- local authorities improved their relative position as compared to that registered by the client based assessments, not just in their own eyes (as might be expected) but in the eyes of other local institutions;
- the relative contribution of the banks and local professionals was far lower in the opinion of other bodies and observers than it had been in the eyes of the agencies' clients.

7.3.10 From an analysis of the third party assessment of the 12 individual agency scores a pattern emerges which does not entirely match the client view. However, two of the three agencies which were consistently above average in the client assessments were also above the average for third party assessments. Similarly, two of the three agencies consistently below average were also below average in the third party assessments.

Fig. 12

Third parties' assessment of local institutions including LEA's

Institutions Assessed	Third Parties Interviewed										
	Local Authorities				Other Bodies and Institutions				Agency Sponsors		
	% of total ratings received			% of "most important" nominations	% of total ratings received			% of "most important" nominations	% of total ratings received		
	++	+	% total of above average ratings		++	+	% total of above average ratings		++	+	% total of above average ratings
Banks	0	15	15	13	2	24	26	12			
Local Professionals	0	15	15	3	5	24	29	2			
Enterprise Agency	37	37	74	34	44	40	84	37	34	54	91
Chamber of Commerce	4	12	16	3	12	20	32	6			
Local Authorities	15	45	60	28	17	41	58	12			
DTI Small Firms Service	0	17	17	0	13	35	48	14			
Others	26	35	61	19	24	43	67	17			
				100%				100%			

7.3.11 Before drawing conclusions from the various assessments of relative performance described above, a number of points should be borne in mind:

- the high relative performance of LEA's was not based on a specially selected sample of 'satisfied clients'. Client assessments of direct impact show that 43% of clients thought that LEA's were 'marginal' or 'irrelevant' in their particular case;
- the low relative performance of other organisations does not necessarily indicate that they are either absolutely 'bad' or that they are not needed. Other bodies may be key links in a chain of support (they may refer clients to the LEA for instance) or they may be doing different things from the LEA. Furthermore, it should be remembered that the enterprise agencies' primary function is the support of SME's something which does not apply to all the other organisations assessed;
- the high 'score' achieved by the banks needs to be set in context. Clients frequently nominated banks as the most important institution more because they saw access to finance as crucial and banks were seen as the primary source of money for SME's, rather than as a judgement on performance per se. In addition, client assessments were often qualified to the effect that they were referring to the bank they were currently using and mention was made of previous problems, or that they had been directed to their present bank by the agency, sometimes after encountering problems elsewhere;
- clients' comments clearly suggest that the low 'score' of the DTI Small Firms Service reflected three factors:
 - a) the perceived remoteness of the service with the main contact point frequently many miles from the client's base;
 - b) difficulty in getting through on the Freephone service;
 - c) a view that some counsellors were 'out of touch'.

- clients' assessments of local authority performance indicated that these organisations often have a negative bureaucratic image, the existence of which was also accepted by several of the local authority personnel who were interviewed.

7.4 Client Satisfaction

7.4.1 The third type of assessment attempts to obtain an overall view of the clients' level of satisfaction with the enterprise agency by establishing whether the clients remain in touch with the agency and whether they would be likely to turn to the agency again in the event of future problems.

7.4.2 It must be stated that this assessment was affected by two significant factors:

- agencies vary in the extent to which they follow up contact with clients and this has an obvious effect both upon the proportion of clients who remain in contact with the agency and upon the continuing role of the agency as perceived by clients;
- apart for this factor, it was noticeable that a number of clients who had been helped by the agency in the start-up phase of their enterprise, do not see it as an on-going facility.

7.4.3 Having mentioned these caveats, it can be noted that 73% of respondents reported that they either remain in touch with the agency or would be likely to go back to the agency in the event of a problem arising in the future. Individual agencies varied between 58% and 94% but, as might be expected from the points mentioned above, the variation was of a random nature compared to the previous two assessments.

8. INDIRECT IMPACT

In considering the indirect impact of the agencies, the researchers were looking for evidence of changes in the attitudes and behaviour of other local institutions which might have resulted from the existence of an LEA, and which could lead to benefits for local small enterprises. To this end, respondents were asked about changes in their organisations and in their attitudes and relationships with other institutions, that had been engendered by their contact with the agency. The responses are summarised in Fig 13.

Overall, there was a limited acknowledgement of changes effected by the enterprise agencies, with 58% of respondents reporting that the LEA had had no effect on their organisation. Given a natural degree of institutional defensiveness this is perhaps not surprising. However, among respondents having close contact with the agencies there was a higher percentage acknowledging a positive effect than among those with less contact.

No attempt was made by the researchers to limit the responses of interviewees by categorising the range of impacts and changes that might be attributed to agencies, and responses predictably varied considerably. The following paragraphs indicate the main areas of influence:

- sponsoring organisations that were interviewed included both private sector companies and local authorities and the most frequent effect of agencies reported by these respondents was an increase or improvement in the relations between these two social partners, primarily through joint participation on the agency board;
- improved relationships were also noted within the private sector, for instance between local companies and the chamber of commerce;
- large sponsoring companies acknowledged the growth of a better appreciation of the problems of small companies, leading in one case to a greater emphasis on local purchasing;
- in a number of instances organisations such as local authorities, DTI Small Firms Service, central government development agencies and chambers of commerce reported a reduction of pressure on their counselling facilities and/or cooperation and joint ventures with the agency, leading to better use of their resources;

Fig. 13 Assessments by various local bodies of the impact of the LEA on their operations

Respondents	Number of Respondents	Number reporting changes	%	Number reporting no effect	%
Sponsors	46	22	48	24	52
Local authorities	27	17	63	10	37
Other bodies	49	12	24	37	76
Total	122	51	42	71	58

- bank personnel did not generally ascribe changes in their attitude towards the small business sector to the activities of LEA's. One regional director did acknowledge the part played by agencies in increasing banks' awareness of the requirements of small businesses;
- the majority of respondents in local authorities noted some change as a result of the agencies' activities. These ranged through providing a better point of contact with and understanding of small businesses, focusing the attention of officers on the small business sector, broadening the authority's knowledge of the needs and difficulties of small firms, contributing to a greater interest in encouraging new enterprise and influencing planning decisions;
- in two cases where agencies are involved in assessments for local authority financial aid or premises, the value of an independent judgement was mentioned by the authority personnel;
- local education establishments noted the influence of agencies in areas such as the range of courses offered to small businessmen, an increased desire to contribute more to the small business sector and the setting up of a business liaison centre.

SECTION III

OPERATIONAL LESSONS

9. FACTORS EMERGING FROM THE RESEARCH

9.1 Drawing Lessons from the Research

As previously noted, the analysis in Section II provides a number of indicators of relative performance as between the agencies in the sample. In considering how they might go about exploring whether there were direct linkages between performance as measured by these indicators and particular agency characteristics, however, the researchers were presented with three methodological problems:

- (a) there was no basic conceptual framework which would produce testable hypotheses;
- (b) there was a lack of systematic indicators with which to measure agency characteristics;
- (c) establishing direct linkages would require a sophisticated multi-factoral analysis of the data which in turn would require a larger sample than was possible within the confines of this research.

As a result the approach adopted was one which tried to let those variables of significance emerge in a qualitative way from the answers to a number of questions. Hence unlike the performance measures, the 'lessons' recorded here are not based on a quantitative analysis but rest on direct observations, pointers, and inferences gathered in the course of the field work and reflected on during the writing up. They are presented under a number of separate headings with a concluding section which hazards some opinions as to their relative importance as contributors to overall LEA performance.

9.2 Adaptation to Context

Underlying the choice of agencies to be sampled was the idea that different types of operational context - whether rural/urban or with differing employment histories - might give rise to different LEA structures or approaches. In the event no evidence emerged of any pattern linking either structure/approach to context or context to relative performance.

9.3 The Composition of the Agency

Several factors suggested that a broad base of sponsorship was more likely to be beneficial to performance as perceived locally than one based on a single body or type of institution:

- the previously discussed indirect effect of the LEA's on local authority attitudes was recognised as a direct result of the public/private cooperation through joint involvement on the board;
- variations between client assessments of the agencies suggested the desirability of a range of sponsors and the absence of visible dominance whether from a single public or private source;
- reference was also made to the improved prospects of long-term continuity and stability likely to be achieved by a spread of support.

9.4 Agency Sponsors: Their Role and Contribution

9.4.1 The importance of active board involvement in the agencies - especially by the Chairman - was evident to the researchers both from their observations and from comments made by directors and sponsors alike. The benefits it conferred were seen to take two main forms:

- active boards were concerned about agency performance and hence acted both as a spur on the director continually to consider agency activities and performance and to support him in this work;
- active boards were able to free the directors from two of the most distracting diversions of their time and energies; maintaining and enhancing the funding base of the agency through additional sponsorship and fund-raising and, in the case of directors who are seconded, seeking out suitable replacements.

9.4.2 The research also suggests that local successful businessmen have an advantage in key board positions, particularly as chairman:

- wide local contacts offer the possibility of maximum local support for the agency;
- personal knowledge of the local economy within which agency clients have to operate is also valuable.

Conversely some sponsor representatives who hold senior positions within multinational companies acknowledged that their mainstream responsibilities, particularly in terms of travelling, meant they were unable to devote the time they would like to the agency.

- 9.4.3 Active involvement across a broad corporate front rather than just at board level was rare but highly rated where it occurred. In a number of instances where agency clients had access to the resources contained within a sponsor company - particularly technical and marketing expertise - it had had a significant impact on them.

9.5 Agency Staff: Their Background and Qualities

- 9.5.1 It is a frequently voiced opinion that individuals from a large company background do not understand the problems and pressures of the small enterprise. However, the majority of agency directors in the sample were from large operations and the research provided no evidence to suggest that this was a problem. Indeed it was noticeable that client responses frequently drew attention to their satisfaction with the qualities of the director. Directors had a variety of career backgrounds within their previous organisations and there was similarly no evidence of a clear linkage between this and their effectiveness within the agency. However, it was suggested by a number of respondents that a broad management background is preferable to a specialisation
- 9.5.2 In responding to questions about the strengths of the agencies, clients frequently mentioned factors such as 'helpful attitude', 'willingness to listen', 'being put at their ease'. Similarly, as previously noted, reasons for approaching the agency were often qualified by mention of seeking a second opinion, needing a sounding board, reassurance, moral support etc. Agency directors also commented that they see a significant part of their counselling work as 'sitting and listening' and general 'hand holding' activities. There is thus a clear indication that the personality of the director, and indeed of all those within the agency dealing directly with clients, is of great importance.
- 9.5.3 The research provided no indication of a link between the effectiveness of directors and whether they are seconded to the agency or directly financed. The main area of comment in relation to this subject was the

question of future availability of secondees and that of the continuity of the agency's operations. Reservations were expressed about the disruptive effect of a succession of seconded directors, which pointed to the desirability of directly financing the post, or at least long rather than short term secondments. However, a number of directors warned of the possibility of 'staleness' if an individual continued in the job too long, and pointed to the need to keep in touch with the commercial world. It would seem likely that there is a trade-off to be made between these various advantages and disadvantages pointing to a minimum of two years for secondments and ideally three.

- 9.5.4 It was clearly the view of directors and others closely involved with the agencies that there should if at all possible be an element of selection in the appointment of directors and other seconded personnel.
- 9.5.5 The results of the research, and in particular the favourable comments made by clients, indicate the benefits that can be derived from having a secondee from one of the high street banks, as a member of the agency staff. As previously noted, financial matters constitute a significant proportion of the reasons for clients seeking help and there would appear to be an element of 'game-keeper turned poacher' which can make the bank secondee's role invaluable.

9.6 Modus Operandi

- 9.6.1 For many agency clients the business venture for which they are seeking help is often their first, and constitutes a major step on their part. In these circumstances the general ambience of the agency is of great importance. Client responses indicated that they favoured friendly, physically accessible and 'independent' premises. This has implications both for the location of premises and for the importance of personnel involved in 'first contacts'. However, as noted in the analysis of clients' first point of contact with the agency, it does not seem that agency premises on their own are likely to play a significant role in the promotion of its services to potential clients who are not already aware of it. In short, pleasant accessible premises are a necessary but not sufficient condition for attracting clients.
- 9.6.2 A significant number of clients expressed the view that the agencies were not well enough publicised and, despite the obvious level of demand for their services, this is an important area of the agencies' operations. The analysis of clients' points of contact in Section II indicates the importance of ensuring that other organisations likely to have contact with prospective clients are fully briefed about the agency's operations.

27% of clients learnt of the agencies through the agencies' own direct promotional efforts and directors should constantly be alive to the prospects for news coverage and the promotion of their agency.

- 9.6.3 All the agencies in the sample operate some form of filtering or selection mechanism in dealing with enquiries. This varies from ad hoc assessments to more standardised procedures. However, the sheer volume of enquiries in relation to the limited resources of the agencies appear to make this aspect of an agency's work inevitable. Unfortunately it was not possible within this research exercise to quantify the overall balance of costs and benefits of this filtering process, but the issues it raises are discussed again in Section IV under 'Policy Implications'.
- 9.6.4 The question of client 'follow-up' is one which concerns the majority of agencies in the sample, but remains largely unsolved. The researchers gained the impression that much of what effort currently goes into following up contacts with clients owes more to a desire to be able to satisfy requirements for statistical evidence of agency achievements (start-ups, jobs created etc), than to a belief that such a process will contribute to the effectiveness of agency operations. In fairness it should be noted that agencies face a number of problems in endeavouring to carry out follow-ups, including shortage of agency resources, a reluctance to pester or pry, an often poor response by clients to questionnaires besides the purely technical problems of keeping track of small business locations, telephone numbers etc. However, two elements of the research point to the importance of maintaining contact with clients:
- The researchers found that in a noticeable number of cases, matters would arise in the course of their interviews with clients that when reported back to the agency, could be acted upon. These frequently involved problems which clients were encountering with which they were unaware the agency might assist, or with which they did not wish to bother the agency, or which arose from some misunderstanding. In other cases the researchers were able to encourage clients to re-establish contact with the agency, which they might otherwise not have done;
 - whilst the research revealed that 73% of clients either remain in touch or would contact the agency again if a problem arose, it is in the nature of small business problems that by the time they have arisen, it is frequently past the optimum time at which to tackle them. Moreover, as agency directors are aware, small enterprises benefit as much as large ones from an element of long term planning and

the researchers noted that clients who are encouraged by the agency to return on perhaps a yearly basis to review progress and look at the coming year, generally, if sometimes grudgingly, appreciated the value of this.

The wider implications of this question are returned to in Section IV.

- 9.6.5 The research aimed to establish whether sponsoring companies are currently satisfied with the self-evaluation carried out by the agencies and what measuring rods and indicators of success and failure they and the directors saw as most appropriate. The research did not indicate any clear consensus on this point although the importance of evaluation and monitoring was generally accepted.

The methods of evaluation used by the agencies in the sample vary slightly, but are basically a mixture of analysis of in-house records (numbers of enquiries, numbers of interviews, new business start-ups, jobs created and saved etc) and a review of activities engaged in by the agency, usually with an attempt to indicate the impact of these latter.

Directors expressed reservations about an over-reliance upon numbers of jobs, to evaluate agency performance but no agreed pattern of alternatives emerged. Attention was drawn to the fact that agencies only assist clients in the process of creating jobs and to the importance of the quality and long term potential of the enterprises being started. Several directors felt that the level of enquiries was one useful indicator, offering some assessment of their success in publicising their facilities and in achieving a good reputation among bodies likely to refer clients, and within the community generally. The influence of the agencies on attitudes in their localities (indirect impact) was generally seen as something very difficult for them to measure.

Of the 46 individuals from sponsoring organisations interviewed, 50% indicated that they were satisfied with agency evaluation methods, 28% that they were not, and 22% were unable to comment on this aspect of the agencies' work. Of those not satisfied, 38% indicated that the agency was in the process of developing or evolving evaluation methods. 15% considered that the agency was too overstretched to evaluate properly and the remainder were dissatisfied with one or other of the measuring rods used.

The 22% of interviewees who were unable to respond to this line of questioning is an indication that a considerable proportion of sponsoring organisations may not be as actively involved in the operations of the agencies as might be expected and desired.

Responses from sponsors and directors to the open question as to what they saw as the most appropriate measures or indicators of success and failure were too varied for detailed analysis to be worth while.

- the most common measures suggested by sponsors concerned the numbers of companies starting up and/or the jobs created and saved as a result of agency activities, often qualified by references to survival over time;
- six responses indicated that the interviewees considered numbers alone to be inadequate;
- eleven responses suggested the level of enquiries or interviews as a measure;
- several respondents thought that continuing support from sponsors was a good indicator of success;
- other measures suggested were the level of demand for assistance to clients made on the sponsoring companies; the level of cooperation with and stimulation of other organisations; good advice, satisfied clients.

Indications of failure were broadly the converse of those of success, but some stress was placed upon how well known the agencies are and their local image.

9.6.6 Reference was made in Section I to the diversity of record systems used by the agencies in the sample. Whilst each system has obviously been developed to meet local requirements, the lack of common practices makes the compilation of data for a number of agencies very difficult, if not impossible. This would seem to suggest that an agreed system of recording agency activities would be beneficial to the 'movement' as a whole. Such a system would need to establish a series of categories under which data was to be collected and would have the advantage of achieving common definitions to replace the current rather confusing use of terms such as 'enquiry' and 'client'

9.7 Forms of Agency Assistance

9.7.1 Three factors would seem to point to a need for agencies to consider whether they should expand their existing range of assistance by becoming active as a source of risk capital, either directly or through loan guarantee arrangements:

- for 35% of the sample of clients, financial matters were a reason for approaching the agency;
- it was noticeable that in discussing the strengths and weaknesses of agencies or improvements that could be made, clients frequently mentioned the desirability of more direct access to capital via the LEA. These comments tended to be on the 'it would be nice if....' level, but nonetheless demonstrated a perceived need amongst clients for an improvement in the current provisions for meeting the requirements of new and small enterprises for relatively small sums of money;
- the agency director who did have access to a small loan fund clearly found the ability to advance small sums at his own discretion to be extremely beneficial.

9.7.2 Responses from clients, agency personnel and other informed observers, suggested to the researchers that small business clubs have a valuable complementary role to play, alongside the agencies. They provided a much appreciated forum for small businessmen to get together and discuss experiences and other matters of mutual interest, and also for talks, seminars and training sessions. From the agencies' point of view they enable informal contact to be made and maintained with clients and prospective clients alike.

Where such clubs already exist, cooperation between them and the enterprise agency is clearly beneficial, and in their absence there is a case for agency directors considering taking a lead in their establishment. In several cases within the sample this has been done and the directors concerned are satisfied that benefits have been derived.

10. THE MAJOR POINTS

The preceding pages have indicated the range of operational lessons which emerged from the research programme and they can be seen to encompass a number of aspects of agency operations. In the course of drawing out these points, two areas in particular stood out to the researchers as being of major significance:

- a) The choice of director is crucial in achieving a successful agency. Personality and commitment are more important than background or status, ie secondees or not.
- b) Active involvement at all levels by a broadly based range of sponsors similarly plays a key part in achieving maximum impact.

SECTION IV POLICY IMPLICATIONS

11. POLICY ISSUE I:

Should the development of LEA's continue to be encouraged/supported by public authorities at local and national levels

11.1 The conventional wisdom that LEA's are 'a good thing' is now being challenged as their numbers increase. These criticisms typically emphasise one or more of the following:

- that the proliferation of LEA's is causing confusion in the minds of prospective entrepreneurs or existing firms seeking help;
- that they are wastefully duplicating existing services and facilities;
- that they are bringing into existence a lot of unfairly subsidised and possibly marginal businesses to the detriment of existing traders.

11.2 The evidence from the survey is ambiguous on the first of these charges and does not support the others. It indicates that:

- there is a degree of confusion in the minds of prospective clients but it is not clear how far LEA's are responsible for this;
- the existence of overlap or duplication of efforts was not regarded by respondents as being oversupply relative to needs;
- in the opinion of all classes of respondents, LEA's outperform all other bodies (including local authorities' efforts) in the business advice and counselling area;
- the strong emphasis placed by LEA's on 'viable businesses' (through the use of the previously described filtering process) acts to minimise the risk of creating marginal firms and hence jobs.

- 11.3 Qualitative evidence suggests that it is precisely the active involvement of the public sector alongside the private that is an important factor in maximising both the direct and indirect impact of the LEA's.

12. POLICY ISSUE II

Should LEA's be promoted as 'one stop' vehicles
for tackling all enterprise development needs

12.1 Given both the multiplicity of local economic development needs and the risks of confusion inherent in institutional proliferation it has been argued that LEA's should become the focus of all local responses by:

- subsuming or coordinating the work of all or most other existing enterprise development agencies in their area;
- progressively widening their field of involvement into other areas such as youth training and the launching of educational initiatives.

12.2 The evidence from the sample relating to the first of these contentions provides a mixed picture:

- in one area a large 'super agency' (combining within itself a number of elements that are separated elsewhere) existed and appeared to work. However even in this case the operations of the DTI Counselling Service were still run independently;
- in another, attempts to reduce confusion and speed referral had taken the form of locating a number of separate specialist enterprise support bodies under one roof in an advice centre with a common switchboard and reception. In this case although the DTI Counselling Service operates in its normal way, counselling sessions are held in the same premises as the LEA and the counselling service is seen by the advice centre as part of the panoply of resources available to it to help enquirers;
- elsewhere there was evidence of the emergence of a local enterprise support network with distinct institutional specialisations (LEA, Cooperative Development Agency, DTI Counselling Service etc) but with the LEA occupying an important but not controlling position. In 4 cases this involved some redefinition of LEA/local authority roles with the former acting as an agent for the latter in the appraisal of applicants for various forms of public assistance.

12.3 Various pointers and inferences that can be drawn from the study suggest that LEA's currently do not and probably cannot directly meet the needs of the entire range of individuals who are seeking assistance to set up enterprises, particularly in areas having a limited history of individual entrepreneurship. LEA's are not generally structured to deal with the needs of the 'lower level' type of enquirer nor with enterprises which seek to operate on the margins of the conventional economy:

- filtering processes exclude less obvious or conventional clients needing a more intensive input of assistance;
- the backgrounds of agency sponsors, directors and staff predisposes them to the more conventional proposers;
- limited time horizons and performance norms also places a premium on obvious 'winners';
- the up market image of the LEA may also be a barrier to some potential clients.

12.4 The absence of agency involvement to any significant extent in many areas outside the core activities of counselling, provision of information and marketing, precludes the drawing of conclusions as to whether development into new fields is desirable.

13. POLICY ISSUE III:

Should LEA's be encouraged to evolve in any particular directions or to assume additional roles

13.1 Tentative evidence from the survey suggests that a shift in the balance of emphasis from 'new starts' to following up and supporting recently established small firms could be beneficial. This is derived from the fact that:

- in some areas the proportion of enquiries that appear viable is now decreasing;
- there is positive evidence from the research that follow up activity pays useful dividends;
- the research findings suggest that involvement with existing firms may be more productive in terms of job numbers than helping 'new starts' (However no analysis was made of other variables such as the amount of agency time and resources taken up respectively by existing firms and new starts).

Greater emphasis on existing enterprises would also reduce the risks of agencies being drawn into creating large numbers of possibly marginal mini-businesses.

13.2 In the context of widespread perception of a continued gap in the provision of low level risk capital, the LEA's can provide a useful delivery mechanism:

- being closer to the ground they are ideally placed to undertake the crucially important appraisal and monitoring and support roles;
- they possess the requisite skills and rapidly accumulate unique experience.

Whether all LEA's would look with favour on the prospect of being a target for people seeking start-up finance and of having to reconcile their advisory/advocacy role with that of ultimate financial decision maker is far less certain.

14. POLICY ISSUE IV:

Can LEA's be left to develop as they are
without additional public assistance

14.1 On the basis of the evidence from this sample, LEA's subsist at present predominantly on an input of private sector resources topped up with smaller amounts of local authority support. This situation is less than satisfactory for a number of reasons:

- resources are very limited relative to needs in many cases;
- funding commitments are predominantly short-term;
- support is vulnerable to changes in resource levels and priorities;
- valuable staff and sponsor time is diverted to securing the resource base.

14.2 Viewed from the national level there are also grounds for concern about the financing of LEA's:

- ambitious national targets have been set;
- the pool of private sector resources (in cash and staff available for secondment) must be finite;
- local authority resources are increasingly constrained and their priorities under harder scrutiny.

14.3 Together these factors suggest that some form of long-term core funding will be needed from central government if the expansion and extension of LEA work is not to be constrained by lack of a secure resource base.

APPENDIX I OTHER RELEVANT STUDIES

1. A number of other studies have been undertaken and reports published over the last few years concerning the performance of local enterprise agencies. Some of those that are known to the researchers are listed on page 60. Details are also given of some other studies and reviews of enterprise support structures including the DTI Small Firms Counselling Service.

2. As noted in Section I of the main report these studies incorporate a variety of approaches that differ from that adopted in this study. Fig. 14 illustrates the substance of these differences. In particular the degree to which clear linkages are established between the assistance provided to clients by LEA's and the jobs which are created or saved is noted and comparisons are made between the methods employed for gauging client views.

3. A variety of research findings, conclusions and policy considerations contained in other studies are of relevance to this piece of work. Listed below are some brief summaries which provide interesting comparisons with the material in the main body of this report.

a) Enterprise Agencies: the clients views

- Substance of enquiries:

General start-up information (in particular financial advice)	65%
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Premises information	15%
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- Knowledge of the LEA from:

Local paper	40%
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Referrals	29%
-----------	-----

Friends	10%
---------	-----

Radio/TV	6%
----------	----

Fig. 14

Some comparisons with other studies

Study	Date	Coverage		Sample Structure		Assessments by Clients	Linkages Established Between Help Received and Jobs Resulting
		Agencies	Clients	New Starts	Existing		
<u>ENTERPRISE AGENCIES: THE CLIENTS VIEWS</u>	March 1984	6	60	75	25	<ul style="list-style-type: none"> - 65% felt information had significantly helped; - 65% had very/fairly good general feelings about agency; - 70% had their expectations of help fulfilled; - 85% would recommend agency to others. 	<ul style="list-style-type: none"> - 35 clients started up or continued in business; - 250 jobs created; - no linkages established ("enterprise agency usually helped in this creation").
<u>A SURVEY OF CLIENTS USING BUSINESS LINK SERVICES</u>	1983	1	587	76	24	<ul style="list-style-type: none"> - 68% extremely satisfied or satisfied with information received; - 83% would come back with future problems. 	<ul style="list-style-type: none"> - "counselling of 587 clients seen to have facilitated in the creation or preservation of 1068 jobs"; - no linkages established.
<u>THE TYNE AND WEAR ENTERPRISE TRUST LTD: PERFORMANCE EVALUATION</u>	October 1983 (Unpublished)	1	25	32	68	<ul style="list-style-type: none"> - no statistical analysis available; - most clients felt general and financial advice was good or excellent; - production and technical advice generally regarded as reasonable to good; - marketing advice and market research not so well received; - legal and start-up advice thought to be good. 	<ul style="list-style-type: none"> - clients asked to quantify effect of agency advice on: <ul style="list-style-type: none"> a) employment b) turnover - generally not able to quantify effect on turnover; - no statistical analysis available but in consultants' view: "number of jobs created or retained through agency intervention around 300; - apparent absence of common yardstick to quantify the effect.
<u>BIC AND THE BROADENING ROLE OF ENTERPRISE AGENCIES</u>	1984 (Unpublished)	101	-	70 (time spent by agencies')	30	<p>For 'average' agency:</p> <ul style="list-style-type: none"> - assessments based on <u>agency</u> returns; - 534 counselling sessions per year; - leading to 76 start-ups and 164 jobs; - and 100+ jobs saved in existing companies. 	<ul style="list-style-type: none"> - no linkage established

Fig. 14 Continued

Study	Date	Coverage		Sample Structure		Assessments by Clients	Linkages Established Between Help Received and Jobs Resulting
		Agencies	Clients	New Starts %	Existing %		
<u>AN EVALUATION OF THE SMALL FIRMS COUNSELLING SERVICE IN THE SOUTH WEST REGION</u>	February 1979	1	65	15	85	<ul style="list-style-type: none"> - 68% found their experience of the service to be useful or very useful; - 61% reported tangible benefits resulting. 	<ul style="list-style-type: none"> - clients requested to measure in terms of employment, the benefits accruing from the direct results of counselling; - 56 new jobs; - 99 jobs saved.
<u>LOCAL ENTERPRISE AGENCIES IN GREAT BRITAIN: A STUDY OF THE IMPACT, OPERATIONAL LESSONS AND POLICY IMPLICATIONS</u>	October 1984	12	236	58	42	<ul style="list-style-type: none"> - 2 assessments of the additionality of agency actions; - 2 assessments of relative performance; - assessment of overall client satisfaction (keep in touch/ would use agency again) 	<ul style="list-style-type: none"> - 235 jobs created by new starts; - 270 jobs created/saved in existing firms; - numbers linked to common measuring rods for the value of the agency's role.

- Further advice:
 - needed by 45% of sample;
 - significant numbers felt they would benefit from agency follow up;
 - agencies agreed that more follow up work was needed;
 - agency follow up well received where it occurs.
- Business clubs welcomed by clients.
- Importance of the agency director noted.
- Sponsors:
 - clients appear to be unaware of potential help available from sponsors;
 - some agencies agreed that more use could be made of sponsors;
 - several raised doubts.

b) A Survey of Clients Using Business Link Services

- Substance of enquiries:

	Start-up	existing
General information	47%	9%
Premises	13%	27%
Finance	11%	20%
Marketing etc	7%	16%

- Knowledge of LEA from:

Friends/relatives/ work	32%
Press and TV	25%

passing agency office	19%
referrals	11%

- Further advice:

needed by 64% of clients

c) The Tyne and Wear Enterprise Trust Ltd
Performance Evaluation

- Substance of enquiries:

General advice	19%
Financial advice	28%
Technical advice	21%
Marketing advice	10%
Start-up advice	7%

- Knowledge of LEA from:

Referrals	48%
Chance personal contact	20%
Through circulars	16%
Newspaper articles	8%
Agency leaflets	8%

- Further advice:

76% of sample clients maintained contact.

d) BIC and the Broadening Role of Enterprise
Agencies

- Most agencies believe advice to existing firms will increase as a percentage of the total workload.

- Source of sponsorship (% of agencies supported by):

Private sector	90%
Local authorities	90%
Central government	40%
- Average length of funding commitment is 19 months.
- Average cash budget: £47,600 p.a.
- Agency directors:

Seconded	43%
Salaried	57%

e) An Evaluation of the Small Firms Counselling Service in the South West Region

- Newspapers are the source of 42% of enquiries.
- Importance of role of the service as a sounding board noted.
- "Large number" of start-up enquirers dissuaded by counsellors from setting up.
- Reluctance by clients to relate jobs directly to counselling.
- Results suggest that unless commitment to further counselling is made by client at initial interview, it generally does not take place.

f) Enterprise Agencies - How big business helps small business in the UK

- Notes the need to pick directors with care.
- Sponsoring companies have found improvements in their relationships with other local bodies through their joint involvement in the LEA.
- Importance attached by directors to their role in dissuading clients, not serious enough or with too shaky ideas, from setting up in business.

g) Local Enterprise Agencies: Some Issues for Discussion

- Existing firms may bring more substantial and certain results but they make heavier demands on LEA resources.
- Start-ups may be simpler but face to face treatment may not leave time for adequate treatment of existing firms.
- Short-term secondments can create continuity problems in a small unit but help avoid rigidity.
- Secondment may not be the most suitable management form for agencies branching out into wider fields.
- Need for agencies to be able to react to changing demands and circumstances.

h) Agencies in Regional and Local Development

- Lack of hard evidence to suggest that industrialists are confused by the plethora of advice centres.

- Suggests that the public sector should only "step in" (to support "voluntary" organisations like LEA's) in a direct way if invited and then primarily to provide back-up support and facilities.
 - Importance noted of the "partnership" between public and private sectors especially in the sphere of finance.
- i) Enterprise Agencies: Exploring their Future Potential
- Attention drawn to two groups of agency objectives:
 - primary targets of helping new starts and existing small firms;
 - focusing on the 'intermediary' targets of other assistance agencies and the population at large.
(c/f direct/indirect impact)
 - Need stressed for agencies' operations and objectives to reflect existing 'supply' situation in an area and avoid duplication.
 - Widely different opinions noted about the propriety of agencies being involved in finance provision.
 - Suggestion that the most important initial evaluation criterion is the degree to which the agency has 'geared up' its own level of activity with support from elsewhere.
 - Danger noted that search for early 'concrete' results will be at the expense of agencies' 'local gearing' capabilities.

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