

Small Business Advice: Key Messages from Research

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The Theory of Business Advice

- The theory of public sector advice appears to rest on the role of business adviser as a resource within the resource-based view (Bennett and Robson, 2003)
 - Knowledge gap hypothesis (Chrisman, 2005)
 - Alternative theories refer to management advice and consultancy (Sturdy, 1997; Ram, 1999)
 - split into an earlier organisational development phase and a later critical phase (Fincham and Clark, 2002)
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Resource-based Approach

- The smaller the firm, the more likely it is to use friends as advisers (Robson and Bennett, 2000; Hjalmarsson and Johansson 2003)
 - The more competent the enterprise the more that it can utilise external consultants (Robson and Bennett, 2000)
 - Consequently there are positive feedback effects in business advice both amongst firms and between locations because much business advice is locally sourced (Bennett et al., 2001 etc, Keeble)
 - The resource-based approach leads one to suggest that business advice is a part of management learning and the transfer of knowledge
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Types of Consultancy

- Kipping (2002)
 - 'Brains' projects carried out by senior consultants
 - 'Grey hair' projects where some tasks can be delegated to more junior clients
 - 'Procedure' projects which are highly standardised and can be carried out by junior staff
 - Turok and Raco (2000)
 - Argued that only diagnostic services should be public goods
 - Hjalmarsson and Johansson (2003)
 - Strategic services where the consultant acts like a 'sounding-board', providing a joint effort to provide a solution, contrast with
 - Operational expert services delivered in a solution-orientated way
 - Argue that the operational services are perfectly well provided by the private sector
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What constitutes a good meeting?

1 Breadth	Was the meeting wide-ranging enough to uncover the major needs and check for problems in the key functions?
2 Depth	Did the adviser user deeper question when a topic merited it and develop a view of causes?
3 Data sufficiency	Was the adviser soliciting factual performance and market data to supplement opinions by the client?
4 Quality of Questions	Were the questions penetrating when they needed to be? Were they phrased and sequenced effectively?
5 Engagement	To what extent was the client engaged? Demonstrated by: active participation in the conversation, asking the adviser questions, expressions of enthusiasm and tone of voice.
6 Actions	To what extent were actions described in SMART terms? What firm verbal agreements were made? How enthusiastic was the client about these agreements (indicated by the client adding or modifying details and by tone of voice)?
7 Reported Satisfaction	It was customary for the client either volunteer or be asked whether they were happy with the meeting.

Criteria Met?

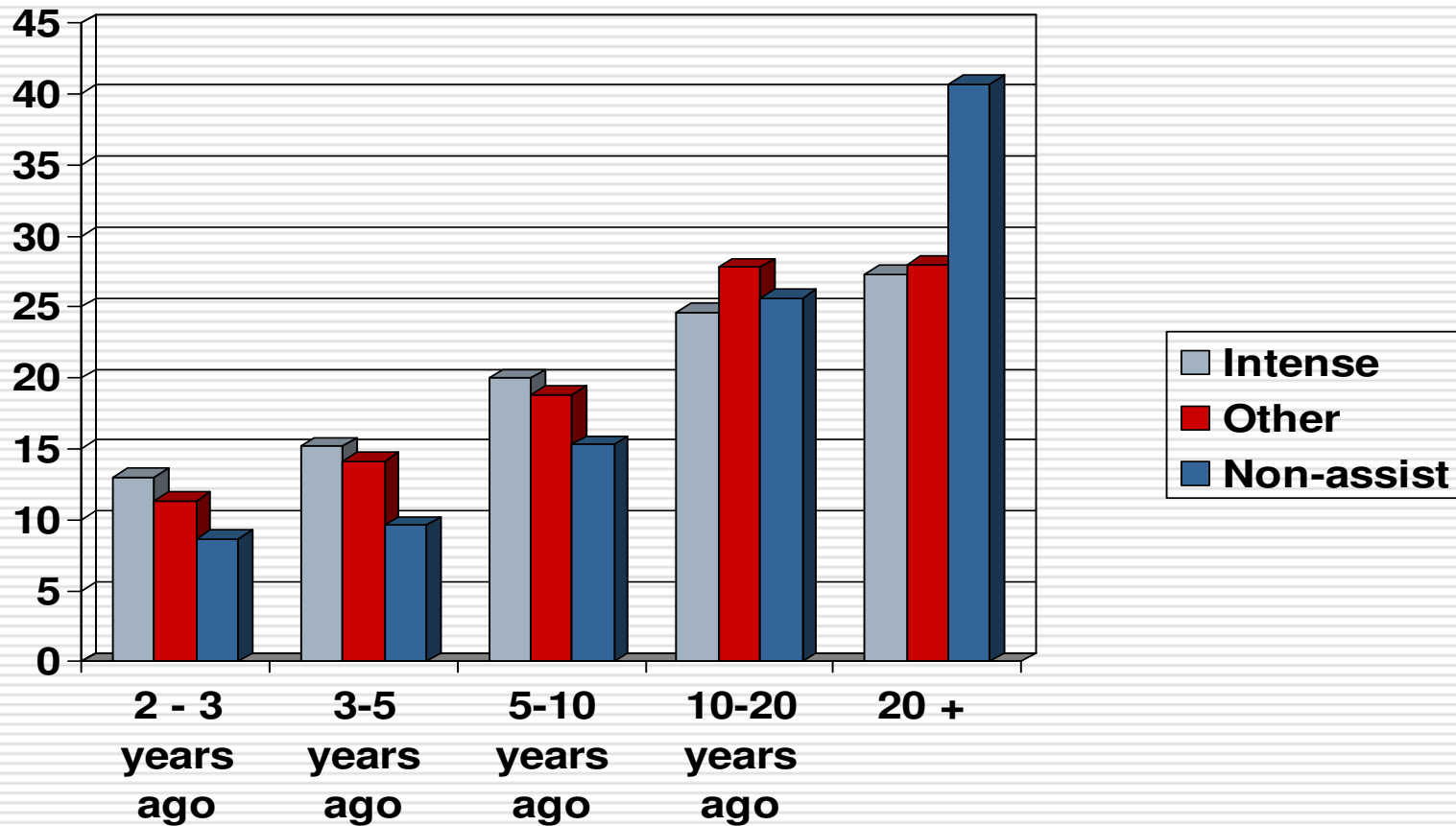
Criteria Met?	Number	Percentage
Met all criteria for a good meeting	9	21.95
Met more than half the criteria	28	68.29
Met fewer than half the criteria	4	9.76
Total	41	99.99

The case for publicly supported advice

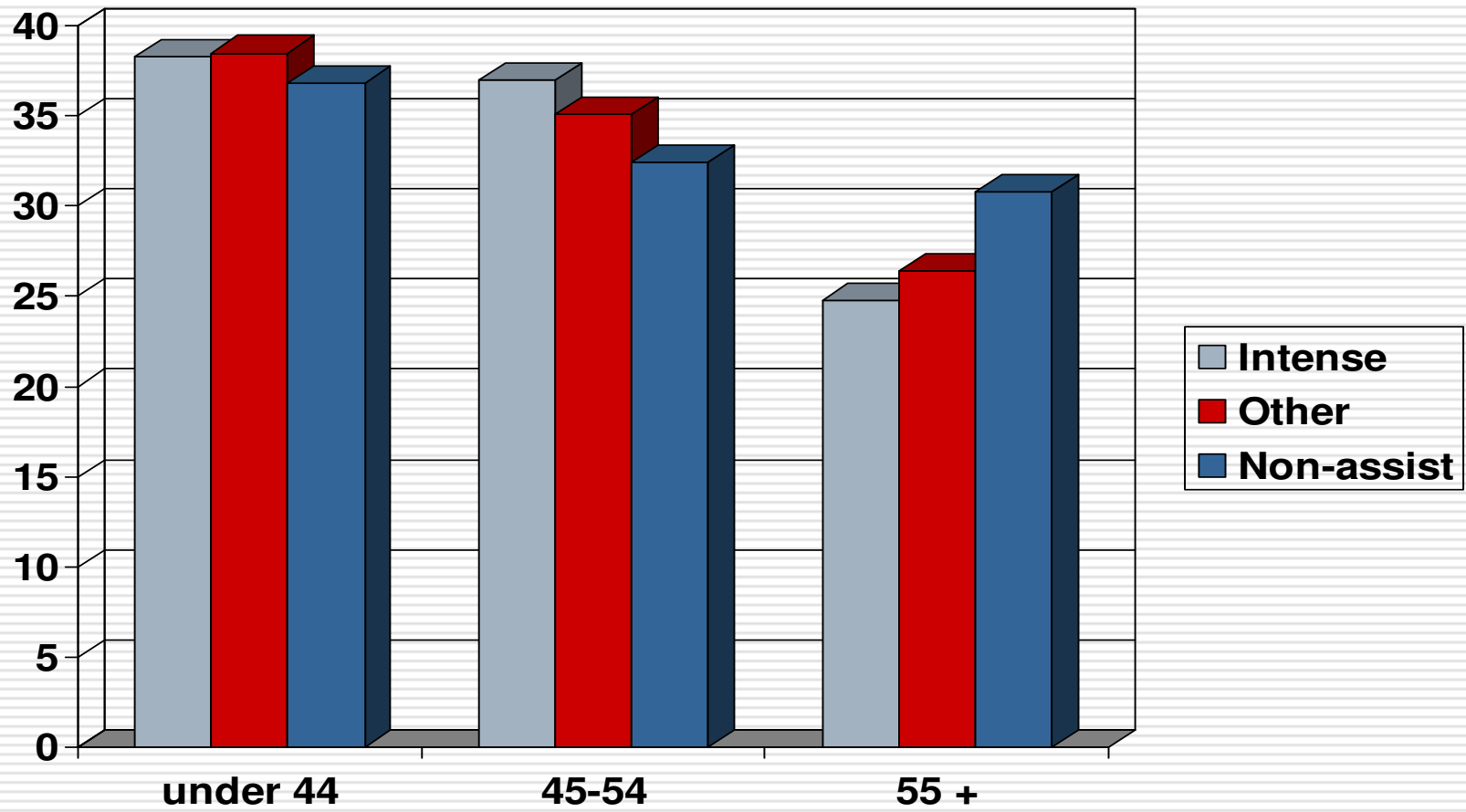
Some findings from an evaluation of English business support

Mole K.F., Hart, M. Roper, S and Saal D. (forthcoming)
Differential Gains from Business Link Support and Advice:
A Treatment Effects Approach vol. 26, no. 5 *Environment
and Planning C: Government and Policy*

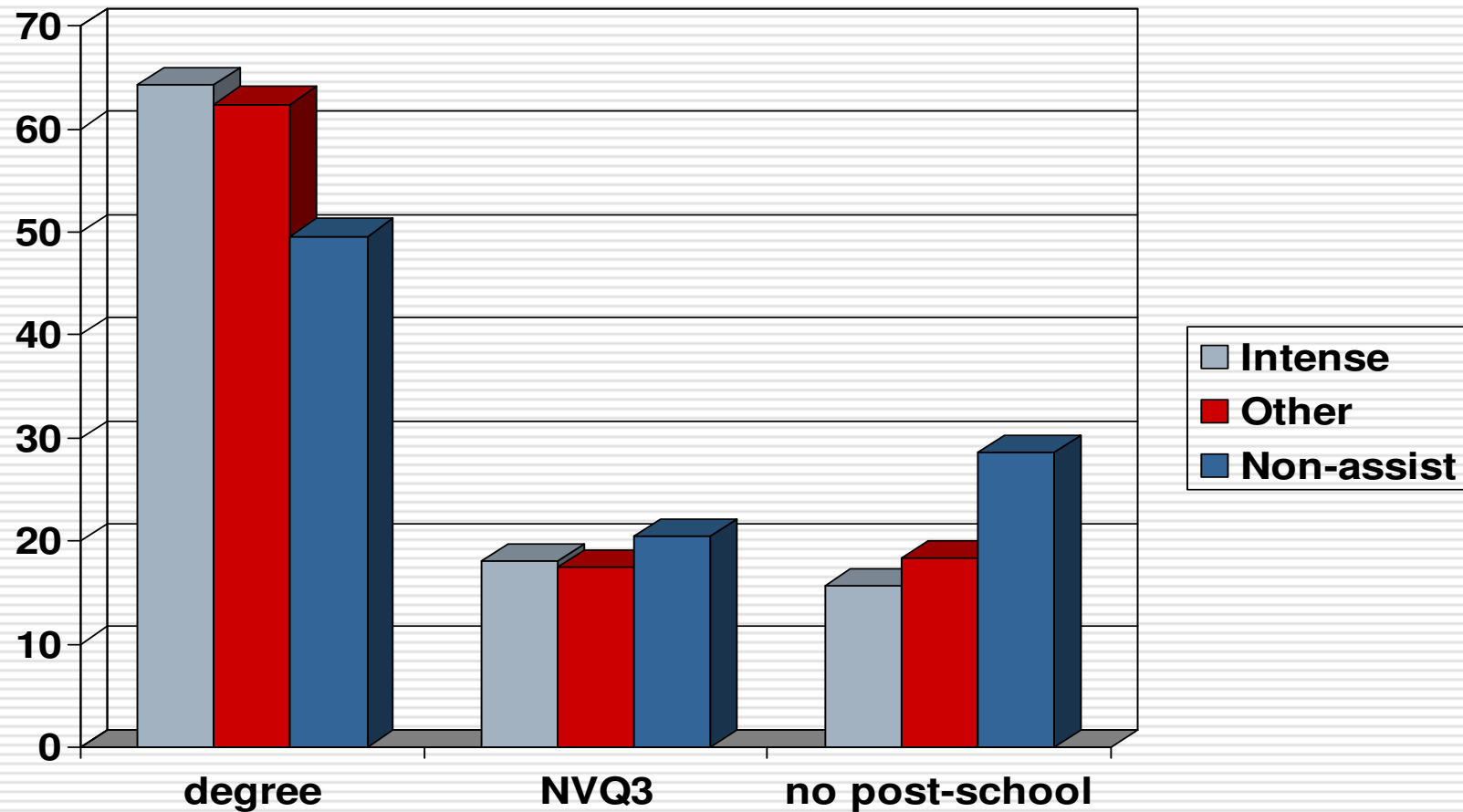
Who seeks advice is not random: Assisted firms are younger



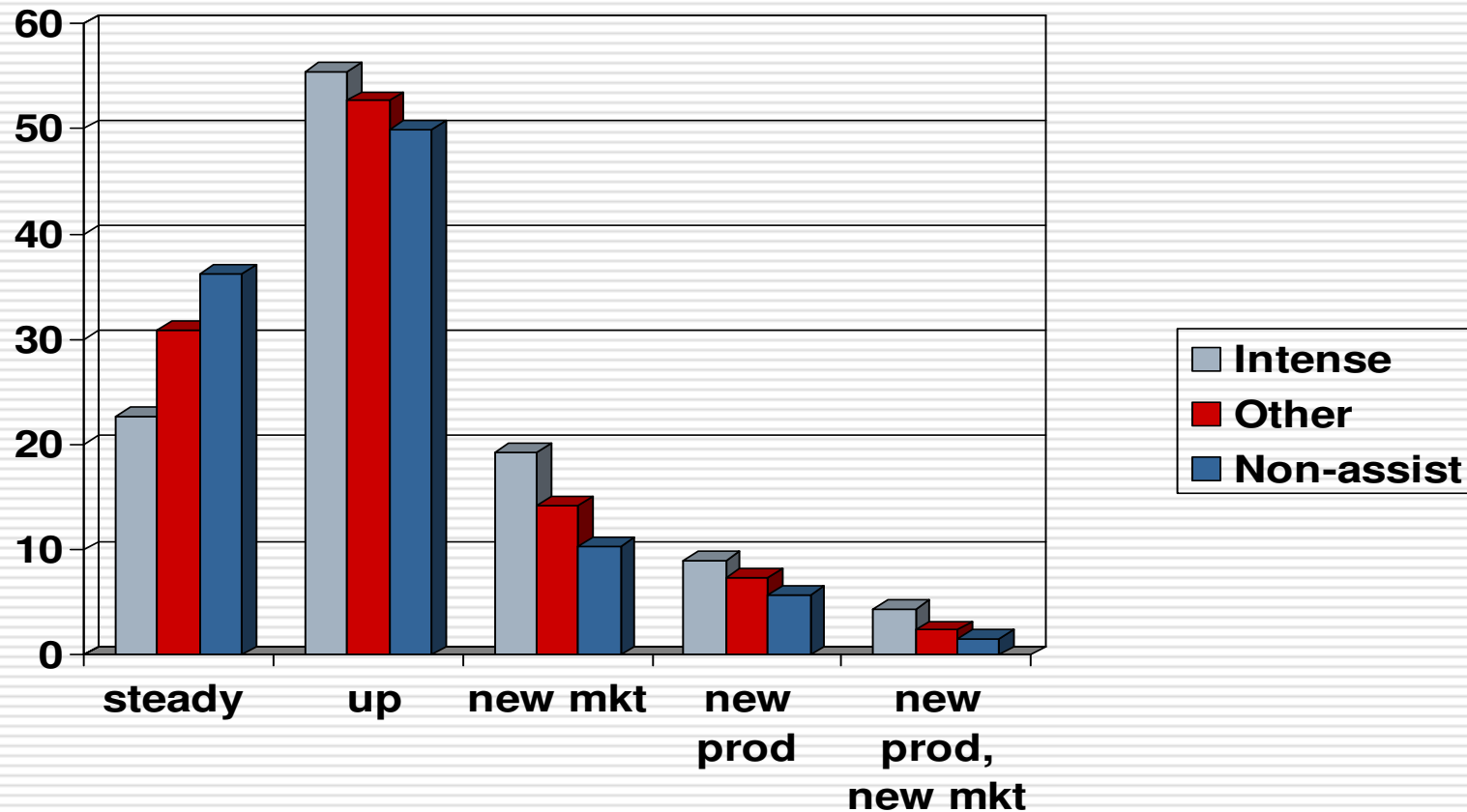
...so are their owners...



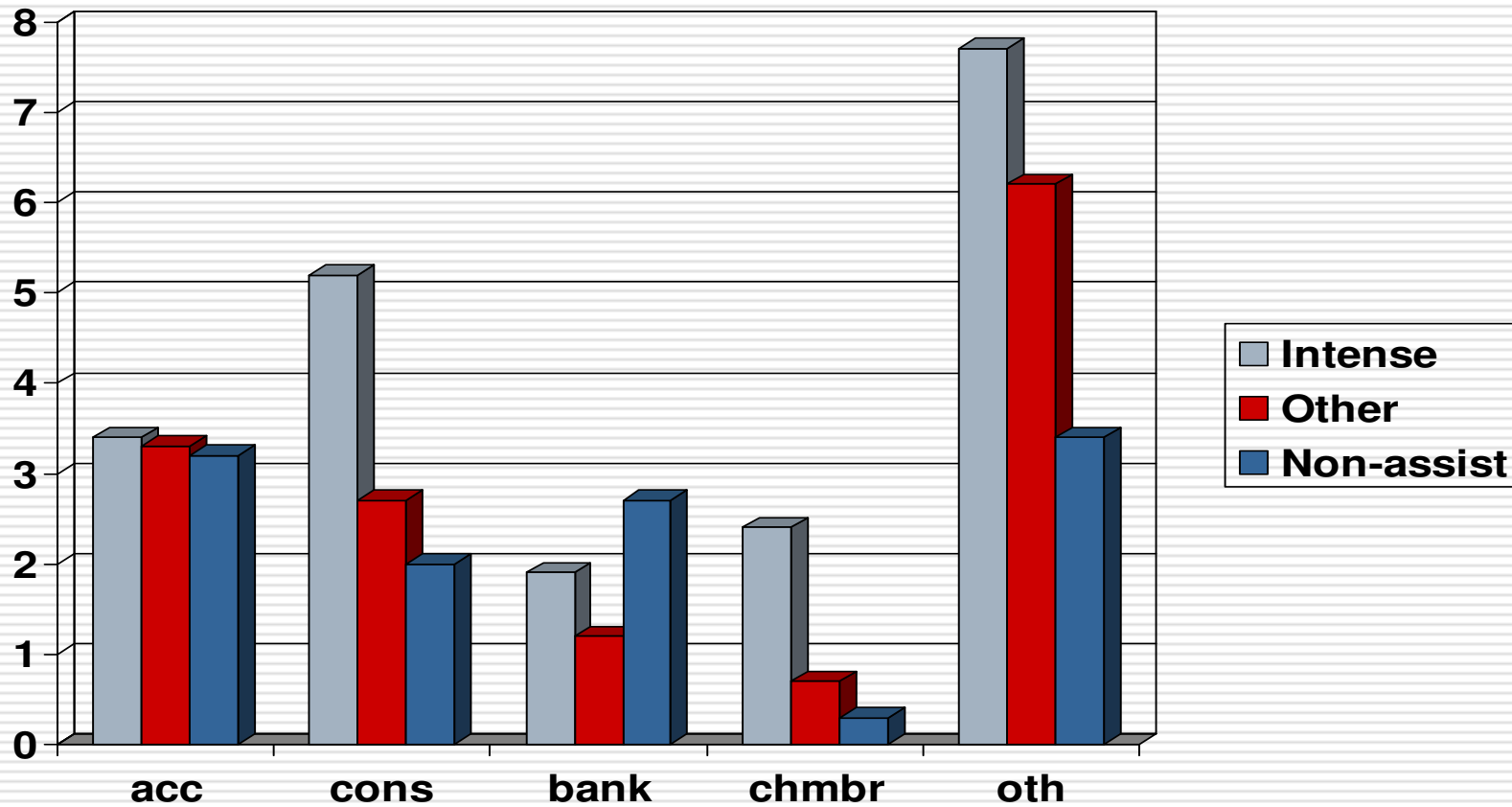
...actually with better educated owners...



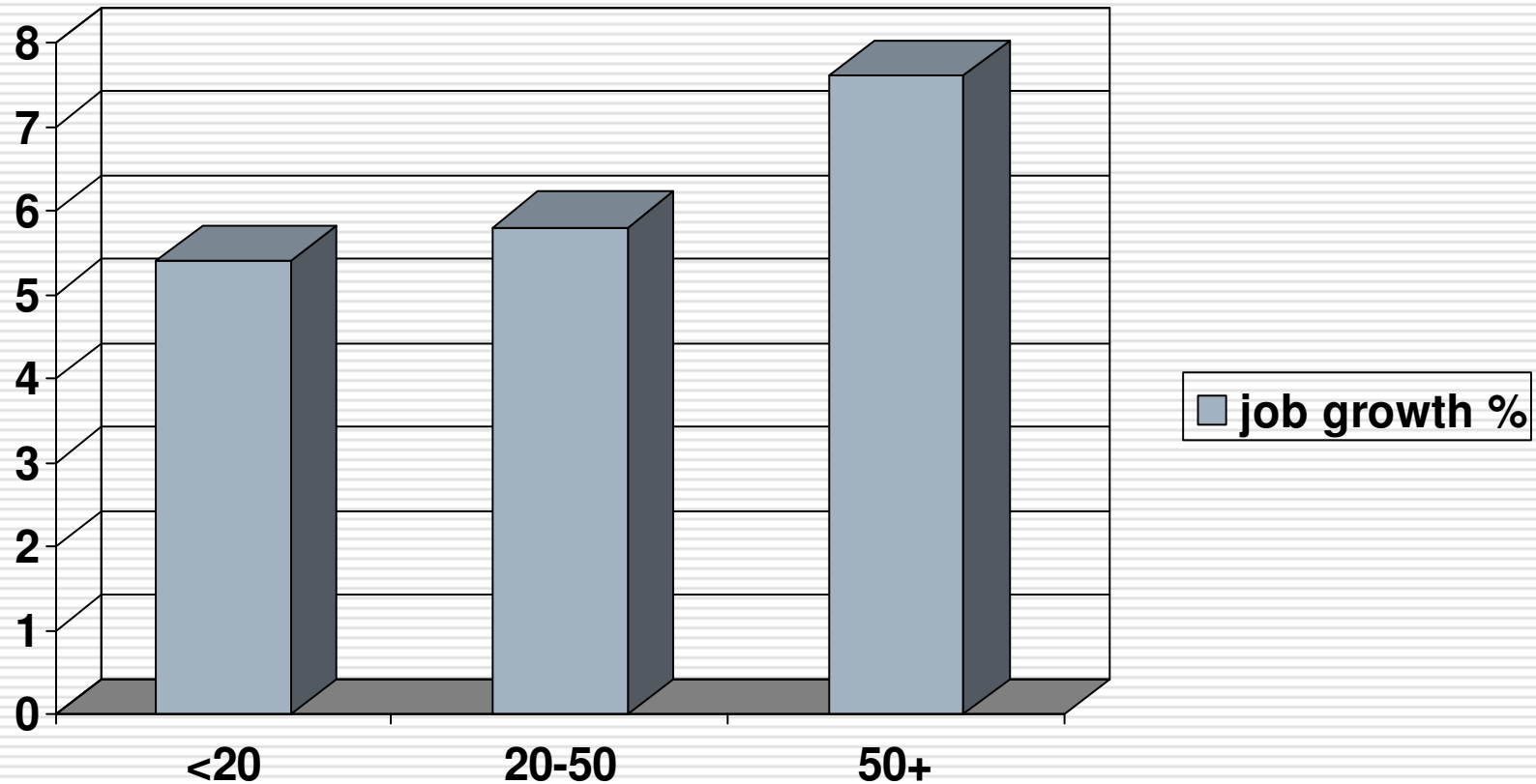
Those who seek assistance are more 'innovative' ...



...and BL complements other advice...



But it is the larger firms that gain a larger job growth impact



Concluding remarks

- There are a number of settings for business advice
 - Networks
 - Formal business advice
 - Workshops
 - Diagnostic consultancy and crisis intervention are 'brains projects'
 - What works well for advice is when both sides work together and the adviser has the ability to ask the right, searching questions in an open atmosphere
 - Government programmes focus on the larger small firms and therefore may leave a gap in the market
Those who seek advice are not a random group but seem to be more pro-active, although we found some evidence of targeting by BL
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