Transformation for Growth

Securing our Future, with Ambition

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Agenda

- Current Context of Growth
- Characteristics of Successful SMEs
- Transformation for Growth

- Questions & Answers

- The Transformation for Growth Project is part-financed by the West Midlands European Regional Development Fund Programme (ERDF) 2007-2013. The total project value is £479,276.

Why is Growth Important?

- Explicit national government agenda
- Plan for Growth (2011) – programme of reforms
- The government has 4 aims to help the economy to grow:
  - to create the most competitive tax system in the G20
  - **to make the UK the best place in Europe to start, finance and grow a business**
  - to encourage investment and exports as a route to a more balanced economy
  - to create a more educated workforce that is the most flexible in Europe

National Picture & Role of SMEs

- Barry Naisbitt, Chief Economist, Santander:
  - Coventry & Warwickshire Chamber of Commerce's annual conference (4.10.13.)
  - 0.2% growth 2012, 0.3% Q1 2013 & 0.7% Q2 2013

- Black County Chamber of Commerce (3.10.13.):
  - SMEs account for 99.9% of the UK's 4.5 million businesses – a crucial engine for growth
  - £230 bn per yr spent on goods & services across the whole public sector, Government wants to help SMEs compete for & win this business

Evidence of Growth in West Midlands

- HMRC:
  - Exports increased by 6.5% Q2 2013
  - Highest growth of all English regions
  - 18% increase in regional exports compared with the same quarter in 2012

- Birmingham Chamber of Commerce Group (BCCG):
  - Exports rise by 15% Q2 2013, compared with the same quarter in 2012
  - Region's leadership in engineering & manufacturing
  - Fastest growing market for the region is Asia and Oceania, exports increasing by £429 million in the past yr

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EUROPEAN UNION
Investing in Your Future
European Regional Development Fund 2007-13

Birmingham City Council

Key Lessons for UK SMEs
(Surrey Business School, 2012)

- Small firms are more likely to die than larger firms
- After 3 yrs of start up: About 65% of small businesses still trade
- After 5 yrs: Fewer than 45% of businesses will have survived

- One of the largest surveys ever into the strategic management of SMEs in the UK:
  - Over 1,000 survey questionnaires completed by SME owners/directors or senior managers
  - 20 in depth interviews
  - 13 focus groups

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7 Characteristics of Successful SMEs

1. **Finance:** *Successful SMEs are likely to use more than one source of finance to both start and sustain their business*
2. **Cash flow & liquidity:** *Proactively monitor their cash flow and liquidity*
3. **Social capital, social media & the web:** *Consider direct referrals & search engine optimisation as central to their success*
4. **Outsourcing & exporting:** *Have the flexibility to adapt to changing market conditions*
5. **Advice & support:** *More willing to seek external advice*
6. **Learning Orientation:** *Believe that learning gives them competitive advantage*
7. **Innovation:** *Find new ways of doing things & encourage their employees to think and behave innovatively*

3 Lessons for Professional Service Providers

1. **Integrate 'back office' operations:** Offer a holistic range of professional services encompassing accountancy, HR, law & IT

2. **Orientate services from 'back end' to 'front end':** SME 'front end' perspectives include customer orientation

3. **'Inner game' (coaching):** Facilitate the management & leadership capabilities of SME owners to create synergy between:
   - their work & their values
   - confidence
   - personal beliefs

Transformation for Growth

- **Reality**: some SMEs need bespoke support
- **Funding**: ERDF via DCLG
- **Partnership**: Aston Business School & Birmingham City Council
- **Duration**: October 2013 → June 2015
- **People**: me (ABS), 2 x CHAMPS2 Team Members (BCC), Business Engagement Facilitator
- **Hiring**: 1.5 Team Members
- **Additional Resources**: access to Aston experts & networks – supported by CMI & BCoC & RICS

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Benefit to SMEs

Evidence-Based
Unique
Toolsets &
Process

Free Business Advice

- 70 (Expressions of Interest) → 50 (Assists) → 35 (Collaborations)
- Each SME: **27 Days**:
  - Review
  - Recommendations
  - Support
- Knowledge transfer to enable business changes in the future

2 Way Engagement

- Selection process – high potentials
- Commitment from SME to want to grow
- Work with us eg prepare short business case
- Co-production Model

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Examples of Support

- Family business (home furnishings – design/manufacture/installation) that wants to expand
- Small business (clothes design) that has grown into its first factory unit & wants to consolidate cashflow
- Medium business (vehicle leasing) that is doing well & wants to expand, but not satisfied with the advice it has received from marketing agencies
- Award winning manufacturing business that has bought its first large site in China & is ramping up unit output, but wants support

Strategic R&D → Success Outcome

(www.thetransformationproject.co.uk)

Academic Theory –
Peer Reviewed, Published, Evidence-Based & Unique

The TRANSFORMATION Project –
Management Tools for Performance Improvement

Measurable Success Outcomes –
Award Winning eg ESRC (original funder)

Transformation for Growth –
Expansion to SMEs eg ERDF (current funder)

Thank You For Listening

Next Steps – Contact Michael (Butler) Via
info@thetransformationproject.co.uk

- Questions?

(Watch out for our good practice case study demonstrating measurable impact –
video released **a week today** by ESRC on their web pages & YouTube)

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Brief Biography for Dr. Michael JR Butler

- Reader in Transformational Change
- Director, DBA (Doctor of Business Administration) Programme
- Director, Centre for Innovation, Change & Renewal (CICR)
- Founder/Director, The TRANSFORMATION Project
- The TRANSFORMATION Project in 2013 became an ESRC good practice case study for co-production action research & demonstrating measurable impact – **video released 29.10.13. by ESRC**
- The Vauxhall Motors (GM) case study is recognised by the Chartered Management Institute (CMI) as one of the Top Five Management Articles of 2012
- Member, Executive Development Committee, The Association of Business Schools (ABS)

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