



# Travelling the Yellow Brick Road Together

*Understanding and  
Promoting  
Small Business  
Growth and  
Entrepreneurship*

*Part 2*

Journal of the  
Association for  
Management Education  
and Development



**Guest Editors: Simon Raby and Mark Gilman**

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# **Editorial: Travelling together along the Yellow Brick Road for Small Business and Entrepreneurship**

## *Introduction and overview to ‘Understanding and Promoting Small Business Growth and Entrepreneurship’, Part 2*

**Mark Gilman and Simon Raby**



*"There were many roads nearby, but it did not take Dorothy too long to find the one paved with yellow bricks. And while following it, with Toto soberly at her heel, soon she was walking briskly toward the Emerald City, her Silver Shoes glistened in the sun; tinkling merrily on the hard road bed. "*

Baum, 1900. The Wonderful Wizard of Oz



### **The Yellow Brick Road to co-production and co-operative inquiry**

Small business is big business. In the UK, small business accounts for more than nine out of every 10 private sector firms, and employ six out of every 10 people. Beyond their sheer proliferation, small business is considered by many as the engine of economic growth, increasing economic productivity through innovation, competition and job creation (ERC, 2016). For some time, policy makers became too narrowly focused in their support agenda as they searched for “winners”; smaller businesses that had the *potential* for high growth and could deliver the desirable outcomes outlined earlier. This was a natural pursuit, as humans often believe there is an answer, a golden bullet that can solve a problem. What we know now, however, is that small business growth is a discontinuous and often short-lived affair (e.g. Storey, 2011). Growth is complex, influenced by a multitude of factors, and cannot be predicted. In such a world, as guest editors of this edition, we continue to ask ourselves, and those with whom we work: what can we do to understand better how small businesses achieve growth? What role can we and others play to support their aspirations for growth? The recent Brexit decision certainly adds a new dimension and urgency in doing so.

From a researcher's perspective, having a material impact on the growth of small business, and of organisations more generally, can be difficult. A recent study by Reisz (2016) examined what works and what doesn't when researchers seek to make an impact on policy, and revealed that we are not doing very well in this respect. Little evidence was found of "co-production" or "co-operative inquiry" - approaches that are designed to "bring researchers closer to their audiences". The paper goes on to highlight the advantages of researchers learning to think differently, and working with their audience in mind, if their research is to be useful for decision-making. In so doing, Reisz advises researchers to tailor their language and messaging to each audience – be it academic, industry or policy – so that their findings have meaning. The paper goes on to recommend the avoidance of "dry numbers" and instead adopt the use of "narratives and metaphors as a powerful way to get your message across". Much like the story of the Wizard of Oz, in the context of this edition of the journal, this requires us to work together to find and build the small business and entrepreneurship Yellow Brick Road.

### **Collaborating with [AMED](#) on this agenda**

This edition of AMED's journal, *e-Organisations and People*, "Understanding and Promoting Small Business Growth, Part 2", is our contribution towards moving these debates on and this editorial aims to provide a short narrative of the events that have led us to this point. ([Part 1](#) was published in Autumn 2015). Through the journal more broadly, we aim to promote and develop the coming together of different people, with different backgrounds and from different organisations, to debate small business growth and entrepreneurship. It is a crossing of paths and boundaries of people who are following their own 'yellow brick roads' in search of the 'wizard' of small business and entrepreneurial development and growth. In offering a platform for people to meet, new and different paths are beginning to emerge, old ones are being revisited, and all this is helping us to share our experiences and look for new ways of relating and working together. In the spirit of this new way of working we are also discussing and developing different ways of communicating and writing to facilitate business and professional development. For this publication, we have a broad audience in mind, and aim to demonstrate a quality of writing that is rigorous yet relevant for practice.

### **In Search of the Yellow Brick Road for Small Business and Entrepreneurship**

For a number of years now we have sought to take our academic endeavours further than the traditional academic output. The benefits and pitfalls of academia's focus on blind peer-reviewed and globally ranked journals has been widely discussed and often hotly debated in the press, so we will not rehearse this here. What we will say is that current systems create pressure on researchers to publish work that has limited relevance beyond academia. Much of the work in academia is published for one audience alone - that of other academics. However, it is our strong belief that research should go beyond this, to help question and inform the way we all understand phenomena that we each meet on our everyday travels and business transactions.

As guest editors, one of the aspects that has endured and, we believe, that has enabled us to take a broader perspective, is our backgrounds: we both come from industry, and we both have a record of continuing support for and engagement with each other's work. We share a relationship and mutual respect through our work, as colleagues in academia and in a business we run together: [Business. Improvement. Growth.](#) and

through a trusting friendship. However, do not be fooled by this utopian picture: we do not agree on everything! One of the valuable aspects of this relationship, and one which we cherish, is the ability to disagree. We constantly challenge each other (respectfully!) and those with whom we work, we are naturally inquisitive beings, we like taking action and seeking impact, and we are passionate about what we do.



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We truly believe in the agenda of building a strong bridge between academia and industry. We profess that there is much that these worlds can achieve together. However, this relationship is not easy. To move these debates forward, we decided to create a network on small business growth, to help find and co-create the yellow brick road. Through the [support](#) of the [Enterprise Research Centre](#) (ERC) and the [Institute for Small Business and Entrepreneurship](#) (ISBE), following the publication of Part 1, we held an [inaugural meeting](#) in December 2015 for a Community of Interest (CoI) to materially impact the way we think about, understand and support small business growth and entrepreneurship. Both of these organisations share a common objective, to develop new knowledge and have an impact upon the world of small business and entrepreneurship. For this initial meeting we were particularly interested in learning from current models of University, small business engagement, research and support.

### **The inaugural meeting of the SME Community of Interest**

At the first CoI meeting we were joined by a group of participants, with representatives from academia, industry and policy. In the context of SME growth, we discussed some key questions: why are you interested in a CoI? What does current practice look like? What are the capabilities of the Universities? What are the barriers to progressing this work? What would/should a successful CoI do? Participants agreed that an ongoing programme of work should be progressed, including the formation of a Special Interest Group (SIG) on “SME growth”. It was felt that a central part of this SIG should provide a stimulus to examine the process of engaging SMEs (in the belief that learning for both parties is a result of long term relationships), discuss successful examples, and develop new insights on what works and what doesn't. It was felt that all of this knowledge could come together to inform how Universities and other actors in the regional innovation systems across the country could better understand the needs of, and support the growth of small business.

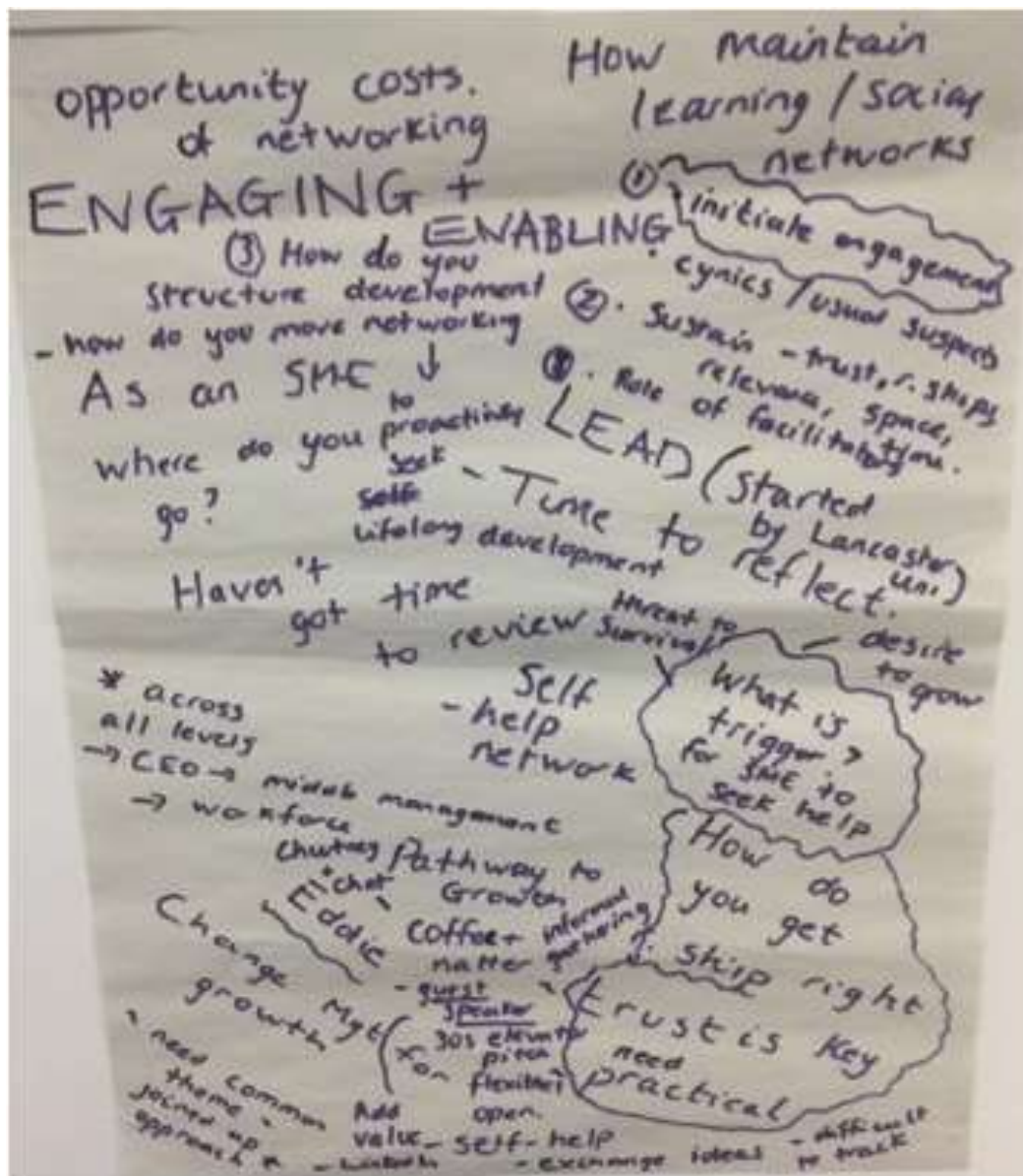
It was around the time that we were forming this COI that one of us met Bob MacKenzie in October 2014 at a post-publication Gathering of another edition of e-O&P, which served as another opportunity to connect writing and conversation on [‘Conscious Business’](#). Bob is a linchpin for AMED and the commissioning editor of their online journal *Organisations People* (e-O&P). The Association for Management Education and Development (AMED) aims to serve as a forum for people who want to share, learn and experiment, and find support, encouragement, and innovative ways of communicating on issues related to organisations and people. Our chance meeting unconsciously felt like another meeting of minds and underpinning philosophies. It was not long before we were in dialogue over the relative merits of people coming together from different organisations and backgrounds with exactly the same aims as we had been progressing. This

led to the creation of an edition of the AMED journal on "Understanding and Promoting Small Business Growth", that we would later refer to as "[Part 1](#)".

"As the trio ventured further into the dark woods, the road became rather rough and unorganized. The walking grew so difficult at times that the Scarecrow often stumbled over the yellow bricks, which were very uneven in this section of the wood. Many bricks were loose, broken, or missing altogether, leaving large holes that little Toto jumped across and Dorothy carefully walked around. As for the Scarecrow, having no brains, he walked straight ahead without a care in the world, and stepped into the holes and fell at full length on the ground. It never hurt him however, and Dorothy would quickly pick him up, pat his straw and set him upon his feet again to continue on, while he joined her in laughing merrily at his own innocent clumsiness. "

Baum, 1900. The Wonderful Wizard of Oz.

### Combining writing & conversations: a joint, post-publication gathering / follow-on, Community of Interest meeting



Results of some 26 April Col group work

An [opportunity](#) was identified to bring together the Col with a joint ISBE/AMED, post-publication workshop on 26 April in a spirit of 'critical friendship' (MacKenzie 2015) to illustrate the potential of relating writing and conversation to the development of effective small business and entrepreneurial policy and practice, to reflect and build on Part 1 of the *e-O&P* journal, and to further the Col since its inaugural meeting. We invited researchers, policy makers, entrepreneurs, and those who deliver support for growth and development to this event to share their perspectives on the critical issues facing small business. This was an opportunity to respond to longer-term ambitions, and consider the more immediate term challenges posed by the imminent European Referendum.

The event provided a mechanism to identify relevant issues to be addressed, to share and explore collaborative research, business and writing support agendas, and to deepen stakeholder relationships. The time proved to be extremely valuable in crystallising what could be done to understand and support small business and entrepreneurs better.



A few of the Col participants in conversation, with writing not far away

The use of ['open space technology'](#) and ['world café'](#) principles created an energy in the room that was highly productive. By the end of the day, participants agreed on three key themes that required further exploration:

1. Who are the key stakeholders and how can we create trusting relationships for leading SME growth?
2. What would a holistic service of support to SMEs look like?
3. What are valid criteria for measuring growth and success of SMEs?

Subsequently, these themes have featured in detailed reports that provide an important agenda for future action and impact. Future collaborative research opportunities were also identified and groups were invited to write papers prompted by each of the above three questions as part of a special edition. This energy and the momentum from the previous edition led to this publication of Part 2 of this special themed edition.



Speaking about the writing at the Col

## The focus for Part 2 of this special edition

In Part 2 of this AMED/ISBE collaboration on "Understanding and Promoting Small Business Growth and Entrepreneurship", we decided to focus on the way that academia, policy makers, learning and development



practitioners and leaders of small business can collaborate more effectively. This follows on from the events that have been run, and from the desire to think about the stakeholders who we are each seeking to impact through our research and support activities with and for small businesses and entrepreneurs.

So in December 2015, we invited ideas for short articles in the following areas:

- **The broader context** – explore the macro level trends influencing the growth of SMEs
- **The dynamics of growth & development** – debate what we mean by “growth”
- **The support ecosystem** – review “what works” in promoting and supporting growth
- **The way we communicate** – consider how we share knowledge across all stakeholders
- **The way we measure success** – examine the metrics used to assess success

We received an excellent response and the contributions we accepted broadly address all of these themes.

## **An overview of the articles**

### **The Notion of Growth: A Research Agenda for SMEs and entrepreneurs - Jonathan Deacon and Nihar Amoncar**

Our first article addresses a preoccupation that academics within the Small and Medium-Sized Enterprise (SME) sector have in terms of seeking to identify the factors that act as impediments to the growth and development of SMEs around the world. The article attempts to understand the ‘notion of growth’ as experienced by SMEs in Wales and East India (particularly West Bengal), by exploring the narratives of entrepreneurs within those regions. The article highlights the importance in Government policy formulation of understanding and using the language of growth as defined by the ‘context’ of the entrepreneurs themselves.

### **Anchor Institutions and Regional Innovation Systems for supporting Micro and Small Businesses - Nigel Culkin**

This article examines the role of universities as ‘anchor institutions’. It explores some key strengths and weaknesses in the role they can play in providing support for SMEs. Drawing on contemporary literature on the entrepreneurial university and regional innovation systems, the article highlights the crucial and strategic contribution that certain types of organisation can make in the context of the after-shocks of the global financial crisis, the EU Referendum, and the growth in popularity of the Regional Innovation System (RIS).

### **Learning Gains for SME Owner-Founders through Business School Growth Programmes - Andrew Greenman**

Following on the theme of ‘anchor institutions’, this article argues that business schools are in a unique institutional position to contribute to SME growth by encouraging higher learning. Looking at Universities as providers of business support the article uses participant insights to contribute a model intended to help articulate learning gains for SMEs through business school programmes. Examining the question of how business schools can better articulate the learning gains for local SME owners within their growth programmes, the article helps to highlight the value that is created when business schools and SME owners engage in meaningful and purposeful learning.

### **Capturing the Concept of the Captured Programme - Fiona Whitehurst**

This article continues the theme of the previous two by looking at the role of ‘anchor institutions’ that are located in regions ranking below the United Kingdom average in terms of productivity. It explores ways to support small firms to develop their leadership and entrepreneurship by trialling innovative ways of working. The author recognises the opportunity afforded by this edition to share her experiences in doing so with academic and practitioner audiences, and hopefully to stimulate further debate and learning.

### **Corporate Social Responsibility perception and practice in Small and Medium-Sized Enterprises in Kilsyth, Scotland - Ana-Paula Fonseca**

This article deals with the sometimes controversial issue of Corporate Social Responsibility (CSR). Decision-making within CSR is concerned with actions that create value for society whilst minimising impact on the environment. It is also concerned with relationships between organisations and stakeholders. Whilst this is a strategic issue, SMEs encounter challenges and barriers in attempting to demonstrate CSR. This article highlights the differing experiences and perceptions of six small enterprises in Kilsyth, Scotland, in relation to CSR.

### **Beyond communication skills: what you were never told about writing and public speaking - Alison Donaldson & Michael MacMahon**

Finally, writing and talking are essential activities in business. This article, co-authored by a writing coach and a public speaking coach, offers unusual, thought-provoking ideas about how to get the most out of both forms of communication. In particular, the article focuses on the important issue of how to have quality conversations, especially around issues such as coping with fear and stress; organising your thinking in advance; going beyond the script; the ‘social life’ of documents; developing ideas jointly; using stories as well as facts and propositions; and the enduring value of conversation.

### **Concluding thoughts: enabling complex conversations**

Our reflections on carrying out the various events and two guest editions of the e-O&P journal have led us to recognise the dynamics of multiplicity and complexity in conversations. AMED encourages such multi-media communications by means of a series of pre-and post-publication gatherings to discuss ideas in and for writing about development, by face-to-face SIGs such as the [AMED Writers’ Group](#), through group Skype calls and generally by embodying the principles of critical friendship (qv) wherever possible. Alison and Michael’s article in this edition also gives some practical illustrations of the essential interrelationship between speaking, writing and action for development. These are principles and practices that ISBE’s Cols and SIGs aim to follow. There are many ways to find our way to and along the Yellow Brick Road of small business and entrepreneurship, to join the debate



The Yellow Brick Road at Banff Hot Springs in the Rockies by Simon Raby

and journey, and make an impact. Many of the authors who have submitted articles for Part 1 and Part 2 of this special edition of e-O&P differ in the paths they have taken and in their motivations. Some were inspired by the conversations that arose during the meetings discussed above, whilst others were inspired by reading the first special edition of the journal, and by the call for contributions for Part 2.

*"They all started upon the journey, greatly enjoying the walk through the soft, fresh grass; and it was not long before they reached the road of yellow brick and turned again toward the Emerald City where the Great Oz dwelt. The road was smooth and well paved, now, and the country about was beautiful, so that the travellers rejoiced in leaving the forest far behind, and with it the many dangers they had met in its gloomy shades".*

Baum, 1900. The Wonderful Wizard of Oz.

An interesting conundrum that we have been left with for future debate is how we unpack the motivations and paths that different authors and meeting participants take, and how we identify what implications this has for ways in which we all develop our thinking on small business and entrepreneurship. We would like to conceptualise this activity as an ongoing and integrated set of conversations, both written and spoken, that aims to promote small business and entrepreneurship. Should you have any ideas on how you believe we should take this work forward, please do get in touch!

We do hope you enjoy reading the articles in this edition. Perhaps they will inspire you to join in our continuing project to enhance the impact of SME and entrepreneurial practice in this post-Brexit era. You are very welcome to participate in the activities of the SME Col and SIG, as well as in any AMED events that you might find helpful. (See the section on forthcoming events at the end of this edition).

## Acknowledgements

### A message from Mark and Simon, Guest Editors

We would like to start by thanking **Bob MacKenzie**, Commissioning Editor of this journal. Bob's unwavering supportive challenge and thoughtful approach has been an essential ingredient to the publication of this edition; indeed, it would not have been possible without him. We would also like to thank **AMED** more broadly in its commitment to offering partners, such as ISBE and the ERC, space and support through their publications, and encouraging early career academics and novice writers – as well as established authors - from anywhere in the world to write and become published as a means of developing their own and other people's small business and entrepreneurial practice.

AMED is supported by a passionate group of volunteers. In addition to Bob, we would like to acknowledge **David McAra** in his editing capacity, helping to tame text into an accessible and pleasing pdf format, **Linda Williams** in the AMED Office for her administrative expertise, **Julia Goga-Cooke** for translating the journal into a subsequent Digest for wider distribution, and **Ned Seabrook** for creating pdf versions of the articles from the comprehensive edition. (Individual articles will become available in the weeks following publication).

### A message from Bob and David at the e-O&P editorial board

In terms of AMED's acknowledgements of our ISBE and ERC partners in this project, we would like to express our thanks to **Mark** and **Simon** for their tremendous efforts in devoting their time and attention to promoting this joint ISBE/AMED project. Despite their many other preoccupations and busy schedules, they willingly accepted responsibility for all the chores – and not a few tribulations - that guest editing entails.

On behalf of **AMED Council**, we would also like to thank **the officers of ISBE and ERC** for engaging so readily with this collaboration. We hope that, in its own small way, this joint enterprise serves as an illustration of how diverse stakeholders in the small business and entrepreneurial community can work together creatively to mutual benefit. Last, but by no means least, we would like to thank all **the authors** whose work appears in Parts 1 and 2 of this themed edition for their timely contributions. We are sure that their writings will help to inform the conversations and initiatives of their fellows during the forthcoming ISBE Annual Conference and beyond.

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## About the guest editors

**Mark Gilman.** M.Gilman@bcu.ac.uk

### Past and present

Having spent 18 years working in engineering I found myself completing an economics degree and then a masters and PhD! My thirst for knowledge led me to explore how to apply my industrial and academic experience for the benefit of academic and business communities.

As a trusted and accredited practitioner, I have developed and delivered a range of leadership and executive programmes and networks, coaching, facilitation, action learning and consultancy interventions with individuals and organisations of all shapes and sizes, all with the aim of helping them improve their performance.

I have, and continue to write extensively on human resource management and SME growth issues faced by business owners and their organisations.

I am presently a Professor of SME Growth and Development at Birmingham City University and Co-founder and Director of BIG Associates Ltd.

**Simon Raby Ph.D.** [s.o.raby@kent.ac.uk or simon.raby@haskayne.ucalgary.ca]

### Past and present

In the formative part of my career I worked in construction and manufacturing as a conduit and catalyst for change and improvement, working to translate and transfer knowledge between academia and business. My experiences of working with senior leaders and those at the coalface led me to a question: how do business owners achieve success?

My quest to find an answer initially took me out of organisational practice, into research and then onto personal and organisational development. Through these career transitions I have spent many enjoyable

hours debating, learning and challenging the way business is conducted, and how individuals and organisations develop and grow. I have since co-founded an organisation “Business Improvement and Growth Associates Ltd” focused on supporting ambitious business owners achieve success.

I am the deputy director of an applied research centre (University of Kent), a Visiting Professor in Entrepreneurship (University of Calgary) and serve on the Board of the Institute for Small Business and Entrepreneurship. I am educated to doctoral level, an accredited and practicing coach and facilitator, and continue to write for work and pleasure.

# *The notion of growth:*

## *A research agenda for SMEs and entrepreneurs*

**Jonathon Deacon and Nihar Amoncar**



**Keywords:**

SME, Growth, Entrepreneurship, Small Business Management, language, metrics



### **Introduction**

Academics within the Small and Medium-Sized Enterprise (SME) sector have been working towards identifying the factors that are impediments to the growth and development of SMEs around the world. This article attempts to understand the 'notion of growth' as experienced by SMEs in Wales and East India (particularly West Bengal), by exploring the narratives of entrepreneurs within those regions (see images 1 and 2 below). Our research is primarily qualitative in nature and is based on a semi-structured interview approach in Wales, and on narrative inquiry in India. We believe that such a methodology is critical in understanding the notion of growth, and our method involved interviewing established entrepreneurs in order to ascertain their multiple perspectives on growth. We assert the importance in Government policy formulation of understanding and using the language of growth as defined by the 'context' of the entrepreneurs.

### **Our research approach**

Briefly, our research involved the collection and interpretation of both qualitative and quantitative data. In Wales, we worked with six gender-balanced focus groups, each consisting of eight business-owners who represent a range of MSMEs across the regions. Group discussions were augmented by in-depth 1:1 interviews. We also conducted a comprehensive, questionnaire-based pan-Wales telephone survey. In West Bengal, we engaged in a narrative inquiry, derived from 1:1 conversations and field notes, with a group of eight male entrepreneurs. Requests for confidentiality were a particular issue here.

We selected the [West Bengal Chamber of Commerce](#) and [CREDAI](#) – (the Bengal branch of the Confederation of Real Estate Developers Association of India), as well as other forums that we mention throughout this article, according to their relevance to thematic analysis of the data we collected. If you would like a more detailed account of our sampling and research methods, please feel free to contact [Nihar Amoncar](#).

Image 1: West Bengal



## What is growth?

*“All change is not growth, as all movement is not forward”.*

(Ellen Glasgow, American Novelist.)

Extant literature discusses Government policies for providing training and support for growing businesses (Nelson and Gibb, 1993; Lean, 1999; Greenbank, 2000; McAuley and Clarke, 2009). Nevertheless, definitions for what constitutes growth vary greatly, from employment growth (Greenbank, 2000), to growth in turnover or sales (Greenbank, 2001) to growth in reputation and trade. These definitions have their critics: McAuley and Clarke (2009, p. 28) suggest that growth: “expressed in terms of sales, employees, net assets or profits, is inappropriate, or at best blinkered”.

Further to growth in employees, turnover or trade, Lean (1998) argues that size and employment numbers are inappropriate as a ‘predictor of growth’ and those other more qualitative factors, such as a ‘businesses responsiveness to change’ and ‘survival and business sustainability’ are better determinants of the potential for growth. Such metrics of growth highlight the problems of ‘understanding the dynamics of the growth process and entrepreneurial developments in small firms (McAuley and Clarke, 2009, p. 23). For those making policies and for those running such firms, McAuley and Clarke (2009, p. 23) posit that “there may be no single theory which can adequately explain small business growth” and any attempt to define growth may vary significantly from small firm to small firm.

Image 2: Wales



### Is growth simply business survival?

Although the 'objectives' of different SMEs range from 'survivalist' to 'growth-oriented' approaches, it has been suggested that rather than turnover or employee size, business survival may be a more appropriate indicator of business success (Gray, 2002; Pratten and Lovatt, 2005). Fear of failure is clearly a driver in business survival and such fear, coupled with the instabilities of small firms, may explain why some firms resist growth. Greenbank (2001) found that 'firms specified an upper size limit in order to remain in control of their businesses'. Greenbank cites concerns about larger premises, higher overheads and financial pressures to pay wages, as considerations which may be seen as threats to business functionality and which make owner-managers wary of growth and change. Gray (2002) describes how fear of change creates established routines. Such routines that work well in small businesses 'quickly become embedded', which can be a form of competitive advantage through localised knowledge of what works. However, routinised behaviours also restrict growth, because of the view that that these existing routines do work. Hence the firms' very survival may reinforce a resistance to learning new ways or ideas on the part of many owner-managers' (Gray, 2002; p63).

Factors outside of the organisation's control may also affect survival strategies and decisions for growth. Examples include 'the recessionary state of the economy' (McAuley and Clarke, 2009 p. 25); new industry standards, regulations, and increased competition from other suppliers (Kelliher and Reinl, 2009, p. 524).



The competitive advantage of micro and small firms is often built on localised and tacit knowledge that can respond quickly to market signals' (Kelliher and Reinl, 2009, p. 523), enabling them to make changes quickly and efficiently. This localised knowledge forms the 'context' of the micro and small firms within which the diverse meanings of growth is often embedded, as Table 1 below illustrates.

**Table 1:**

*Findings about the language of 'growth' from comparative research in Wales, UK and West Bengal, India*

WALES	WEST BENGAL
Multiple definitions of growth.	Multiple perspectives on growth.
Language played a role in definition of growth.	Level of awareness (contemporary technology, innovative management practices, education based knowledge and network driven knowledge, Government policy awareness) determined the depth of understanding of growth.
Definition ranged from more employees, to contracts, number of shops, increased turnover, increased reputation and expertise.	Definition mainly revolved around increase in market share, diversity in business portfolio.

(Source: Deacon and Amoncar, 2016)

## Our findings from Wales

### Multiple definitions of 'growth'

The range of definitions of growth in the Welsh context suggests that, for authors of business economic development strategy that specifies growth as an objective (in particular employment growth), some clarification may be required as to what the legislators presume is the notion of growth. Legislators in this regard may include a range of stakeholders, from bureaucrats to politicians, central bankers, and financial, economic and business advisors to government. This is because, in the context or language of the micro-business, 'growth' has a multitude of socially constructed meta-meanings. Micro-businesses thus have varied motivations for success, as well as different levels of ambition – whereby growth in incremental terms equates to longer term business survival. Yet, as explored in our research, guidance based on presumed shared language and intentions might not generate the correct support.

The words used to describe growth are also likely to be different in different contexts. Clearly, context will thus have an impact upon those agencies such as Business Link that are tasked with supporting growth.

When asked: 'What does growth mean to you?', micro-businesses in our Wales study offered the following contextual definitions of growth:

*'Less to do with employee numbers. I have increased my number of employees over the years, but I wouldn't do that if the business itself wasn't growing. So for me growth is doing things right. Doing things right to get that margin' (Retailer)*

*'If I could take on more work I suppose I would be growing. I don't want to grow with employees. I would like to take on more work – however would need more subcontractors to do it. I don't want to employ' (Construction)*

*'Umm. More Contracts. More staff' (Business Services)*

*'it depends what you mean by growing really. I mean in terms of turnover and staff... ah... no we are not.... But I suppose the other bit of it is whether we are growing in terms of our ...expertise, and ideas and reputation. And I would hope that we are. And we put quite a lot of effort into trying to maintain a kind of presence so people are aware of what we have done. (Consultant)*

*'I would see business growth as more work, more income, more employees, a wider reach/impact, a growing reputation, a growing number of regular clients, size and location of work base' (Professional services)*

### Multiple metrics of 'growth'

Differing metrics for growth highlight the problems of 'understanding the dynamics of the growth process and entrepreneurial developments in small firms' (McAuley 2009 p23). For those making policies and for those running such firms 'there may be no 'single theory which can adequately explain small business growth' (p23) and any attempt to define growth may vary significantly from small firm to small firm. Yet the language used by micro-business support agencies uses the word 'growth'. So some definition would appear to need to be required, or further clarification given.

### Conditions for 'growth'

In Wales, apart from the variances in definitions of growth, there appear to be similar levels of variance in how micro businesses define a basis for growth. These range from product demand, and client knowledge, to external pressure and lifestyle plans. Interviewees in the study hypothesised about possible bases for growth, but did not have current ambitions to act on these assumptions. They maintained that, in addition to a basis for growth, such as demand, or client knowledge, the timing must be right. It would appear that micro businesses are reluctant to grow for growth's sake.

A basis for growth may come from an external pressure to grow:

*'I think there is a lot of pressure; I think there is a lot of pressure all the way through, from government down through every level, that the expectation is that every business will grow year on year. And it isn't really questioned as to whether or not that is a good thing, or a desirable thing. (Professional services))'*

Clearly such external pressure can encourage growth, but paradoxically can also prevent growth. One respondent felt somewhat under pressure to employ, even when he did not wish to become an employer:

*'I don't want to employ, I would use more local labour, and take on more jobs to oversee but I don't want the employment responsibility. The H&S, the contracts, the worrying about them on a scaffolding. (Construction)'*

Research by Pratten (2005) underpins this point that there: 'exists the danger of a negative attitude to employment legislation' and hostility 'to the introduction of more red tape' (p 298) and this in itself could hinder growth.

*'I've been going up a ladder for 30 years, and now I'm being told I can't go up a ladder. My business has worked fine all this time; it doesn't need changing with these laws (Construction)'*

Another basis for growth may come from lifestyle decisions. IS describes her basis for growth as a family decision. Whilst she may be classed as a lifestyle business now, she has future plans for growth:

*'As my children move out of primary education and into secondary school...I envisage building up more work. I haven't got that far yet... but I will certainly want and need more work in a year or two. (Professional services)'*

Komppula and Reijonen (2006) agree that: 'success is often equated with the achievement of clearly defined and measurable goals' (p13). In micro-businesses these goals may change over time as a contextual basis for growth evolves.

## **Our findings from India**

### **Multiple understandings of 'growth'**

The findings from India are similar in some respect to those observed in Wales in relation to the understanding of growth. Firstly, some entrepreneurs equated growth or development with increase in market share. They did not necessarily relate the increase in market share with increase in consumer or market demand (external factors). Nor did they consider whether it was due to a concerted effort the firm had made to improve its processes and services (internal factors) in order to understand the source of growth. The identities of the organisations and the entrepreneurs are kept anonymous as per their request.

*"I believe that increased turnover is a sign of growth, does it matter where it comes from?"*

(Excerpt from field notes – Participant 1.)

This suggests the general absence of a macro-perspective on the firm's position within the market. Our sample seemed to be content to wait for the 'market to react' and drive growth, rather than conduct any internal audit of the firm to identify possible improvements that could drive growth, such as in adaptation of new technology to improve manufacturing or logistical processes, or even customer service.

## **Attitudes in the West Bengal manufacturing sector towards new technologies**

### **Cost barriers**

SME entrepreneurs within the manufacturing sector were extremely cautious of adapting to or investing in new technologies. They cited the high cost of technological adaptation as the primary barrier, and felt that the high interest rates of borrowing within the country were an impediment to any investment in technological upgrade.

*"If the guy in America is going to borrow at 2 or 3 per cent and invest in a high consumer demand country like India, he is bound to make money and grow!! We have to borrow at 8 per*

*cent minimum and the procedures involved are lengthy. Besides, America is where the technology is...innovation is...right now my profits are invested into keeping the factory running, how can I invest in new technology?"*

(Excerpt from field notes – Participant number 7.)

Many entrepreneurs believed that the lower costs of borrowing in Western countries meant that the Western companies borrowed at a lower cost in the West and invested in India (through Foreign Direct Investment – FDI) by partnering with leading Indian firms. However, numerous other micro and small companies, which did not manage to collaborate in this way, were left without serious resources to compete with the FDI inflow and the technology transfer that followed with a joint venture or a strategic alliance with a local SME. Many suggested the ever-increasing FDI allowance in 'locally critical' unorganised sectors for example retail were putting micro and small firms out of competition.

### **General attitudes towards new technologies in India**

While routinised behaviour, fear of change and failure were major impediments to SME growth in Wales, the findings from India suggest a different picture. Since many technologies required for competitive advantage were not available locally, they had to be imported. Moreover, managers lacked both the will and the knowledge to look for the necessary technology in the right places, and were ill-equipped to assess the benefits that would come after incorporating the technology. Support from legislators, was termed as 'minimal'. It also emerged that – unlike Wales, universities were more intensely involved within the 'advisory set-up' that informs the Government on policy matters in relation to small businesses – this was not the case in India, where bureaucrats and specialist think tanks were primarily responsible.

The Indian entrepreneurs did suggest involving academics within the advisory set-up, so as to maintain an updated research database of innovative technologies, their costs, benefits etc. However, some entrepreneurs in India seemed over-engaged to such a degree in the day-to-day operations of the firm, with the result that they did not take time out to analyse the external environment to learn about the technological advancement in their fields. They were reluctant to seek any professional help from academics or specialist SME consultants. Lastly, entrepreneurs also cited the issue of lack of 'skilled' labour that could grapple with new technologies. Despite over 60 per cent of Indian population being under the age of 35, the majority of this population lack the right skills as required by the MSME (Micro, Small and Medium Enterprises) sector. The lack of skill-based audit meant that the legislators were slow to take into account the deficit of certain 'skills' that creates a human resource gap.

### **The growth of 'no growth' strategies in both regions**

Within the growth debate, we maintain that there is a need to examine those firms that are quite deliberately *not* planning for growth at all. For example, in the Welsh context, many MSMEs with a survivalist mentality (i.e. resistant to change, fearful of failure etc.), appeared to adopt an implicit or explicit strategy of 'no growth' as the basis of their plans. Many owner managers talked more about their decisions about when *not* to grow, rather than about when to grow. This was either through fear of things becoming unmanageable, or of the need to take on new employees.

In case of West Bengal, the lack of sufficient expertise/knowledge of technology and Government policy, incurring high borrowing costs and over-involvement of entrepreneurs in day-to-day operations seemed to be the factors leading to growth-aversion. Moreover, in both regions, family commitments or poor performance during the recession had in some cases reduced their turnover and delayed plans for growth.

### **The case for a more nuanced language of growth...**

In the Welsh context, any 'business growth' encouragement by government agencies will inevitably be based upon a series of policies that have at their core a need for public accountability and to some extent, a political expediency. The outcome of such policy interventions has traditionally been a suite of economic development 'growth products' that are generic in nature and risk-averse in operation, even if the rhetoric may suggest otherwise. This has often meant that the efficiency and effectiveness of such economic development 'products' fall far below the requirements and aspirations of the business community. Many such policy developments bear resemblance to 'Institutional theory', i.e. either mere adaptations of the growth approaches used by large firms, or the 'dilution' and simplification of economic textbook theories, or a combination of the two.

Also, in India, the volatility of Government policies in terms of increased FDI and high interest rates create asymmetry in the MSME sector. Those entrepreneurs with an active eye on the external horizon spot opportunities to collaborate with foreign firms and access sources of new funds and technology. In developing economies like India, which boasts a positive demographic dividend (the median age of the population is 27), there remains a question: Is the concept of 'economic growth' defined and understood more in terms of capital and/or labour? Or is it more about innovation? Narratives from the West suggest that it is innovation that drives economic growth. More labour (without the right skill development initiatives by the Government) is a building liability, and over-dependency on FDI (countered with high local interest rates) can starve local MSME of critical funds to upgrade their operations and compete on a level ground. This seems to have a de-motivating effect on the micro and small businesses that lean more towards survival than towards growth, mainly due to the needs of SMEs being in conflict with incoherent or incompatible government policy.

The upshot is that development policies are written in a language that fails to connect with the context of the intended audience (the MSMEs). There are linguistic disconnects, and widespread misinterpretations between and by stakeholders. The vernacular of policy making is not the vernacular of the small firm's 'day-to-day' operation. Our study suggests that lexical disparity, in the context of the language and meaning of growth in micro-business, could be overcome by developing alternative methods of policy delivery based upon an audit of the contextual ambiguity and interpretation of the meta-narrative. In other words, an understanding of the concepts of narrative, meta-narrative and meta-meaning is key to the development of meaningful policy for micro-business growth. In essence, we encourage policy makers wishing to communicate effectively with the micro-business audience, in terms of 'growth support' to adopt a lexis that is informal and socially constructed, and that is communicated mindful of the context of the respective SMEs.

## Conclusion: How entrepreneurs and governments can communicate more effectively with each other

The SME owner/managers in Wales are usually known to communicate with the Government through industry/sector-sensitive 'collective' forums. Examples in Wales include the Welsh Automotive Forum and the South Wales Chamber of Commerce. In India, this could be achieved through FICCI (Federation of Indian Chambers of Commerce and Industry), the CII (Confederate of Indian Industry), and other regional/industry-specific chambers of commerce. However, in India, the upcoming and small business entrepreneurs tend to believe that such forums support 'well established or educated' businessmen who are known to mostly to progress the interests of their 'inner circle', rather than those of the entire SME community - particularly those at the bottom of the SME population pyramid.

The wider members of the SME community hence need to be involved deliberately in the mainstream dialogue, where they are enabled to speak in a 'language' of their own business understanding and context. The academic community, business mentors (in the case of India) can play a role as interpreters (as observed in Wales). Moreover, individual organisations like ISBE (in the case of Wales) can play a progressive role in broadening the understanding of understandings of 'growth' within the wider SME community and not only the 'chosen ones'. There is need for a more qualitative research approach in this domain. We suggest a sector-wide regular audit of MSMEs, and of their particular definitions, understandings and requirements of growth. These findings then need to be analysed in order to create a language of growth that is holistically understood, and that addresses more effectively the concerns of the wider SME community.

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# Anchor Institutions and Regional Innovation Systems

For supporting micro and small businesses

## Nigel Culkin



*The after-shocks of the global financial crisis, the EU Referendum, the growth in popularity of the Regional Innovation System (RIS), and the growing use of the term anchor institutions, have highlighted the crucial and strategic contribution certain types of organisation can make to their local community. Drawing on contemporary literature on the entrepreneurial university and regional innovation systems, I explore some key qualities and problems around universities as anchor institutions, and also the role they can play for Micro and Small Businesses (MSBs).*

*Following recent UK Public Spending and Department of Business Innovation and Skills remit changes, I also highlight the way universities should - and must - take a lead role as an anchor institution within their region, especially in light of the recent Brexit decision. Such a role will include providing a wide range of formal and informal support, knowledge and resources targeted at micro and small businesses (MSBs), complementing usual Small and Medium Enterprise (SME) support ([Wilson, 2011](#)). Drawing on my experiences as President of the Institute of Small Business & Entrepreneurship (ISBE), I offer four different ways to enhance collaboration to enable MSBs to make maximum use of “anchor university” support.*

*Findings suggest a need for regional policy makers to embrace an innovation-supportive culture; one that would enable firms and systems to evolve over time, with anticipated outcomes far in excess of those envisaged from recent UK Government spending and business support changes. Such changes will close and replace some robustly evaluated programmes, designed to support small firm growth, with a Government commitment to cut red tape and by increasing the take up of [business rate relief](#) for an extra year.*

### Keywords

Anchor Institutions, Entrepreneurial orientation, Regional Innovation Systems, Entrepreneurial Universities, Growth, Small firms, devolution

### Introduction: how “localism” is driving the MSB innovation ecosystem

Whether you were part of the Remain camp or a Brexiter, the die has been cast. We have entered unchartered territories and - to borrow from a speech delivered in 1898 by the politician Joseph Chamberlain (father of British PM, Neville Chamberlain)

*“I think that you will all agree that we are living in most interesting times.”*



Even before this decision to leave the European Union was taken, the UK faced a productivity challenge in that its performance has weakened compared to the rest of the G8 economies. Nevertheless, research demonstrates that micro and small businesses (MSBs) are a key under-utilised resource for addressing this challenge. This is especially so when engaged in international and innovative activities, that account for 60 per cent of all private sector jobs and 47 per cent of revenue (ERC, 2015). Improving the UK's low productivity is a key challenge if we are to generate growth in the post-Brexit economy. While MSBs are a vital part of the economy, many commentators also recognise the key part played by business support initiative in helping stimulate growth amongst this group.

Take for example, [Growth Accelerator](#), a nationwide business advice programme for growth-oriented businesses, underpinned via a government subsidy. As is common in the vast majority of national programmes, Growth Accelerator was subject to numerous audits in order to evaluate its effectiveness. The estimates from government indicated that every £1 spent yielded benefits to the economy of between £4.54 and £9.92. If true, Growth Accelerator would have boosted the SME economy by £1bn (Mole, 2015).

Business support comes primarily from national government, but in the UK November 2015 public spending plans, the Department for [Business Innovation and Skills](#) was pressed to find 20% savings or face a possible a possible break-up. The Business Secretary argued it would be “a step backwards” if his department were abolished and while BIS remains, the Growth Accelerator ended abruptly the following month.

The closure of the Business Growth Service (BGS), which included the Manufacturing Advisory Service (MAS) and the Growth Accelerator Programme was announced by Anna Soubry, the Minister for Small Business. She said,

*“Where taxpayers’ money is used to provide support, this is best done at the local level which is why we’re providing further funding to growth hubs and away from Whitehall.”*



*BIS was formed in 2009 through a merger of the Department for Innovation, Universities and Skills and the Department for Business, Enterprise and Regulatory Reform.*

So, given all that we know since, and also the plethora of policy-inspired business initiatives since 1983 that are outlined in the Appendix at the end of this article, the question is, how will this local support happen and who is going to lead the regional level initiative?

## Think local, act local: Anchor Institutions and Regional Innovation Systems

In the rest of this article, I present some ideas as to why universities should take a central, or anchoring, role in this drive towards regional devolution. I believe that the benefits for the MSB community in embracing such an idea would come directly in the form of a) attracting foreign direct investment and b) increased retention of highly skilled talent. In Scotland alone, Universities are [cited](#) as a determining factor in almost half of all foreign direct

investment (FDI) projects. As a producer of highly-skilled graduates and postgraduates, generator of world-class research and development and found at the centre of industry clusters, universities help create the conditions that make Scotland the most attractive place to invest in the UK, second only to London.

As the devolution movement gathers pace, the terms anchor institutions and Regional Innovation Systems (RIS) will become increasingly important.

### Anchor institutions

Anchor institutions are nonprofit institutions that, once established, tend not to move location. Emerging trends related to globalisation - such as the decline of manufacturing, the rise of the service sector, and a mounting government fiscal crisis - suggest the growing importance of anchor institutions to local economies. According to Community-Wealth.org (a project of The Democracy Collaborative in the U.S.), in many places, these anchor institutions have surpassed traditional manufacturing corporations to become their region's leading employers. Their scale and local links mean that they can play a key role in local development and economic growth, representing the 'sticky capital' around which economic growth strategies can be built and innovation fostered at a local level ([Work Foundation, 2010:3](#)). I would argue that this is why universities have powerful credentials and potential to be key anchors within UK regions. We know that universities are *somewhere* (i.e. in specific geographic locations) in the UK and that *somewhere* matters, more than ever before.

### Regional Innovation Systems

Regional Innovation Systems encourage rapid knowledge, skills and best practice diffusion within a geographic area. Larger than a single city, an RIS is a supported innovation network that interacts regularly to enhance innovation in a region. The apparent shortcomings of traditional regional development models and policies, led Doloreux and Parto (2005) to develop a framework that highlighted the importance of regional scale and of specific and regional resources in stimulating the innovation capability and competitiveness of firms and regions:

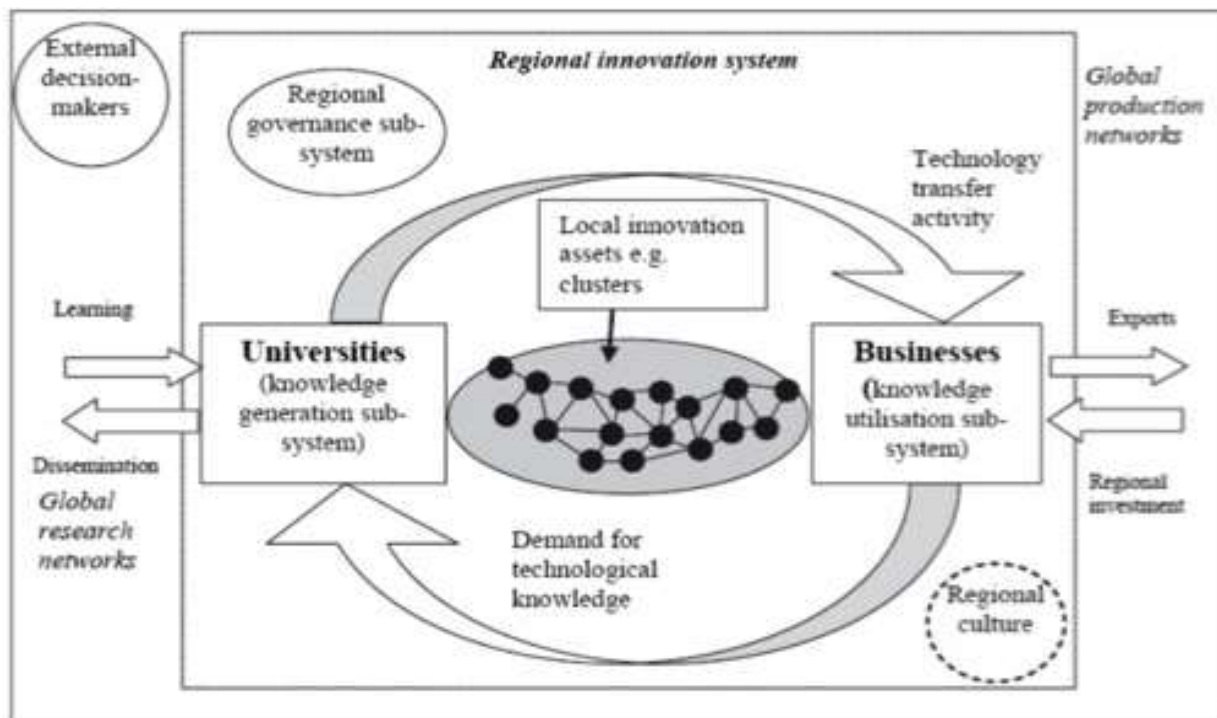
- firstly, the importance of interactions between the actors of the innovation system in relation to the exchange of knowledge;
- secondly, the set-up and the role of institutions supporting knowledge exchange and innovation within a region; and
- thirdly, the existence and role of RIS in regional innovation policy-making.

### ***The Road To Devolution***

*The five devolution deals announced since – Liverpool City Region, North East, Sheffield City Region, Tees Valley and West Midlands Combined Authority – all build upon a foundation of city deals, growth deals, combined authorities, enterprise zones and university enterprise zones (UEZs).*

Figure 1 below depicts the RIS concept, showing the main actors and dimensions and how they interact (Cooke and Piccaluga, 2004). As such, we can see how innovation is very much an interactive and dynamic process heightened by networking with related *actors*. Whilst lonely individualistic pursuit happens, more generally supportive, symbiotic relationships within networks trigger innovation. Innovation and technological advancements are very complex processes with mutual interdependencies. Figure 1 also illustrates how key anchor institutions act as a life support system, particularly for MSB growth firms.

**Figure 1. The Regional Innovation System**



Source: Cooke and Piccaluga, 2004

**The importance of supporting the UK MSB sector and improving start-up and scale-up survival rates**

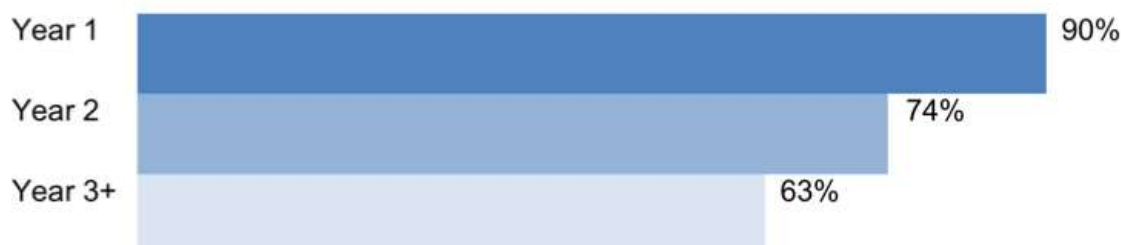
Without a political champion in Whitehall, it has not been easy to evidence the impact that the MSB sector makes on the UK economy, or the barriers it faces. The creation of the Enterprise Research Centre (ERC) in 2013 - with its core mission to help understand what drives small firm growth - has already gone some way to identify policies, structures, processes and techniques that are effective in supporting MSB growth and development.

**Enterprise Research Centre**

*The five devolution deals announced since – Liverpool City Region, North East, Sheffield City Region, Tees Valley and West Midlands Combined Authority – all build upon a foundation of city deals, growth deals, combined authorities, enterprise zones and university enterprise zones (UEZs). The ERC was established in 2013 to answer one central question, 'What drives SME Growth?' Originally funded by the ESRC, Innovate UK, BIS and the BBA, the ERC is a collaboration of senior researchers from Aston, Warwick, Imperial College, Queens University Belfast and the University of Strathclyde. The Centre aspires to become the international focal point for research, knowledge and expertise on SME growth and entrepreneurship).*

Thanks to the work of ERC experts we now know that MSBs employ 12.1 million or 60% of all UK employees. Equally important is the life expectancy of a MSB; just 63% manage to survive their first three years trading, as can be seen in Table 1. What's more alarming are the findings of Anyadike-Danes & Hart (2014), who point out that of all UK firms born in one given year (1999 in this particular study), around 90% no longer existed after fifteen years. Of that cohort, only about 5% of those start-ups add a substantial number of jobs to the UK economy.

**Table 1: Life Expectancy Rates of a MSB**



Passing the five-year survival point and building critical mass of five or more employees massively increases an MSB's survival chances. This is one reason why we need anchor institutions with a remit built in, to help firms through those early years – from start-up to scale-up. The 2015 [CMI/CABS survey](#) highlighted limited business capabilities in many MSB's. For example, three quarters of UK customers shop online, but 44% of MSB's have no website, 71% are not mobile ready and 69% do not use social media marketing, thus missing significant revenue opportunities. Moreover, only 7% of MSBs seek support to increase productivity. Universities have the capabilities, in the form of industrial placements, student projects and more, to make significant inroads in the resourcing requirements of local MSBs.

### Making the case: universities as anchor institutions

Without a political champion in Whitehall, it has not been easy to evidence the impact that the MSB sector makes on the UK economy, or the barriers it faces. The creation of the Enterprise Research Centre ([ERC](#)) in 2013 - with its core mission to help understand what drives small firm growth - has already gone some way to identify policies, structures, processes and techniques that are effective in supporting MSB growth and development. Certain universities already play a key role in enterprise support and entrepreneurship within their region. They do this by responding to the need to develop competent individuals to work across commercial and public sectors and cope with today's uncertain and complex business environment. UK universities are

#### **Case Study 1: Digital Estate Value-Added Reseller**

*Hertfordshire Business School (HBS) is Hertfordshire's principal regional university and as such attracts significant inquiries from the local business community. These inquiries are often related to existing business challenges, specifically those associated with skills gaps in three main areas: marketing related, product development and operational issues. One such business RealTech, approached us in 2008 with a small project for our Graduate Consultancy Unit, this involved us evaluating the current trends concerning digital estate in Tier 1 retailers. Our Graduate Consultancy Unit (GCU) was made up of undergraduate final year, postgraduate students and a group of academics with various sector and enterprise competencies.*

*RealTech were keen to both understand the current digital estate in these Tier 1 Retailers, and to also understand the customer's use of these information systems, and their appetite for more. The GCU delivered its first report, details a technology vs. product roadmap, and suggestions for RealTech concerning future customer latent needs. They commissioned a second study involving accompanied shopper journey research, again a report was delivered*

learning how to teach enterprise and entrepreneurship programmes, in a way that goes well beyond the physical confines of the business school, extending across the institution and embracing wider networks (James & Culkin, 2015).

*Four years later RealMedia came back to us, this was a Management Buy-Out (MBO), from the original RealTech, and were looking for another study. In the intervening four years, we have conducted two contract research projects, and had two postgraduate student project teams work with RealMedia to provide further Market/Product Concept testing assistance.*

Such universities, located at the heart of a defined region, encourage innovation amongst MSBs, stimulate entrepreneurial aspiration from students and provide skills, knowledge and experience to help start their own business. In so doing, they send signals about innovation and growth to smaller businesses (Mason, 2014; Culkin & Mallick, 2011). Universities can stimulate regeneration, skills acquisition, innovation; and business support, provided that businesses understand the scope of what is available (See Case Study 1).

One only has to look at the citations for each of the eight [Entrepreneurial Universities of the Year Award winners](#), and the REF2014 Impact Case Studies (that speak to small business and entrepreneurship), to see the anchoring role certain universities already play for the MSB sector, as well as the wider business community ([Witty, 2013](#)).

## What does a successful anchor institution do?

I want to conclude with a call to action. Despite the uncertainty that a Brexit victory has caused, there are four simple steps required in order to enable universities to take on the mantle of anchor institutions, operating at the heart of their regional innovation system and helping the MSB sector grow and prosper in an increasingly devolved nation. These activities involve boosting university-business collaboration, simplifying and clarifying collaboration processes between, government, universities and businesses, encouraging MSBs to become strategic and entrepreneurial thinkers, and positioning universities as thought leaders in their local labour market. In the following sections, I elaborate on these propositions.

### 1. Boosting university-business collaboration

MSBs need to value opportunities to collaborate with universities. Hughes & Kitson, (2013) and [NCUB](#) (2014) found that '*universities and colleges are brimming with expert knowledge that attracts scholars and businesses from all over the world. However only a small percentage of UK firms cite universities as their principal source of information for innovation (5% of SMEs and 2% of larger firms)*'. It is not surprising therefore that Dame Ann Dowling's [Review](#) of Business-University Research Collaborations in the UK (2015), highlighted that collaborative R&D funding for commercial projects with two or more academic partners was twice as high for those without any academic partner.

### 2. Simplifying and clarifying collaboration processes between, government, universities and businesses

There is massive potential for universities to raise impact through simplifying and clarifying agency support roles. Dowling (2015) found that complexity causes frustration and confusion, especially among MSBs. Hence the UK economy is not reaping full potential from connecting businesses with University research, and such arrangements need simplification. Projects should be needs-driven. As Kevin Mole (2015) argued in the [Guardian](#) Newspaper "*Growth hubs are certainly interested in the*

same outcomes as ... government, but will not deliver more effective programmes than [Growth Accelerator](#)..... because the programmes and projects are developed on the basis of the funding, rather than an evidence-based view ..... abrupt policy changes undermine confidence and squander resources. Closing Growth Accelerator was costly – not for the Treasury but for the economy as a whole.”

Initiatives targeted at MSBs need to be tailored and targeted to specific market niches. Smallbone *et al.* (2015) believe that many market failures in the small firm sector result from *a one-size fits all approach*. In addition, key *mind-sets* and personality drivers need to be better understood. Support for different MSB owner-manager personality types and helping businesses in a targeted way at critical stages in their development are important. Focusing on identifying MSBs with greatest growth potential is highlighted in a BIS Paper (2015) on the [Sociology of Enterprise, which](#) distinguishes between *growth inclined* businesses (where there is a strong vision for the future) and *growth ambivalent* and *growth resistant* organisations. Initiatives characterised by a psychological dimension will help to target scarce resources on improving start-up and small business scale-up success rates.

The lack of growth-focused organisations has returned us to a *policy proliferation period*, during which [Greene and Patel](#) (2013) noted that 891 different sources of support for MSB's and 18 access to finance schemes co-existed. This is hardly the most efficient arrangement, some might say, and we need to make a more determined effort to learn from other approaches elsewhere in the world (e.g. Mazzucato, 2013; Kellor & Block, 2012).

### 3. Encouraging MSBs to become strategic and entrepreneurial thinkers

Start-ups need to balance enthusiasm with strategic clarity in order to scale-up. Universities can help with strategic thinking, whilst acknowledging that recovering from a flawed strategy is very challenging. MSB start-ups need to balance being *strategic entrepreneurs* with living as enthusiastic *opportunity seekers*. A lack of strategic focus is at the heart of many business failures. Entrepreneurial ventures are often effective in identifying opportunities but less successful in developing competitive advantages to drive value (Culkin & Smith, 2000; Ireland *et al.*, 2003). The chances of moving from start-up to scale-up can be improved by paying attention to three key, inter-related strands. These are:

- Strand #1: Making appropriate decisions about strategic positioning, “knowing where to play to win”
- Strand #2: Finding “focus for maximum impact”.
- Strand #3: Determining to follow “the minimum route to success and maximising limited resource usage”.

Business School academics know that when it comes to leadership, the skills required to steer a start-up through its first 12-18 months are very different from those required during the subsequent scale-up period. The skills needed to attract, develop and mentor can place additional unforeseen burdens on the MSB founders during this period. This can often create a need to bring in a new skill set from outside in the form of faculty with experience of navigating a much larger, more mature form of company.

#### 4. Positioning universities as thought leaders in the local labour market

Universities drive thought leadership and prompt fresh thinking. People find it increasingly difficult to progress from low to high skilled jobs, which partly explains why many consider setting up an MSB. Anyadike-Danes & Hart (2014) stressed that universities can support individuals in the labour market, concluding that just over one in four of all jobs in the private sector are destroyed or created over an average of 12-month period. Coupled with the survival rate of MSBs, *joined up thinking* is essential to universities when approaching the MSBs and the low skilled sector. This is why, as part of its [RAKE](#) initiative in 2015, [ISBE](#) focused on the role of anchor institutions. In today's *primary* labour market individuals receive training to keep pace with technical change and raise productivity. In the *secondary* labour market and within MSBs, people gradually fall behind in skills. Universities enable networking opportunities and can help MSB and the lower skilled sectors alike.

#### Concluding Mantra: think local, deliver applied research, and collaborate

Here, I have set out the role universities can play - as anchor institutions within a devolved regional innovation system - for the benefit of MSBs. My view is that much value can be gained when universities lead in terms of providing thought leadership and offering initiatives to support MSB communities to help overcome systemic concerns that hold back competitiveness and innovative performance. A recent Universities UK [blog](#) highlights the direct and indirect effects that universities can have on the economic, cultural and social spheres in the areas they operate. Long-term challenges, that include hard-to-fill vacancies and skills shortages, demand systemic solutions. Universities have a pivotal role to play through their relationships, especially at local level, and fulfilling management leadership needs. These can be combined as the basis of new local learning and innovation ecosystems, engaging learning providers, employers and other stakeholders into a shared solution.

The majority of academics live in the same region as their host university, which recruits the majority of their students and governing bodies from the cities and regions in which they are located. As Dowling (2015) says "We need a change of culture in our universities to support and encourage collaboration with industry. In the UK we can be a bit dismissive about research that actually has an application, but in reality such use-inspired research can be truly excellent."

I would add that collaborations with industry should focus on the local catchment area and start with micro and small businesses. This would acknowledge the importance of "*the somewhere*" which the winners of the eight Entrepreneurial Universities of the Year Awards recognised.

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# *Appendix: A chronology of Government support initiatives for business (1983 – 2009)*

## **The Department of Trade and Industry (1983-2007)**

**1983** Margaret Thatcher announced that the Departments of Industry and Trade would be merged to form the Department of Trade & Industry (DTI). The new Department combined the functions of the previous Department of Industry with the commercial relations and trade functions of the Department of Trade. The Department gained responsibility for radio frequency regulation from the Home Office whilst responsibility for the shipping policy, marine and civil aviation policy and international aviation and the accidents investigation departments were transferred to the Department of Transport.

**1985** David Trippier was designated Minister with special coordinating responsibilities for issues relating to reclamation and recycling of waste. Mr Trippier combined this new post with his then current one of Minister for Small Firms. Later in the year these functions were transferred to the Department of Employment.

**1987** The Enterprise and Deregulation Unit (EDU) and Inner Cities Unit (ICU) were transferred to the Department from the Department of Employment.

**1988** On 12th January Lord Young announced a new role for the DTI in a White Paper entitled "DTI - the Department for Enterprise". The following reorganisation caused the industry divisions to be replaced by market divisions, which were organised by sector and covered a wider range of activities.

**1990** Nicholas Ridley announced a DTI reorganisation following the conclusion of the review started by Lord Young. The DTI's work would be grouped together in new divisions, each responsible for an overall policy theme. The new divisions that were created included: Business Task Forces; Information Technology; Manufacturing Technology; Telecommunications and Posts; Economics, Market Intelligence and Statistics.

**1991** The creation of the Joint Directorate was announced. This new unit was drawn from the staff of both the DTI and Foreign and Commonwealth Office FCO. From April all export services available through DTI and FCO were marketed under a new brand name 'Overseas Trade Services'.

**1992** On his appointment to the DTI on 11th April Michael Heseltine chose to revive the title President of the Board of Trade instead of using the now more usual title of Secretary of State. The Department of Energy merged with the DTI. It then took responsibility for small firms from the Department of Employment. However the Inner Cities Unit was transferred to the Department of the Environment, work on films and the export licensing of art to the new Department for National Heritage and the Financial Services Division would move to the Treasury the following month.

Also in **1992** Michael Heseltine announced a major DTI reorganisation which reshaped the Department to relate more closely to sectors of industry. Eleven new divisions were created, seven of which were sectoral divisions.

**1993** A new hotline called 'Business in Europe' was launched to help UK companies to do business in Europe.

**1995** The Department of Employment was merged with the Department for Education to become Department for Education and Employment (DfEE) The DTI inherited the functions of industrial relations from the Employment Department. Also from the Cabinet Office came the Office of Science and Technology (OST). The Competitiveness Division and Deregulation Unit were transferred from DTI to the Cabinet Office.

**1998** The new Labour Prime Minister Tony Blair undertook a cabinet re-shuffle and appointed Peter Mandelson as Secretary of State for Trade and Industry.

**1999** In April, the Overseas Trade Services of the DTI were combined with the overseas posts of the Foreign and Commonwealth Office to form British Trade International. British Trade International is headed by a Chief Executive answerable directly to the Secretary of State for Trade & Industry and the Foreign Secretary.

**2001** Major changes in the responsibilities of the DTI included taking over responsibility for the Regional Development agencies and the construction industry from the former DETR.

**2005** Following the May General Election the DTI's name was changed to the Department for Productivity, Energy and Industry. But within a week the old name had been reinstated.

**2007** three new departments were formed from the DTI, DFES and the Better Regulation Executive. The work of the Office of Science and Innovation was moved to the new Department of Innovation, Universities and Skills. The rest of DTI and the Better Regulation Executive (BRE) from the Cabinet Office became the Department for Business, Enterprise and Regulatory Reform with John Hutton as its first Secretary of State.

**2016** July – following the Brexit outcome, giving a popular mandate for the UK to withdraw its membership of the European Union, we can expect further business initiatives and reorganisations

# Learning gains for SME owner-founders

## Through the 5Cs framework of business school growth programmes

**Andrew Greenman**



*This article summarises my three years' experience of being immersed in dialogue between SME owners and Nottingham University Business School. I use participant insights to contribute a 5Cs model intended to help articulate learning gains for SMEs through business school programmes more generally. I examine the question of how business schools can articulate better the learning gains for local SME owners of such growth programmes, using material from interviews, feedback forms, observations and a visual recording workshop. I draw upon the perspectives of three cohorts of SME owner-founders on the value of attending a twelve-month business school programme, framed within the*

*5Cs model. This summary helps to articulate the value that is created when business schools and SME owners engage in meaningful and purposeful dialogue and learning. I conclude that business schools are in a unique institutional position to contribute to SME growth by creating learning ecologies that draw upon diverse expertise. I argue that, in so doing, they have a particular contribution to make as 'institutional anchors'. In the interests of anonymity, I have changed the names of any respondents whose feedback I have quoted.*

### **Keywords**

5Cs model; business schools; growth; leadership development; institutional anchoring.

### **Introduction**

*"I really gained a lot from Growth 100 but when I signed up I had very little idea what to expect or what I would get. I read the course description; attended your breakfast briefing and spoke with some of your previous participants. Despite all that I arrived at the first session with little idea of how I would gain."*

(Tanya, SME owner).

Tanya's quote is taken from an interview conducted after she completed a 12-month business school growth programme called Growth 100. It encapsulates a communication gap we experienced between a business school and local SME owner-founders. The gap raises questions about how to connect theoretical knowledge to the practical challenges SME owners face when growing their firms. This raises a number of

questions about the value of business school knowledge. First, there is a question about the epistemological status assigned to business school knowledge. Second, there is a pedagogic question about how business school knowledge is absorbed and transformed to support profit-generating entrepreneurial activities. Third, the gap presents a real challenge for those involved in designing programmes intended to bring business schools and local SMEs into closer alignment. Fourth, there is a policy question as the gap constrains the process of business schools becoming institutional anchors in the local economy (Young, 2013, Smallbone et.al 2015).

As programme director for multiple SME programmes, I design and deliver leadership and management courses. I approach this as an opportunity *'to create a space in which the dialogue between business schools and small businesses can take place'* (Greenman, 2014).

## Background

Evaluations of growth programmes report that learning is most valuable when it is closely connected to the realities of running an SME. SME owners are time- and task-pressured. They often work in isolation and lack the opportunity to create and review growth plans regularly. Entrepreneurial activities intended to drive growth therefore tend to be opportunistic, untested and unplanned. Growth occurs as part of the everyday activities that unfold in SMEs within the office, socially and at home (Down, 2006).

**Figure 1: East Midlands Region (Source: D2N2 Local Enterprise Partnership)**



Growth is a complex process directly influenced by the Leadership and Management (L&M) skills of SME owner-founders (Hayton, 2015). This is problematic as many lack formal training (CIPD, 2014) and 'strategic space' to formulate and monitor growth plans (Jones et al 2013). SME policy has long sought to address these problems and recently business schools have been identified as central to developing entrepreneurial ecosystems (Auerswald, 2015). More specifically, business schools are expected to contribute to L&M development (Barnes et al 2015, Lockett et al, 2013, Smallbone et al 2015, Young, 2013) to drive SME growth.

A number of business school initiatives have emerged to provide L&M programmes for SMEs (e.g., the Small Business Charter's Growth Voucher scheme; Goldman Sachs 10,000, LEAD, London Stock Exchange Elite). In 2012, Nottingham University Business School (NUBS) was commissioned to develop a similar offering for Nottingham City Council. The programme was part of a city growth plan that sought to increase the contribution of all types of SMEs (e.g., start-up, scale-up, family owned, all sectors) in the local economy.

## **Growth 100: Design Principles**

Growth 100 was designed with two key learning aims. First, to improve the business (i.e., its organisational design and processes) and second, to encourage leadership development in local SME owner-founders. The programme was guided by the following principles:

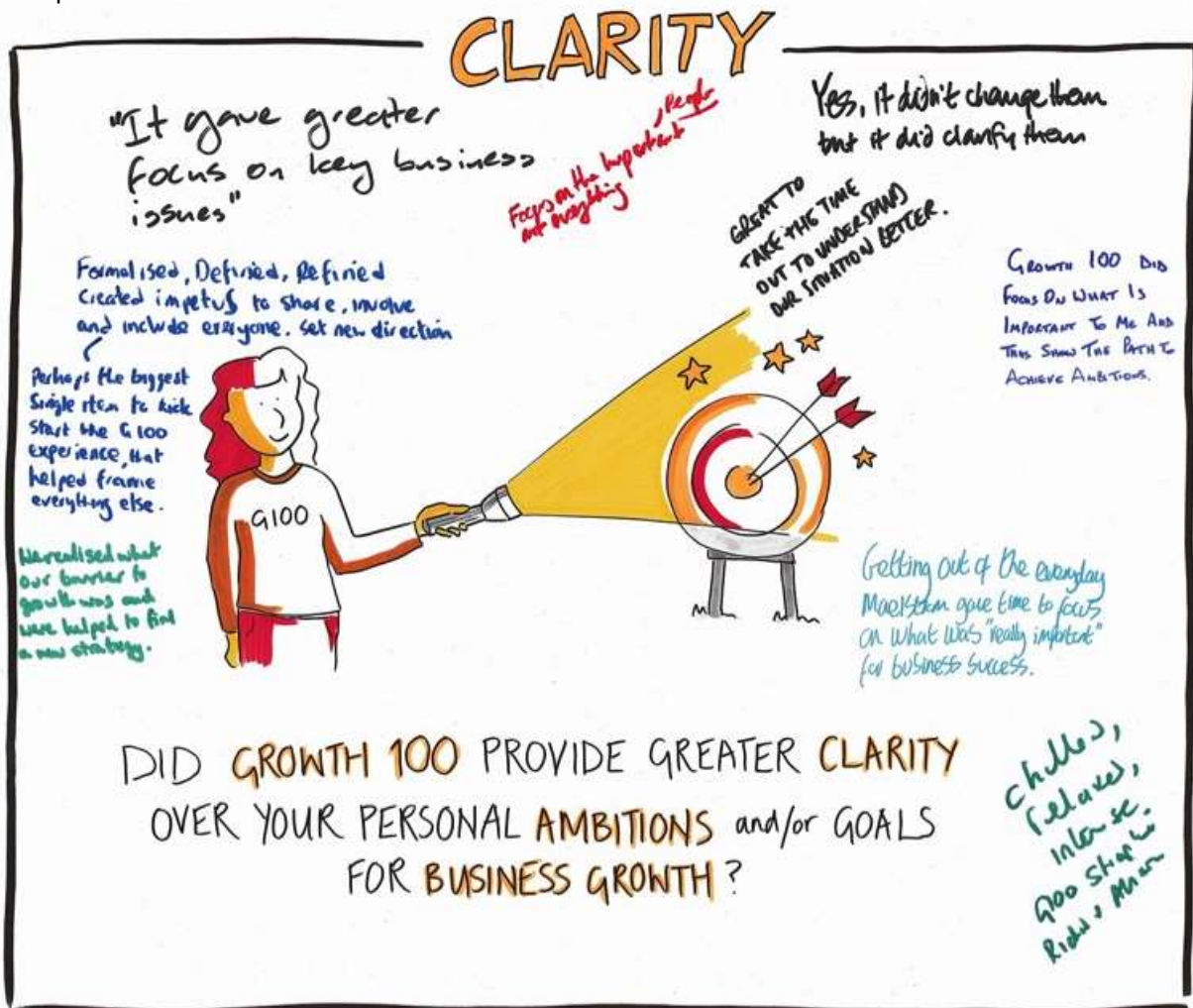
1. ***Putting the SME owner at the centre of the programme.*** Growth 100 was a bespoke programme designed by NUBS' Executive Education to address the learning needs of SME owners. These were established by asking applicants to provide personal statements explaining why they wanted to grow as leaders? What their growth ambitions were? And how they expected the programme to help them to achieve growth? Interviews were also held to establish gaps in each applicant's skills and practices. Learning needs and gaps were continuously evaluated and monitored to ensure the sessions were addressing participants' needs.
2. ***Drawing from a wide network of experts with relevant insights into small firm and entrepreneurial growth.*** Growth 100 utilised a wide range of experts with direct experience and knowledge of SME growth. This extended faculty included visiting professors, partners in professional service firms, business consultants, successful entrepreneurs and senior managers from local businesses.
3. ***Delivering a high quality learning experience by using a variety of learning methods.*** Growth 100 included mini-lectures, action learning sets, individual reflection, a peer support network and other methods used in work-based learning (e.g. role-play). This diverse mix encouraged participants to challenge each other and gain different perspectives on business growth.

Growth 100 ran from 2013-2015 with three cohorts of 25-30 local SME owners completing. There were 12 sessions each lasting eight hours. These covered a range of topics central to growing businesses, such as strategy, leadership, managing people, operations, sales, marketing and finance.

During the programme two mentors (myself and one other faculty member) made fieldnotes by observing the learning as it unfolded. After the programme we conducted semi-structured interviews with 12 participants to ask about their experience of the programme. As programme director I was involved in the design, delivery and evaluation of every session. From this position I was able to gain insight into how participants, mentors and guest speakers defined the value of growth. Participants were also asked to complete a poster summarising their growth plan. Using thematic analysis we analysed these materials and identified five learning gains that were consistent across all three cohorts. To test the validity of these themes we hosted a visual recording workshop using funding from the Economic and Social Research Council. During this workshop, participants were invited to annotate five posters with images representing the themes. The posters were created by one of the course participants (Cara Holland, Graphic Change). The posters were placed on a wall with a printed definition. The following section summarises these insights as the '5Cs Model'. Below, I include images of the posters and quotes from interviews.

## The 5Cs Model

The 5 Cs in the model are clarity, coherence, consistency, confidence and community. I deal with each of these aspects in turn.



### Definition of clarity

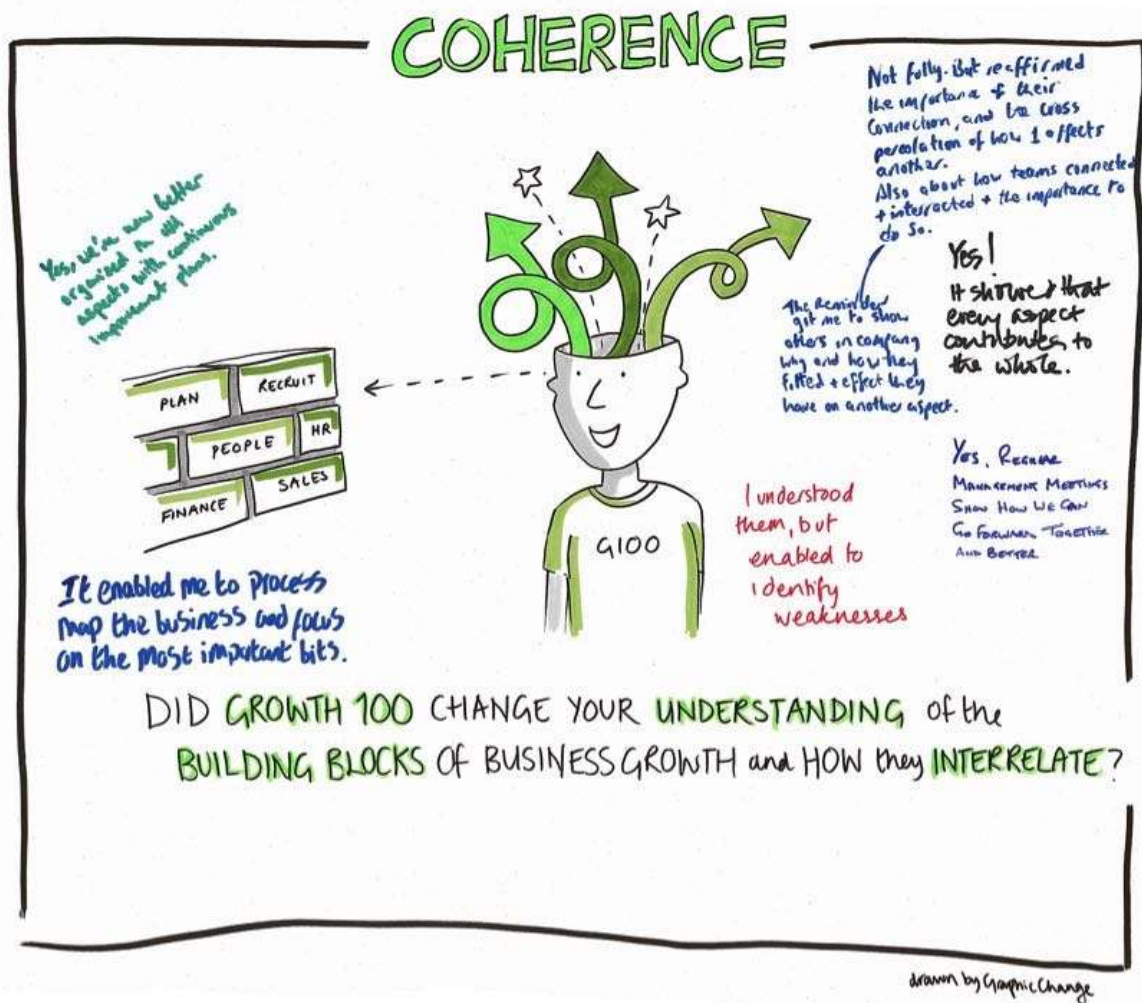
Clarity is vital for determining the strategic direction of growth. It focuses attention on opportunities for profitable expansion and helps overcome challenges.

Participants frequently cited the value of discussing with others their plans for business growth. Gaining focus was the term they used, as comments on the first poster show. Focus and clarity were key themes in the interviews as participants explained the value of gaining perspective on activities expected to drive profitable growth. One participant described this as 'abstracting their business'. This summarises how the learning helped participants step away from their everyday tasks and take a more strategic view. Clarity referred to focus within current activities and on future goals for growth.

"I realised I needed to create time to pause and consider the next step."

"(G100) Gave us focus and direction to seek out more profitable markets and the ability to capitalise on them."

"I found the programme frustrating at first because I expected to be told which direction I should grow. It took a while to realize I needed to work that through for myself."



### Definition of coherence

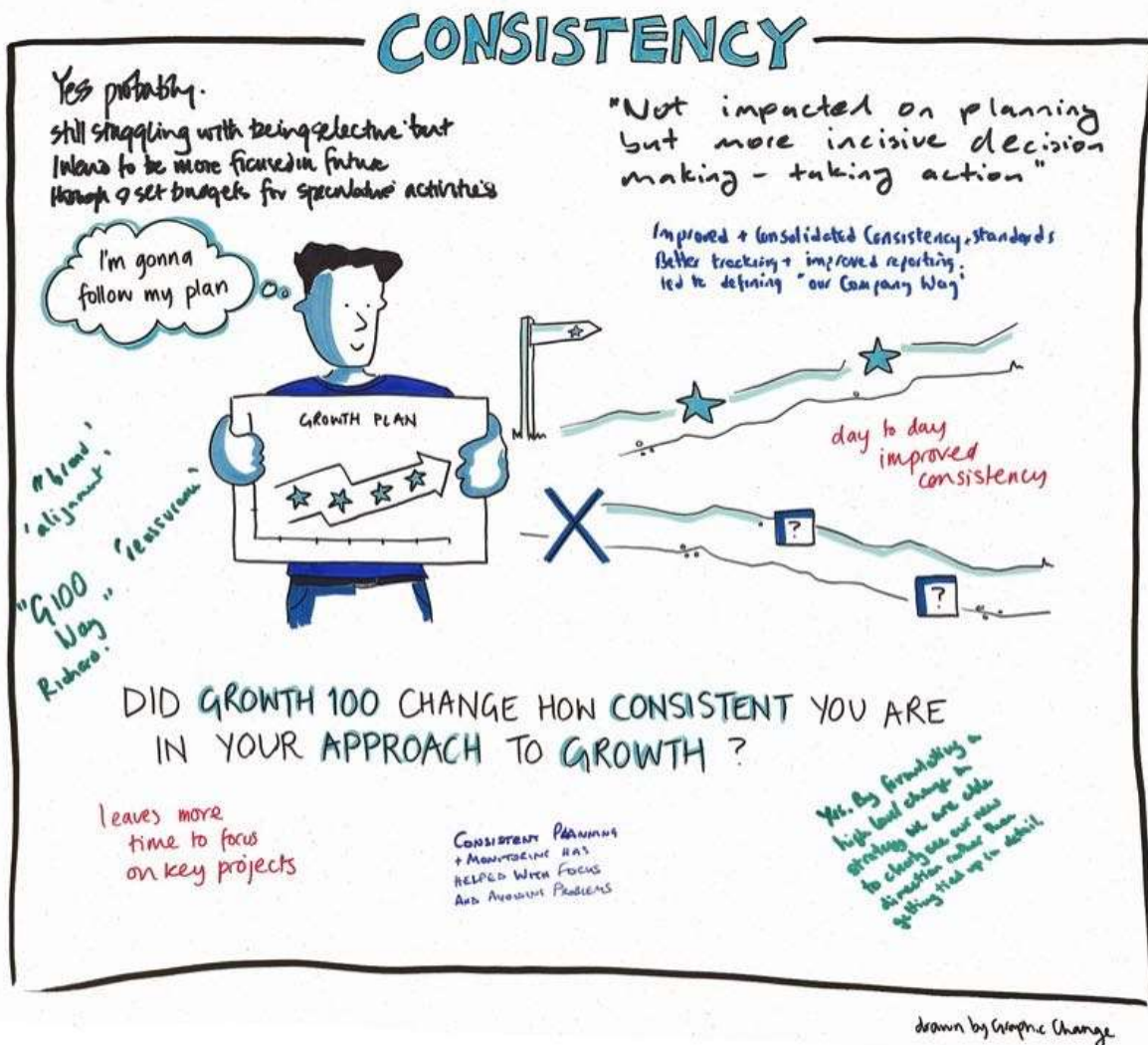
*Understanding the building blocks of business and how their interrelationships drive and sustain growth.*

Breaking business growth down into building blocks helped identify weaknesses and encourage continuous improvement. Growth 100 produced this learning gain by creating a structure for regularly reviewing business performance. Insights from guest speakers and participants were combined with frameworks (e.g. process mapping and analysing constraints) to find areas for enhanced performance.

*"I realised I did not know my business as well as I thought I knew it."*

*"It helped identify areas that needed focus and cut out distractions."*

*"G100 nudged me into improving our processes."*



## Definition of consistency

*The discipline of regularly and rigorously monitoring performance of growth projects.*

Many participants explained how the programme encouraged them to review growth projects regularly. Celebrating success and discussing growth challenges helped participants to review their plans systematically. Each session provided a milestone for reviewing performance and strengthening discipline (e.g. budgeting, tracking and measuring). Participants reported how this created more time to focus on 'high level challenges' rather than getting tied up in detail.

Rigour and systematic review built reassurance about the strategic direction of growth. This increased awareness of the importance of monitoring and helped to embed more consistent management practices.

*"It made me think more objectively about which factors are attributable to successful firm growth."*

*"G100 helped create action plans with more purpose."*





### Definition of confidence

*The self-belief to keep going and motivate others to follow your growth plans.*

The posters and self-evaluation questionnaires (see Figure 1 below) confirmed that increased confidence was a key learning gain from Growth 100. This reveals the value placed on dialogue with other SME owners and experts.

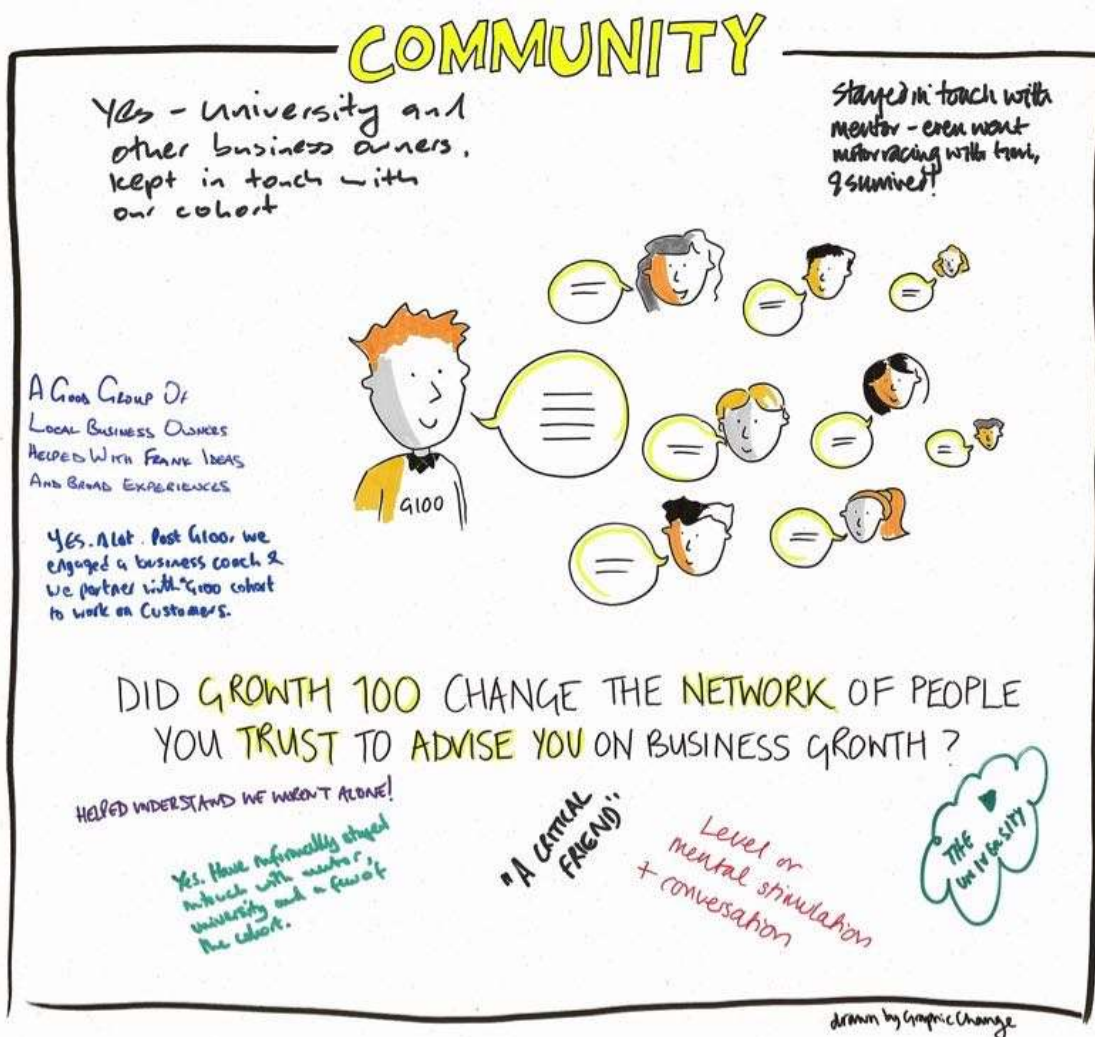
### How did Growth 100 Impact on Your Business Growth?

Participants reflected on how Growth 100 had broken them out of an insulated experience and provided an opportunity to discuss growth with a sounding board. Increased confidence helped participants to evaluate growth decisions, renew motivation and recharge their energy.

*"I've got the confidence to dig deeper and look at why and how things happen."*

*"I now feel stronger to drive through business objectives and to experiment."*

(See Figure 1, below)



## Definition of community

*Dialogue with experts and likeminded business owners about the experiences and challenges of growth.*

Connecting with likeminded local business owners provided a rare opportunity to learn how others in similar sized businesses were experiencing growth. This created a community of what one participant described as 'critical friends' which included other SME owners and mentors who provided stimulation, conversation and support.

The poster shows how business owners kept in contact after the programme, which supports the idea that business school programmes can help with developing entrepreneurial ecosystems. Figure 2 below also validates the value of interacting with other business owners.

*"It opened me up to creating new contacts to widen my network."*

*"I realised the need to get external support to challenge what I do and why."*

*"It is vital to share experiences and your thoughts and emotions with other participants."*

Figure 1: How did Growth 100 Impact on Your Business Growth?

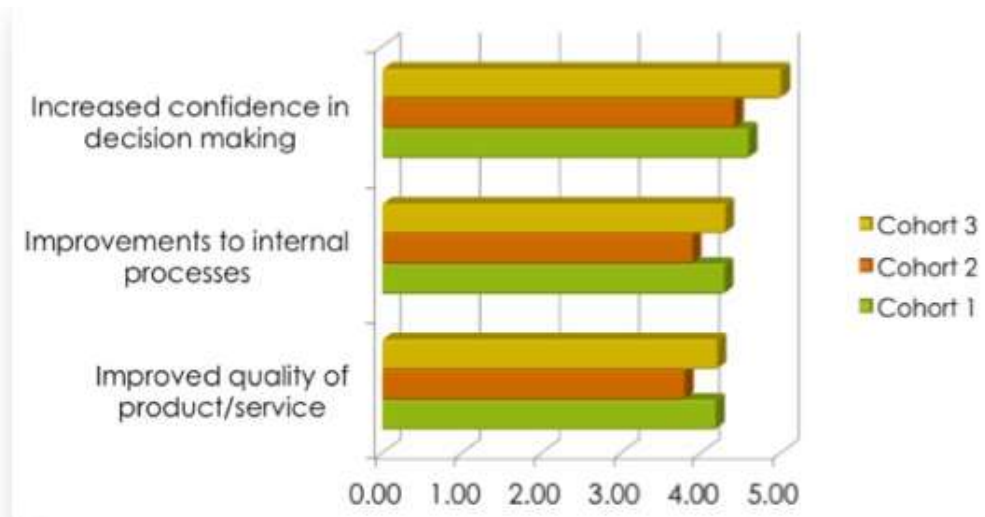
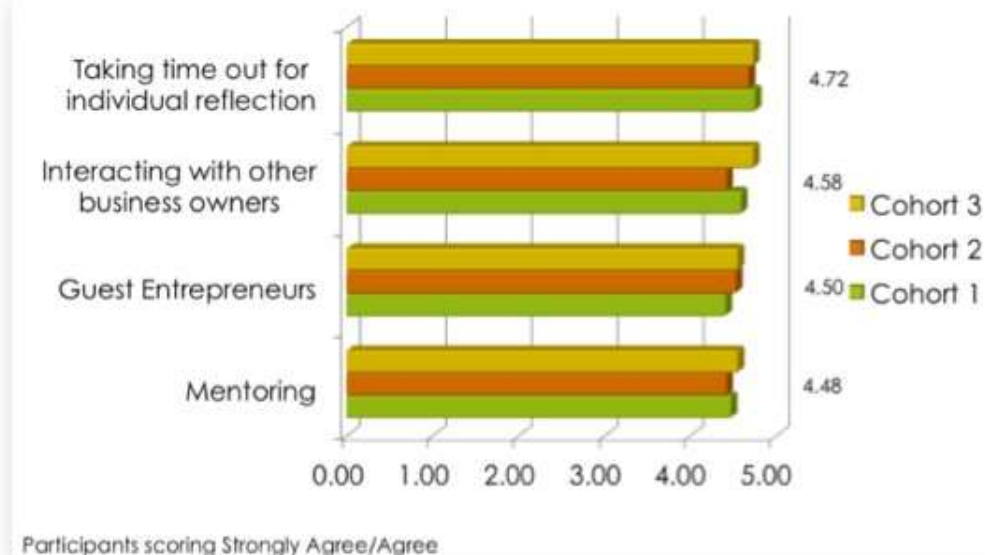


Figure 2: What was most valuable about the learning experience?



### Implications for Business Schools

The 5Cs model may be useful for articulating how business schools add value for local SME owner-founders.

I summarise these gains as follows:

1. Business schools provide SME owner-founders with an opportunity to gain clarity over the **direction of growth**.
2. Business schools can enhance the **coordination of the building blocks** of business growth.
3. Business schools can encourage more **consistent reviewing** of growth plans and projects.
4. Business schools can **renew the confidence** needed for growth.
5. Business schools can create **communities that connect likeminded local SME** owner-founders and extend their networks.

## Business schools as institutional anchors

These propositions help define the unique value that business schools bring to SME growth by extending the institutional anchoring mission of universities to drive regional growth. As I wrote in the Introduction, typically, this has been achieved through transferring technical knowledge through consultancy, corporate research projects, licensing IP and creating academic spin-outs. L&M programmes for SMEs add to these activities by drawing on the institutional power of business schools (Greenman and Holstein, 2016). This can be used to create *learning ecologies that draw together diverse expertise to enhance L&M skills and practices*.

Business schools have a role to play in blending diverse forms of expertise into one learning space where SME owners can enter into dialogue with academic faculty and associates (e.g. visiting professors, professors-in-practice). Business schools can also draw on alumni who are habitual entrepreneurs, investors and members of professional service firms to add to the credibility and richness of the learning ecology. Finally, SME providers gain access to students who provide temporary support (e.g., placements, MBA company projects) and to careers and recruitment services. These institutional resources create gains for SME owners, Universities, faculty and local authorities through the unique dialogue business schools can have with SME owners. These gains are summarised in Table 1.

**Table 1: Wider Gains from Business School SME Programmes**

	Gains
SME Owners	<ul style="list-style-type: none"> <li>• Access to business school research knowledge base.</li> <li>• A programme designed to expand leadership and management skills and practices.</li> <li>• A better understanding of how to draw on business school resources (e.g., student placements, projects (e.g., MBA projects) and graduate recruitment services).</li> <li>• Connections for technical consultancy (e.g., innovation vouchers)</li> </ul>
University/Business School	<ul style="list-style-type: none"> <li>• Financial and non-financial gains from running SME engagement programmes.</li> <li>• Reputational gains by demonstrating commitment to enhancing local communities.</li> <li>• Evidence of contributing to an enterprise ecology which may be leveraged in related funding bids (e.g., University Enterprise Zone)</li> <li>• Accreditation outcomes</li> <li>• Guest speakers and projects for taught programmes</li> </ul>
Local Authorities	<ul style="list-style-type: none"> <li>• Job creation including apprentices</li> <li>• A cohort of growth oriented SME owners</li> <li>• Reputational gains from being associated with local SME growth</li> </ul>
Faculty	<ul style="list-style-type: none"> <li>• A different audience with whom to develop the practical relevance of research</li> <li>• An opportunity to develop teaching and learning skills with business owners</li> <li>• Contacts for research</li> <li>• Reputational gains from being involved in a university programme</li> </ul>

Overall, our experience suggests that executive education provides a space for SME owner-funders to move dynamically between relevant theory and practice (see conclusions).

### What business schools can offer SME owner-founders

The 5Cs model also helps answer a typical SME owner-founders question of: ‘So what’s in it for me?’. I summarise these implications in the example messages below:

6. Business school programmes can help improve clarity over growth by providing a **structure to review growth plans**.
7. Business School programmes can help provide **greater control and cohesion**, by regularly submitting SME growth plans for a health check that test how each part of the business is functioning and areas where improvements can be sought.
8. Business School programmes can help **monitor the implementation** of growth plans. This will add rigour to decision-making.
9. Business School programmes provide a **confidence boost** and increase the energy required to lead growth.
10. Growth programmes can create a **community of likeminded business owners** to share positive experiences and challenges.

To achieve these gains a number of challenges had to be overcome. These are summarised in Table 2 below. Typically, such challenges involved preparing faculty and associates for sessions and managing the participants’ learning journey to ensure that the experience was relevant and useful as well as interesting. Developing a high quality learning ecology for SME owners is resource intensive, which is a key consideration for policy and universities.

**Table 2: Challenges in Business School Programmes**

Issue	Challenge
Recruiting and Managing faculty and associates	To deliver high quality learning experiences it is necessary to recruit faculty and associates with expertise relevant for founding, scaling and exiting businesses. This required a mix of academic knowledge, teaching excellence and credible business experience. Finding this presents a recruitment challenge.
Balancing short-term fixes with deeper learning	Many participants expected the business school to help resolve immediate challenges with quick fixes. This demand had to be balanced with encouraging participants to develop the ability to think more strategically and to resolve their own challenges.
Accommodating broad growth intentions	SME owners have different growth intentions. This presents a challenge of ‘pitching’ programmes at people with different rates of growth in mind.
Managing different meanings of growth	There is no single agreed meaning of growth. Instead, there is a challenge in managing different and sometimes conflicting meanings (e.g., investment driven; encouraging entrepreneurial innovation; succession in a family-owned business; developing high performing work practices etc).
Resources	Creating and maintaining high quality programmes creates a significant resource need. From design to delivery an excellent learning experience increases costs.

## Summary

In this article, I have presented the 5Cs model to summarise the value Growth 100 participants derived from a particular business school programme. Although based on the experience of three cohorts within a single programme, the model suggests strongly the value for SME owners of joining a temporary community to review growth plans and learn about business growth regularly. The business school provides a safe harbour for this learning. Its networks and institutional positioning help connect SME owner-founders to entrepreneurial ecosystems.

I have illustrated how SME owner-founders can overcome their doubts and uncertainties about the value of business school programmes. More work is required to refine our understanding of both the learning gains that such programmes offer and the barriers to learning. The findings suggest that real gains can be made to close the gap between business schools and SME owner-founders through a shared commitment to engaging in purposeful and meaningful learning.

## Conclusion

Our experiences on the Growth 100 programme informed by the 5Cs framework suggest that business schools can impact positively on local SME growth by creating high quality learning ecologies. These require new configurations of knowledge, especially the link between academic and extended faculty (consultants, professional advisors, habitual entrepreneurs), who are vital for building credibility. The influence of experienced executive education faculty has been central to developing such a link and channeling it into the creation of a learning ecology. There are incommensurable differences between the interests of researchers and business owners. The former build general and abstract explanations of growth, whereas the latter demand relevant insights to resolve specific and pressing challenges. Executive educators can facilitate mutually beneficial exchange between these groups by deploying expertise in creating work-based learning. This is sensitive to the demands faced by business owners whilst maintaining the discipline and rigour of higher education. Executive education faculty have a key role in coordinating the interaction of ideas between theory and practice. They achieve this through the following activities: selecting faculty and preparing them and their material for sessions with SME owners; screening and selecting extended faculty to ensure they have the right mix of experience and interest in learning; managing the participants' learning journey from application to graduation to ensure a quality experience; continuously monitoring the participants' feedback and making adjustments where appropriate; and using and adapting learning activities that are commonly used in corporate L&M training programmes.

We observed the impact of bringing diverse expertise together during sessions when participants were listening, reflecting and engaging in animated discussions. The learning prompted ideas to be scribbled in pads or typed into smartphones. In interviews participants explained how they carried these insights back to the workplace and tested new growth practices.

Real gains emerged when academic and extended faculty worked together with SME owner-founders to resolve practical challenges whilst also encouraging self-development, reflection and developing a more critical perspective on growth.

In summary, business schools can make a valuable and unique contribution to SME growth by creating learning ecologies in which academics and extended faculty work together to translate and apply general models to the specific growth challenges of individual SME owners. In do so practical and theoretical knowledge becomes intertwined.

I leave the final words to programme participants themselves:

*“G100 provided the much needed time away from the business for reflection on how my motivation and behaviours impact on business growth.*

*It provided me with ideas on how to change and experiment with different approaches.”*

*“I’ve developed as a leader and in turn have been able to encourage others to take on more responsibility and have great confidence in their abilities.”*

*“My advice would be don’t rely on what you have done so far. Be prepared to change. And then change again.”*

*“I gained insight on how to recalibrate my leadership and fit it into competing priorities and changing environments. This drives me to go the extra mile even when it is not expected so I can step up and stand out from the competition.”*

*‘I realized I had become too insular in my business and needed to change my mindset. ‘It’s not about doing more, it’s about doing things differently.’*

*“Give the course the commitment it deserves. This will result in benefits for you. Take time to reflect and put effort into learning.”*

*“Share the learning back at the office to help embed ideas into the business.”*

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# Capturing the concept of the Captured Programme

Fiona Whitehurst



## Keywords:

anchor institutions, the Captured programme, testing, learning, leadership, productivity, sharing

## Introduction

In March 2015 the UK Commission for Employment and Skills (UKCES) launched the [fifth 'Productivity Challenge'](#) for their UK Futures Programme. The programme had been launched in March 2014 to test innovative ways of addressing workforce development and skills issues that were seen to be restraining economic performance. Previous rounds had focused on sectoral challenges in manufacturing, construction, legal firms, tourism and hospitality, and UKCES had co-invested in 12 projects that were employer-led.

For the fifth competition UKCES invited organisations who operate as 'anchor institutions' within their local community to put forward proposals that would explore ways to support small firms to develop their leadership and entrepreneurship capabilities. They were specifically interested in proposals from areas of the United Kingdom that rank below the UK average in terms of productivity.

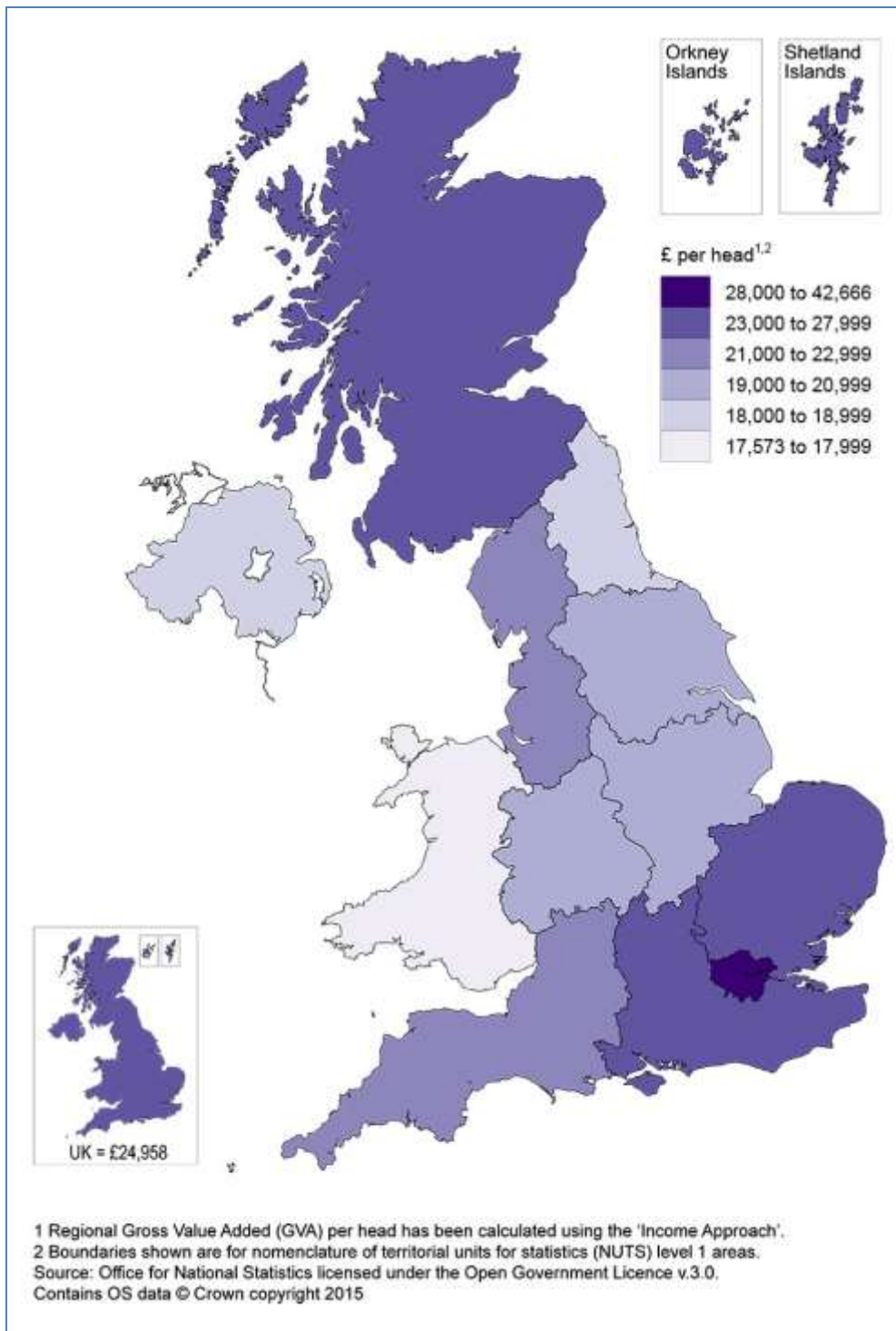
Anchor institutions are conceptualised as place-based organisations that can play a role in building successful local economies and communities (Taylor and Luter, 2013). Newcastle University is one of North East England's anchor institutions and as a world-class civic university aims to play a leading role in the economic, social and cultural development of the North East of England. Newcastle University Business School submitted a proposal for a programme known as 'Captured' and were one of eight projects that were funded.

The approach of the UK Futures Programme, which is being wound up following the 2015 Autumn Spending Review, is essentially an experimental approach. They wanted to co-invest with organisations who were prepared to test innovative ways of developing skills, learn from what works (and doesn't). A key element of the programme was sharing learning with UKCES and other projects and maximising the impact of the learning by seeking to engage with policy and wider practice. Having attended the very supportive AMED/ISBE [Gathering](#) in Birmingham in April 2016 on *Understanding and Promoting Small Business Growth and*

*Entrepreneurship: enhancing impact*, I recognised that here was an opportunity to share the ideas behind our project with an engaged academic and practitioner audience and hopefully stimulate further debate and learning.

## Scoping the Captured Programme

### Regional 'Gross Value Added' per head, 2014



<http://www.ons.gov.uk/economy/grossvalueaddedgva/bulletins/regionalgrossvalueaddedincomeapproach/december2015>

It is generally acknowledged that there are too few private sector jobs in the North East of England ([NELEP, 2014](#)) and that productivity is considerably below the national average. There is a low stock of private sector businesses, too few private enterprises are created and too few of these grow to become significant providers of employment and contributors to [Gross Value Added \(GVA\)](#) and regional productivity. Turnover per employee is lower in small businesses than in other comparator regions e.g. North West England and Yorkshire and Humber.

[Hayton's 2015 BIS Research Paper on Leadership and Management Skills in SMEs](#) suggests that the overall impact of leadership and management skills on firm performance tends to be particularly strong for firms with between five and 19 employees. This is a significant opportunity for the economy, but there are many challenges for small firms in this respect.

### **Challenges for developing leadership skills in micro-businesses**

Small firms are seen to underinvest in training. And if they do invest in training, it is more likely to be related to financial or technical training than to leadership and management training. In any case, generic leadership and management training is not tailored to the needs of small firms. According to the [APPSBG/FSB \(2014\)](#) report, schemes to promote leadership development and management, including Growth Accelerator, were not widely marketed, and are accessed by businesses which self-identify as 'high-growth firms'. Larger small firms have been better able to take advantage of government support because of greater expertise, more personnel and the financial ability to match fund. Yet it may well be, as Hayton (2015) asserts, that smaller small firms could benefit the most from investment in leadership and management skills development.

Typically, the owner-manager of a micro-business is responsible for carrying out the full range of managerial duties and finds it very difficult to step away from the business and take time to identify opportunities to develop their business. Johnson et al (2007) note that it is difficult for a small firm with limited managerial resources to identify the type of formal (market or non-market) advice that they need to produce the development outcome they want and therefore may rely on friends and family for advice. This reinforces earlier work by Robson and Bennett (2000) which noted that business friends and relatives were often the preferred and most valued source of advice for micro-business owners. While those informal networks can dispense free advice, they may not have the expertise and contacts to provide the support that non-executive directors would provide for larger businesses.

With the severe austerity measures first imposed by the Conservative-led coalition government in 2010, the level of public support for economic growth has reduced considerably, and local authorities have drastically cut their business support provision. Lord Young in his [Growing Business](#) report (May 2013) recognised that business schools are an under-utilised asset in their local economies. The introduction of the [Small Business Charter](#) scheme by the Chartered [Association of Business Schools](#) (ABS) seeks to incentivise engagement between university business schools and small businesses. However, for a variety of reasons (cf. Thorpe & Rawlinson, 2013), very few business schools have been able to sustain small business skills programmes beyond short term funding. In addition, small businesses may not naturally seek support from business schools either because they see such institutions as only providing formal educational qualifications or being insufficiently responsive to their needs (Bishop, 2011; Ylinenpää, 2005).

The APPG /FSB report (2014) recognises that larger companies should be encouraged to provide advice, share expertise and offer other forms of support to smaller companies within their supply chain. However, there are few mechanisms to bring large companies into contact with smaller companies to develop leadership and management skills.

### **The contribution of the “Captured Programme”**

“Captured” was originally piloted in the Newcastle Business School in 2012, but was not continued due to personnel changes and a lack of funding. It is an experiment based on our hypothesis that business people who have had management and leadership experience in large organisations can be valuable to a small business owner by acting as a critical friend (MacKenzie 2015) and gateway to other resources and contacts. The Business School partners with large regional employers to identify managers within their business who might participate in the programme. Recognising that different sizes of small firms need different approaches to skills development, this project focuses on businesses of between 1-19 employees.

### **The “Captured” programme format**

The “Captured” programme consists of three half-day facilitated workshops over approximately two months. Each iteration of “Captured” has a cohort of up to eight small firms and for the second two workshops the small firm owner is paired with a manager from a large regional firm. This programme has evolved since project award, and the format is now:

- Workshop 1: Small firms only identify key areas of the business they want to lead or develop more effectively.
- Workshop 2: Small firms and managers work to get to know each other and identify key challenges and priorities facing the small business.
- Workshop 3: Small firms and managers focus on discussing the action plan that the small firm wants to pursue in light of your resources, capabilities and capacities.

We always arrange briefings for managers before matching them to a local small firm owner. This enables us to get to know the managers so that we can match them appropriately to the small firm owners. It also gives the managers an insight into the life world of the owner-manager, and it provides an introduction or refresher to skills in mentoring others.



The activities within the programme are designed to appeal specifically to small businesses. They work on identifying priorities for their business, skills and knowledge gaps, and identifying market opportunities. The output is always a tailored action plan for each business developed with their mentor. The workshops are jointly facilitated by a part-time member of the Business School who is also a small-firm owner with substantial expertise in training mentors and me. Importantly, we emphasise that the small businesses are not taking unproductive time away from their business. Rather, we stress that they are spending time working on plans for their business with experienced business people and fellow entrepreneurs. The small firm owner benefits from 'one-to-one' discussions with their 'critical friend' during the workshops and has time to reflect in between workshops.

We believe this format and process is beneficial and early results are positive as comments from three of the participants indicate:

*"Captured just took me to another level. In myself as well. That was the main thing, I really thought there's a group of people here that want to help"*

*"I think it's always good to, kind of, step outside of the business and look at what you know...it was the process of writing stuff down, of looking at different areas of your business"*

*"I remember working for a company [...] the senior management team, they come together, they present things, you reach a conclusion, you agree on it and move on. [...] a very real benefit of having been on [Captured], is for me to be able to bring that back here, because it's something that we didn't have. That's been a huge benefit"*

The programme also has to deliver value to the managers and organisations who are volunteering time. The premise is that the managers will develop their skills and be exposed to a different, more entrepreneurial mind-set which they can take back to their workplace. Demonstrating that the programme delivers value to the managers and organisations is a key priority because the programme is dependent on that input.

### **Comparing "Captured" with other anchor institution programmes**

Several business schools have delivered successful programmes, including [Lancaster's LEAD programme](#) and the [Goldman Sachs 10,000 small businesses programme \(GS10,000\)](#). These are tailored to the needs of small businesses, incorporating elements similar to "Captured", such as peer--peer learning and action planning. GS10,000 focused very much on functional skills, whereas, like LEAD, we are keen to develop the business owner personally, as well as to support them in developing their business.

Our programme is much shorter (GS10000 is 12 days over 4 months; LEAD is over 10 months). We believe this will enable us to recruit more participants because it is a lower time commitment, although it is a risk that the intervention will be too short.

We utilise managers who have received formal management and leadership training in their careers to support the small businesses in developing leadership skills. The only programme targeting small businesses that we have identified as in any way similar is Lancaster's GOLD programme, which allows businesses to experiment with having a Non-Executive Director. But that is a follow-on to their LEAD programme, and we sense that it is aimed at larger small businesses and medium businesses.

It may have been controversial, but we explicitly stated to UKCES that we were not going to focus on attracting small businesses with 'obvious' high growth potential. GS10,000 in the UK was ruthlessly targeted at small businesses which self-identified as having high growth potential. And indeed there was screening through the application process to confirm that the business idea and owner did have high growth potential. The evaluations and outcomes of the programme are very positive, but there is the question of selection bias. Our marketing material intentionally did not mention the word 'growth', and when I read Simon Raby's introduction to Part 1 of this special edition of e-Organisations and People (Raby, 2015) I recognised the picture he was painting from the following quotes:

*"In running workshops on growth, business owners quickly move to the question of what success means to them."*

*"What we are really talking about is not calculable, but rather human behaviour and social process. Entrepreneurs are passionate about achieving their aspirations, and these aspirations are not discrete or formulaic."*

I agree that the concept of growth, in the way that the academic community, and I would argue policy community, typically define it, is not helpful. The policy community notion of growth may be especially harmful if it deters firms like the ones who we have recruited to "Captured", who do not self-identify as 'high-growth' from seeking external guidance and support.

### **The Challenges of "Captured"**

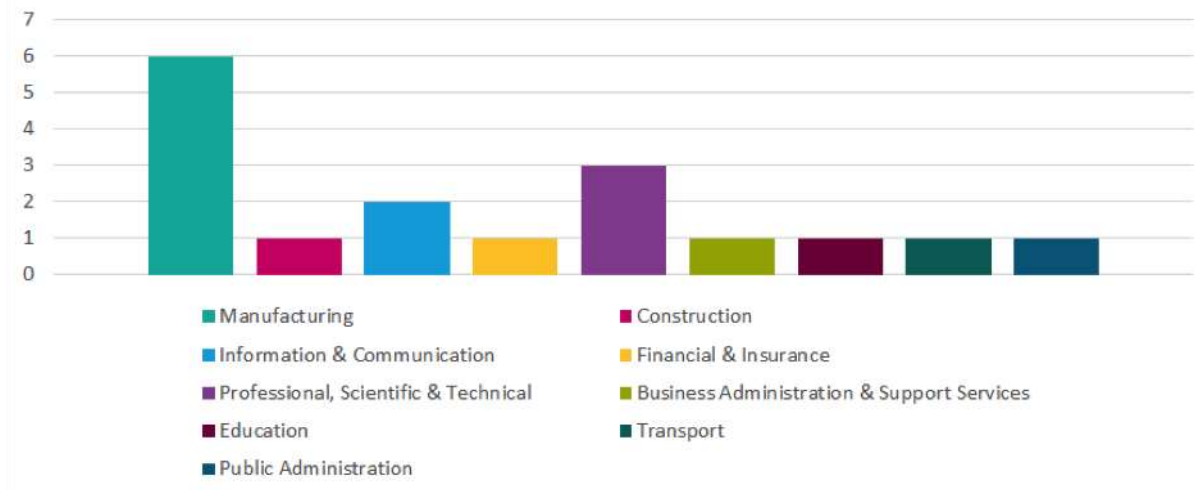
One of the biggest challenges was always going to be the short length of the project (originally 12 months), and this became much more of a challenge when UK Government funding cuts shortened this to a nine-month project.

We need to test what works well within the programme for the participating small businesses. Our 'delivery team' consists of our lead facilitator (the aforementioned small-firm owner and part-time member of Business School staff); two academic members of Business School staff; one of the University's Business Development Managers; and our Project Co-ordinator. We regularly schedule time for the 'delivery team' to reflect on what went well (and what didn't), and what could be improved. We speak regularly with our Programme Manager at UKCES, have a very active steering group, and participate in UKCES Co-creation Labs (facilitated workshops with the other seven projects in this round). We also involve the small businesses individually in reflecting on the programme. These interactions are challenging and force us to reflect on our programme and processes and because we have multiple cohorts, it is possible to adapt the programme during the project.

We have had to address two major problems in recruiting small firms. One is that small businesses tend to undervalue business support. The other is that programmes for leadership and entrepreneurship skills are not always well marketed. So we have tested how best to engage small businesses, and we have experimented with different marketing messages and marketing channels. By far the most effective method of recruitment has been face-to-face at business networking events. However, that may well have skewed participation to those who attend such events.

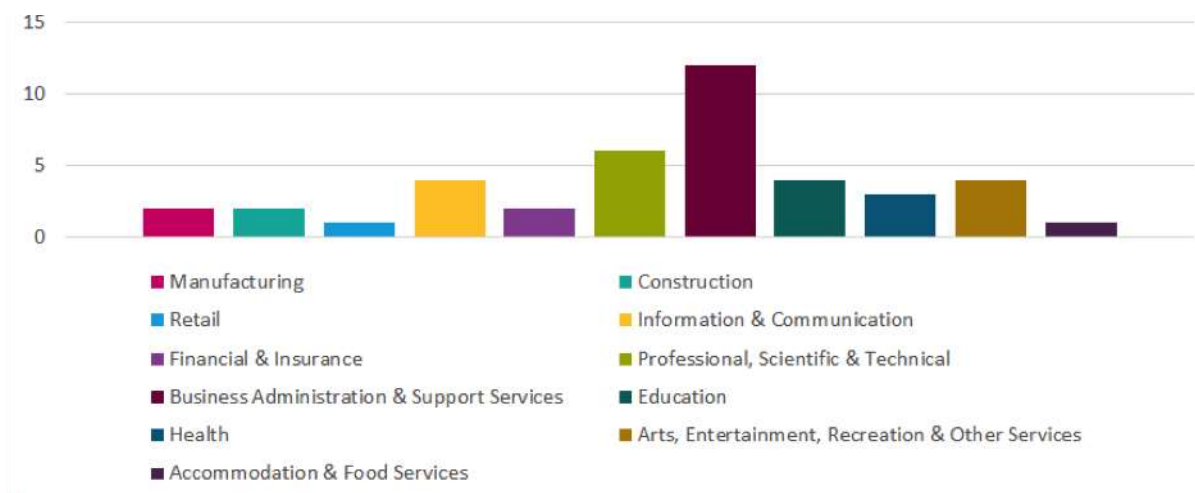
There has also been a considerable challenge in recruiting larger firms to participate and volunteer their managers' time in a short timescale. We have used our existing networks and connections and also drawn on the influence of our steering group to hone our messaging and secure commitment. The sector breakdown of the large firms is very different from the sector breakdown of the small firms as shown in Table 1 below:

**Table 1: Large firms by sector**



Our steering group would particularly like us to work with more small firms in the manufacturing sector (see Table 2 below). However, our methods and marketing messages are not reaching those firms and we will need to review those and the literature on sector take-up of external support and advice.

**Table 2: Small firms by sector**



## Early results

We have worked with 41 small firms over 6 cohorts against a target of 48, and will self-fund a further cohort in July. It is too early to identify the outcomes and impacts of the programme, but some interesting initial observations can be made.

Small firms have told us that Captured provides them with the opportunity to:

- Clarify their vision for their business and its value proposition
- Focus on how they should invest their time to generate greatest impact
- Obtain external perspectives and validation
- Access resources of the larger organisations
- Make valuable new connections
- Obtain new clients and routes to market
- Increase their confidence as a leader of their business

Managers from larger firms have told us that Captured provides them with space to:

- Get out of their business and see what other businesses are doing
- Engage with entrepreneurial business people
- Make a difference by supporting the development of small businesses
- Return to their workplace with new ideas and contacts
- Further develop their own management and leadership skills
- Connect with managers from other larger organisations

We have found the UK Futures Programme and the UKCES team to be immensely helpful in enabling us to run this experimental programme and challenge us to constantly reflect on what we are doing and what we are learning. We regret that the UK Futures programme has been cut short, but are grateful the Association for Management Education and Development has given us the opportunity to share our learning. As [The Introduction to the UK Futures Programme](#) stated “The success of the Programme is crucially dependent on actively communicating our findings and sharing good practice to influence [...] future public policy debates.”

Amen to that!

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More details of the Captured project including case studies and media coverage can be found at [go.ncl.ac.uk/nubs/captured](http://go.ncl.ac.uk/nubs/captured). You can contact Fiona by e-mail at [fiona.whitehurst@ncl.ac.uk](mailto:fiona.whitehurst@ncl.ac.uk)

# Corporate Social Responsibility

## Perception and practice in small and medium-sized enterprises in Kilsyth, Scotland

Ana-Paula Fonseca



For a long time, Corporate Social Responsibility (CSR) has been built as a process and a strategic approach for businesses to be socially responsible. CSR is 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis'(Commission of the European Communities, Promoting a European Framework for Corporate Social Responsibilities, 2001, p. 6). Decision-making within CSR is concerned with actions that create value for society whilst minimising impact on the environment, as well as fostering relationships between organisations and overlapping stakeholders concerned with morality,

legal, environmental, ethical, and economic considerations (Needle.2015). According to Elkington(1997) measures of business success should consider people, planet and profits. However, societal expectations require organisations to be more socially responsible, not only in terms of 'green' and 'health and safety' agendas, but also with regard to their business activities (Sloan, et al., 2013). This responsibility is reflected in expectations from their relationships with a variety of stakeholders who can have a real influence on their operations. While CSR has been practised by large organisations, and a variety of research, orientations, regulations and codes have been developed to do this, SMEs encounter challenges and barriers in attempting to implement CSR. This article discusses the experiences and perceptions of six small enterprises in Kilsyth, Scotland, in relation to CSR. It will consider their business values, how they perceive CSR, how they take decisions in social responsibility; and also the entrepreneurial challenges and barriers that arise for them in attempting to practise CSR. The analyses of findings came from data collected from October 2013 to January 2014, and the research motivation was based on the inquiry questions 'Why do enterprises need to be socially responsible?' and 'How far are SMEs currently able to practise CSR?' (Carroll, A three dimensional conceptual model of corporate performance., 1979; Russo & Perrini, 'Investigating Satkholder Theory and social capital: CSR in large firms and SMEs, 2010; Bowen, 1953).

### Key words

Corporate Social Responsibility (CSR); Small and Medium-sized Enterprise (SMEs); stakeholder; entrepreneur.

Why do enterprises need to be socially responsible? And why is there a gap between CSR in SME?

## Introduction

Small and Medium-sized Enterprises (SMEs) in Scotland have played key roles in contributing to economic growth, employability and exporting. They account for 99.4% of all private sector enterprises, are responsible for 55.6% of private sector employment and 39.4% of private sector revenue generation. The top five international export markets (USA, Netherlands, France, Germany, and Norway) accounted for £10.8 billion of international exports (39% of all international exports) from Scotland (Scottish Government, Export Statistics Scotland, 2014). Besides that, more than 65% of Scottish SMEs are run as family-business (Scottish Government, 2014; Scottish Enterprise, 2015).

In addition to a desire to investigate and understand the practice of CSR in Scottish SMEs, I was also interested in identifying any conflict between firms' concerns for profits and their social impact. As such, two further questions become relevant: 'Why do enterprises need to be socially responsible?' and 'Why is the practice of CSR so patchy in the sample SMEs?' These inquiries were used as the bottom line to build connections between My research aim and objectives arose from these inquiry questions (see Table 2 below).

## CSR in business: an historical context

In addressing these questions, a brief overview of the historical context of Social Responsibility in business is useful. After the Great Depression of the 1930s, the literature began to define social responsibility in business as being the obligations of the 'Businessman' (sic) to pursue and take decision in their business activities for the welfare of society at large (Bowen, 1953; Berle & Means, 1932). The following list summarises key drivers underpinning business and entrepreneur behaviour towards social responsibility that have appeared in the literature:

### An overview of recent literature on CSR

- Social responsibility in business has grown since the 1930s from business principles of charity and stewardship (Bowen, 1953; Sims, 2003; Acquier, et. al., 2011).
- Social responsibility is associated with human rights based on human interaction among society, business, and government with a degree of trustworthiness between their networks (Bowen, 1953; Coleman, 1990; Bourdieu, 1986).
- Entrepreneurs have the power to judge and produce goods and services, and to distribute income to workers and owners. Enterprises are well placed to influence society through entrepreneurs who make decision of managerial value (Porter, 1991; Freeman, et.al., 2010).
- In the 1960s, CSR theory expanded, proposing a link between social responsibility and business power. This raised the issue of whether or not entrepreneurs should accept social responsibility as an obligation, or whether other groups should assume those responsibilities and the power that goes with them (Davis, 1960; Carroll, 1999).
- CSR has focused on issues arising from the relationship between the enterprise and its stakeholders and the enterprise and its environment. These include the interaction of business ethics, corporate citizenship and corporate accountability (Sloan, et.al, 2013).

- 'Corporate Social Responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large' (WBCSD, 1998).
- However, it has been argued that, from an economic perspective, social responsibility is not a responsibility of business Friedman (1971). According to this view, "*in a free enterprise, private property system, a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom*" (Friedman,1971, p. 13).
- Another dark side of CSR is whether entrepreneurs are motivated by a wish to operate ethically, or to avoid being taken to the court. Does CSR represent a change in the ethical values of organisation, or is it rather a strategy aimed at maximising profit and shareholder value maximization (Needle, 2015). As Van der Merwe, et al. (2003) pointed out, having ethical codes is not *per se* a guarantee of excellent performance.

### Outstanding CSR challenges for entrepreneurs

Despite these advances, entrepreneurs still encounter significant challenges, such as a lack of time and finance, rising labour costs, lack of regulation and compliance, and sustainability issues. Thus, to understand and investigate the practice of CSR in SMEs, and entrepreneurial challenges and barriers that arise in attempting to CSR, I interviewed six entrepreneurs in Kilsyth, a town in North Lanarkshire, Scotland. Kilsyth (see Fig 1 below) is an important commercial centre and has experienced relevant economic growth in traditional family-owned shops, two stocked supermarkets, and a wide range of personal and business services (Kilsyth Community Council, 2013).

**Fig.1 Map showing the geographical location of Kilsyth:**



Source: <http://www.weather-forecast.com/locations/Kilsyth>

It's worth noting that Kilsyth achieved awards in the Beautiful Scotland Campaigns in both 2009 and 2010. It also hosted the National Walkers Conference of 2010, and won the Bronze Award for the Strong and Sustainable Communities Category of the Local Government COSLA Awards Scheme (2013), as the following images illustrate.



**Kilsyth Community Council**  
Like This Page · August 10, 2015 · Edited ·

Kilsyth could look as nice as this location if we all took an interest in the place we stay. With the community of Kilsyth working together we could improve how our town looks. It would attract visitors and if their shopping experience improved they might stay and buy more. We already have visitors coming to the hotels and B&Bs, walkers, cyclists and others but there is little reason to enjoy staying longer. Could we work to bettering our living area and improving visitors enjoyment. Let us know!

Like Comment Share

7 Chronological



**Kilsyth Community Council**  
Like This Page · August 31, 2015 ·

Come on NLC can we not get the car park brushed and weeded. Bad impression of Kilsyth to visitor and new residents.

Like Comment Share

## Profiles of participating SME in my sample:

SMEs participants in the sample had different types of profiles, such as in size of their business, in numbers of staff and in category of business, (see table1 below):

**Table1 Profile SMEs**

	Enterprise A Café	Enterprise B Hotel	Enterprise C Local Estate Agent
No. of Employees	6	44	4
Years in Business	7	42	12
Market Location	Regional and running as a not for profit	Regional and running as a family business with status for profit.	Regional and running as family business with status for profit.
Main activity	Established by Church to support local community, they have the highest quality products, such as the coffee with 'Soil Association Organic Standard' certificate	Accommodation provides a good atmosphere, with many facilities with a huge experience in this sector.	Independent state agency with wide portfolio properties for letting and selling.

	Enterprise D After School Club	Enterprise E Specialist plumbing	Enterprise F Butcher
No. of Employees	10	5	5
Years in Business	8	4	23
Market Location	Regional and running as a not for profit.	International and running as a profit and non-family business.	Regional and running as family business with status for profit.
Main activity	Provides a professional out of school club and services with a range of activities such as arts and crafts, computers, music and so on.	Provide temporary water solutions for emergency and short-term rental marketplace.	A traditional local butcher and all products come from regional farms and markets around local area.

I chose qualitative method research as the most suitable approach for this purpose. This acknowledges the social context of people (in this case, entrepreneurs) who are actors involved in the investigative fieldwork (Denzin & Lincoln, 2011). I conducted semi-structured face-to-face interviews as a guide to allowing me as researcher to explore other topics that emerged during the process.

## Research themes identified from the literature:

- Business values in SMEs (Freeman, et al., 2010; Spence, 1999, 2007);
- How far they have attempted to practise their social responsibilities (Carroll, 1979, 1983, 1999, 2012);
- Their perceptions of CSR (Fassin, 2008; Acquier, et al., 2011);
- Which stakeholders influenced and are influenced by CSR-related decision within the SMEs (Russo & Perrini, 2010; Van der Merwe, et al., 2003; Spence & Rutherford, 2001).

Table 2 below outlines my specific research questions.

**Table 2 SME CSR Interview Instrument:**

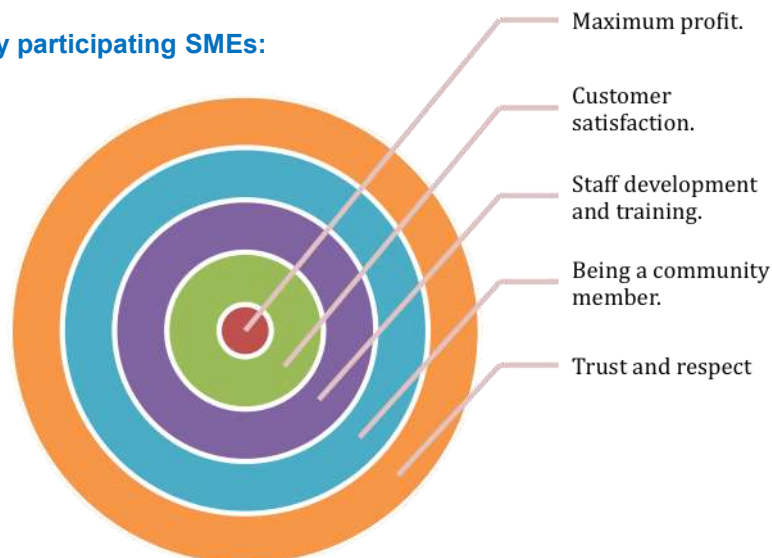
	RESEARCH QUESTION (RQ)		INTERVIEW QUESTION
RQ 1	What are the business values for SMEs and how are they oriented?	IQ 1. IQ 2.	What are the values/ideas that drive your enterprise? How do you incorporate these values into business activities?
RQ 2	How is CSR perceived by SMEs?	IQ 3. IQ 4.	What is your understanding of the term 'CSR' – Corporate Social Responsibility? Do you think that your business is social responsible? If so, how do you make it?
RQ 3	How do SMEs participate in CSR?	IQ 5. IQ 6.	Is there any predetermined budget for such expenses? If so, what factors affect them? Would you give priority to any of the following options in your business?
RQ 4	Which stakeholders influence CSR participation in SMEs and to what certain extent?	IQ 7. IQ 8.	Could you please tell me how decisions of CSR are taken in this enterprise? If answer is no, why not does it occur? To what extent do your stakeholders influence such decisions?

The next section discusses some of my findings.

### SMEs: the role of values

Among values and ideals which drive each enterprise, the key motivators cited by the SME participants were to demonstrate that they could generate profits; provide a quality service; show trustworthiness and respect; and build client satisfaction and personal relationships with employees and the local community (Fassin, 2008; Freeman, et al., 2010). All of the SMEs in my sample voiced concerns with these key drivers, but with varying degrees of importance. For example, all participants averred that 'maximising profits' remains the core of business. Next in importance comes customer satisfaction, followed by staff development and training, then giving back to the local community, doing informal social actions, and lastly, earning trust and respect, as Figure 3 below showi illustraes. Clearly, for the SMEs in my sample, the core purpose of business is to 'make profits':

**Figure 3: Values expressed by participating SMEs:**

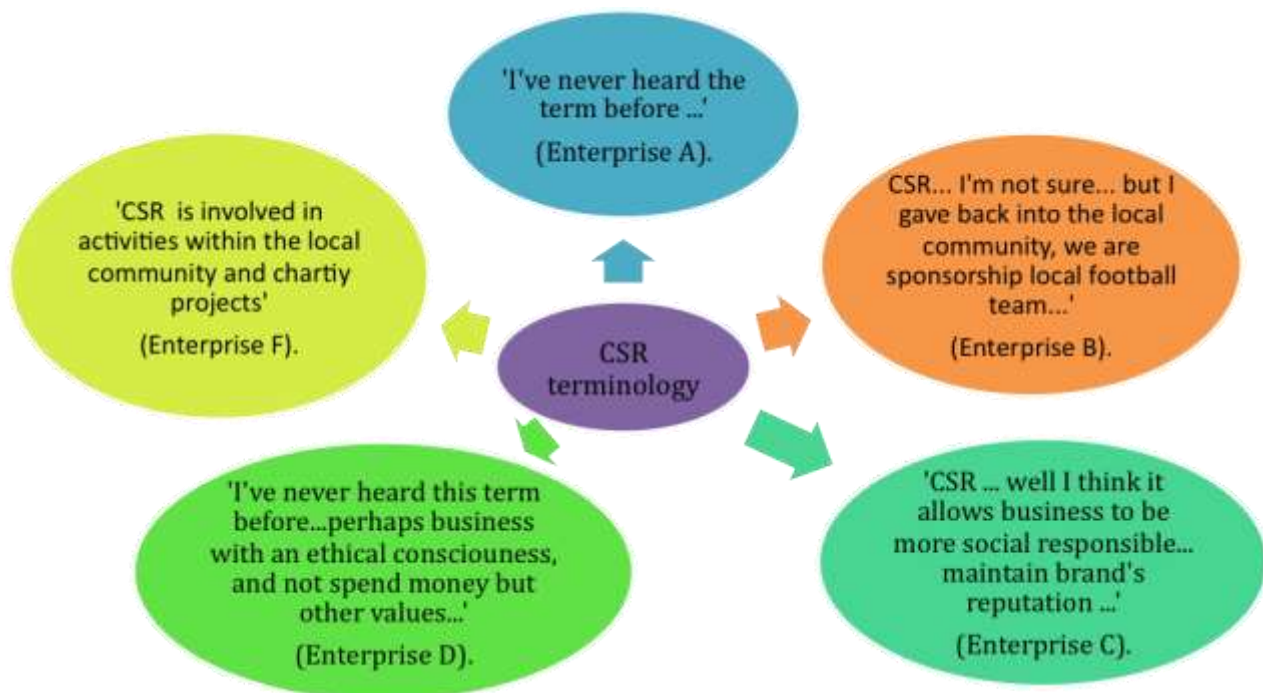


It is important to note that, all small business participants in the sample have been engaged in economic activity within the local Kilsyth community, and have been making a contribution through providing employment, local sponsorship, and other forms of economic and social development. Trustworthiness was considered a value that is interconnected and intertwined with other values. This is an expected finding, because businesses rely on the host society within which they operate, and could not exist or prosper alone (Porter & Kramer, 2006; 2011). However, it is clear that the core value which drove this entrepreneurial activity was to maximise pure profits. Enterprise C said: *“the other value obviously, is business to make money”*. A hallmark of capitalist societies, borne out in particular in this case, is that businesses need to generate profit for survival (Friedman, 1970).

### The practice and perception of CSR by SME participants

Figure 4 below reveals that the specific terminology of ‘CSR’ was perceived by respondents as largely unfamiliar, immaterial and unimportant. This aligns with the view of Murillo & Lozano (2006, p.232) that ‘the terminology of CSR appears distant and even possibly inoperative or counterproductive’. These results would indicate that there is more work to be done to explore with SME entrepreneurs in greater detail their understanding of the concept of CSR (Aupperle, et al., 1985; Fassin, 2008):

**Figure 4: Entrepreneurs’ response to understanding the term Corporate Social Responsibility ‘CSR’:**



According to Moore & Spence (2006) the current criteria used to measure ‘CSR’, derived from work with large corporations, may be inappropriate when applied to SMEs. Hence, the word ‘corporate’ may not be appropriate in the context of SMEs (Castka, et al., 2004; Fassin, 2008). I would suggest that it may be more appropriate to adopt a new term: ‘Small Business Social Responsibility (SBSR)’.



## SMEs' engagement with a socially responsible agenda

To investigate the practices that SMEs used in making decisions to fulfil their social responsibilities, I presented to participants some common examples. Drawing upon existing literature (Nooteboom, 1994; Russo & Perrini, 2010; Fassin, 2008; Freeman, et al., 2010; Carroll, 1999), I created a table showing some typical activities associated with CSR as a guide, to discover which kind of social actions entrepreneurs in my sample have been implementing in their business activities (see Table 3 below).

**Table 3: CSR Practices of SMEs in my sample**

CSR Practices	SMEs					
	A	B	C	D	E	F
Make donations for better cancer treatment	✓					
Give additional medical benefits to employees		✓	✓	✓		
Sponsor a local football team		✓	✓			
Fund a community group which opposes smoking	✓					
Financial support for employees to enhance professional skills		✓	✓		✓	✓
Control energy usage to reduce operational costs.	✓	✓	✓	✓		
Other options	Local charities	Waste management		Food Bank	Specialist plumbing	Donations for pet owners

The result of this analysis reveals that entrepreneurs' decision-making about their social responsibilities is informal and governed by self-interest. In line with Russo and Tecanti (2009), these findings confirm that SMEs in this study did not make any strategic plans or set aside a pre-determined budget for the expenses associated with their informal actions. These informal actions were influenced by a range of variables, such as different organisational characteristics, number of employees, interpersonal relationships within the local community, and also whether control of the business was centralised with one person who made personal decisions on the allocation of resources (Nooteboom, 1994; Russo & Perrini, 2010). According to Fassin (2008, p. 375) SMEs consider their 'informal activities as being normal, simply because they feel right, because it is the decent thing to do and ought to be done'. Although, in comparison with large corporations, it is difficult to identify specific measures such as finances and time that are devoted social responsibility agenda in small businesses, we can say that they take second place alongside other routine duties, such as performing the roles of management and decision-making for solving day-by-day problems (Moore & Spence, 2006; Spence, 2007, Russo & Tecanti, 2009; Tilley, et al., 2003). Generally speaking, SMEs compare unfavourably with large organisations in terms of resource availability (Nooteboom, 1994), marketing and strategy (Spence & Rutherford, 2001). They also find it difficult, or find sufficient money, to obtain access to achievement certificates and sustainability information tailored to the needs of small businesses about 'how' or 'what' could be the right way to take action in social responsibility. Enterprise B said: "I think the information sometimes is difficult to find it... if we want to find it by the Council website, we have to be a kind of 'Philadelphia lawyer' to understand and get it".

## Stakeholder influence in SME decision making

A particular research problem emerged during this study. Entrepreneurs could not readily identify who the stakeholders are within or outside their business. The relationship between stakeholder and SMEs tended to be based on personal, informal, trust-based relationships. These are; characterised by intuition, when compared with the more formalised dynamics of power and influence of larger organisations with their stakeholders (Johnson, et al., 2011; Porter, 1980; Beaver, 2002). In addition, entrepreneurs' decision-making was influenced by self-interest and an absence of considered management strategic decisions. Hence, the crucial functions of stakeholder management - which are to describe, understand, analyse and, finally, manage expectations of the various stakeholder groups - were not evident (Carroll, 1991; Johnson, et al., 2011). Entrepreneurs in the sample appear to lack information and awareness about the importance of stakeholders, as well as of CSR within their business activities (Freeman, et al., 2010; Russo & Perrini, 2010).

## Conclusion

The evidence from this small study suggests the need for a deeper and wider investigation in other parts of Scotland to make comparisons between larger samples of SMEs with a view to developing a CSR strategic plan appropriate for SMEs. This project would require partnerships among local councils, the Scottish Government, Higher Education Institutions and other key stakeholders. My initial study suggests that a 'Small Business Social Responsibility (SBSR)' strategic plan, based on CSR components would be useful. This would address SMEs' economic, legal, ethical and discretionary responsibilities (Carroll, 2012). Suitably adapted and applied, the principles of CSR could become sources of competitive advantage for SMEs, with reciprocal benefits for both enterprises and broader society (Porter & Kramer, 2006). Respondents made it clear that easier access to knowledge, training and public funding would greatly encourage and support them as entrepreneurs in paying greater attention to their social responsibilities. According to the European Commission (2014), SMEs have been essential to employment growth. In 2013, SMEs were responsible for employing 88.8 million people in 28 member states of the Europe Union, and they have also been a key driver for economic growth, innovation and social integration (Commission of the European Communities, Annual Report on European SMES 2013/2014: A Partial and Fragile Recovery, July 2014). Finally, in the context of globalisation, entrepreneurs simply cannot ignore issues of environmental protection, social accountability, and ethics education, and must be supported in addressing these issues effectively.

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# Beyond communication skills

## Human relating: a doorway to doing good business

**Alison Donaldson & Michael MacMahon**



*As a writing coach and a public speaking coach, we would like to offer some thought-provoking ideas about business communication. These include: coping with fear and stress; developing ideas jointly; giving your writing a 'social life'; and using stories. But there is one other vital item that often gets overlooked: how to have good conversations. In our view, by*



paying close attention to all these crucial aspects of human relating, small business owners and entrepreneurs can unlock a door to doing better business.

### Key words

Writing, public speaking, business pitches, communication, stories, conversation, entrepreneurs, SMEs

Most entrepreneurs and business owners probably realise that being good at both speaking to groups and writing – or having people in the team who can do these things – is a great advantage to them and their company. These vital forms of communication enable them to pitch successfully for funding or new business, to get across what is distinctive about a new product or service, and to engage with customers, colleagues and staff. But rather than going over the basics of communication skills, we decided to select seven ideas that we think are relevant in the business context and likely to provoke fresh thinking:

### Seven ideas for better business relationships

1. Coping with fear and stress
2. Knowing how you want people to respond
3. Organising your thinking in advance (or not)
4. Developing ideas jointly
5. Giving documents a 'social life'
6. Using stories as well as facts and propositions
7. Recognising the value of conversation.

These points are all relevant not only to speaking in front of groups but also to writing. By paying attention to all of them, we think that entrepreneurs can *become better at human relating* and therefore *more likely to do well in business*.<sup>1</sup>

<sup>1</sup> Our only footnote! We have deliberately used the slightly uncommon term 'human relating' as to us it feels much broader than 'communication', which is anyway overused and nowadays often associated with technology.

In selecting just seven aspects, we had to make some tough choices. So, for example, we have not looked specifically at how to use PowerPoint, how to write for social media or how to construct a good sentence – each of which could justify a whole article in itself. But we hope that the ideas we are offering will go beyond the obvious points you might normally find in how-to books and courses in communication skills, or in those ‘ten tips about x’ that pop up so often in the online world.

As we wrote this article collaboratively, we have laid it out in the form of an extended dialogue, with initials MM and AD indicating whose ‘voice’ you are reading at any given point in time. The themes are numbered but there is no right order in which to read.

### **1. Coping with fear and stress**

MM: Public speaking (speaking in front of groups) is the number one phobia for many people. Some fear it even more than death. To quote Mark Twain: “There are two kinds of speakers: (1) the nervous; and (2) liars.” A certain amount of fear is inevitable, but if effectively managed it aids performance. Judi Dench, [interviewed for BBC Radio 4’s Desert Island Discs in 2015](#), admitted to being nervous, whether acting or engaging in public speaking (and she finds the latter worse). But she said: “Fear generates a huge energy. You can use it. When I feel that mounting fear, I think: **Oh yes, there it is!** It’s like petrol.”

One of the best speakers I’ve ever heard was the famous Provost of Blackburn Lawrence Jackson, who spoke frequently at business conferences. He told me: “I’m nervous every time. If I stop being nervous, I’ll stop speaking.” The adrenaline generated by fear gives you the energy that enables your brain to be slightly ahead of your tongue; by the time you’ve ended this sentence the next one is ready.

How to manage nerves is a central part of speaking to a group. The most powerful method in my experience is a form of visualisation: deciding in detail what is the outcome desired, relaxing and then creating a mental picture of that outcome; freeze-framing that picture and carrying the picture around in one’s head until the event.

Legendary boxer Muhammad Ali used that technique. When he attended a press conference to announce a fight for which he was contracted, immediately after the conference was over, Ali would excuse himself, go up to his hotel suite, draw the blinds, sit down and relax, breathe deeply and then create a picture of the fight. More than just creating a picture: he even used to predict in which round he was going to win. He would get into that level of detail. And he would create this picture of the end of the fight, opponent flat on his back, referee raising his own arm in triumph, TV commentator climbing through the ropes: everything. He would ask himself: “How will I feel? What will I see and hear and smell?” And he would then freeze-frame that picture and carry it around for the next two or three months, or whatever it was, until the day. That was his version of what’s sometimes called ‘creative visualisation’. I prefer Ali’s term: ‘future history’.



Painting of Ali by pop artist John Stango

When I talk to coaching clients about this method, I ask how they can tailor it to their own needs and situation. What's *their* future history? Their equivalent of that knockout moment? That is where they go back and remember what was the purpose in giving the speech, the presentation, the pitch; then they can create their own picture of a successful outcome – by their own definition; nobody else's.

The conscious mind can only hold one thought at a time. The subconscious, on the other hand, throws up a stream of thoughts and associations, many of which may be negative. So what Ali was doing was ensuring that whenever the subject of that next fight came up, the image that his subconscious had been trained to throw up was the expectation of a positive outcome. (Another useful approach to quietening the critical inner voice can be found in the ['Inner Game' books by Timothy Gallwey.](#))

AD: I think the worst thing to do to overcome fear when speaking to a group is to read from a script or to overwhelm your audience with a long and boring PowerPoint presentation. The trouble is, though, it's not easy to know how to prepare a talk or a pitch that is to be spoken without a script. In my experience, what works best is to create some cues to jog one's memory. These might take the form of key words on cards, or pictures projected on the screen, or even physical 'props' of some kind. If, as well as knowing and caring about our subject, we also have good cues, we shouldn't have a problem remembering what to say – or better still, saying it in a way we've never said it before. There is much to be learnt here from oral societies. Traditionally, the Australian Aboriginals used landmarks as cues to help them narrate the Dreaming (the stories of their ancestors) and navigate huge distances across the Outback.



[Uluru](#)

The risk in literate societies is that we feel obliged to plan what we are going to say in an over-systematic and comprehensive way. But that isn't how the spoken word works.

Fear and stress don't just affect people speaking to groups. They haunt writers as well. As a writing coach, I often hear people say they have difficulty with putting ideas down on the page. Fear of writing may go back to school days, when teachers or parents were quick to point out mistakes. I am often struck by how many clever people are dyslexic and yet manage to write with great imagination.

Writing phobia is not that surprising, given that producing text is a rather unnatural activity. After all, the alphabet was invented a mere 3000 years ago, which is extremely recent in terms of human evolution. And just think about the complexity of using 26 symbols to represent all the sounds of talking. Author Verlyn Klinkenborg hits the nail on the head: "Talking is natural. Writing is not." (Klinkenborg, 2012).

There are numerous ways of overcoming the fear of writing. 'Freewriting' is one of them and Natalie Goldberg's celebrated book (1986) strongly recommends it. It means taking pen and paper and just writing for yourself, without stopping to think too much and without going back to edit (though you can and should go back to revise it later). Those who feel more at ease speaking than writing may find dictation helps. And yet another way of stimulating thinking and getting ready to start writing is to have a chat with somebody about your ideas. As a writing coach, sometimes I even record conversations between me and would-be writers: they can usually express ideas spontaneously, and later the recording gives them valuable material to use as they write.

But probably the best thing anyone wanting to overcome writing phobia and develop their writing skills can do is simply to practise as much as possible, reminding themselves that a first draft is nearly always going to be rough and messy. That's normal. But at least a draft is something you can work on and edit. Klinkenborg says: "All writing is revision", and I take this to mean that we revise our thinking even as we compose a sentence in our head, but also we must remember to revisit what we have written later on, in order to refine and improve it.

## **2. Knowing how you want people to respond**

AD: Whether we are preparing to speak in public or to write, it is all too easy to get caught up with the content and to forget to get really clear about what we are expecting of the audience or reader. What do we want them to think, feel or do in response to our ideas? An entrepreneur and business angel I know recently emailed me the following words:

*"As an angel investor I see more investment presentations than most from entrepreneurs running early-stage SMEs. What always strikes me is the disconnect between their own objectives for their pitches and the true purpose of that moment of human communication between speaker and audience. The wise presenter knows that, with limited time, you need to carry your listeners quickly on a short but compelling journey from disinterest and zero knowledge all the way to engagement and comprehension. In the context of an investment pitch, that translates to a goal of 'If I've given you just a glimpse of how exciting your involvement in my business could be, then let's take this dialogue to the next stage.'*

*Sadly the bored recipients too often get a collection of worthy but ultimately disconnected facts that follow outmoded conventions of presenting and leave us disinterested, dismissive or disconnected. My advice to presenters is: define your purpose, know your audience, craft your storyboard, rehearse, deliver with passion, but always, always seek a response. Stopping mid pitch and asking: 'Does everyone now understand what my company does?' could be one of the most important questions you'll ever ask!"*



MM: I agree 100% with your business angel's view. Online marketing experts talk about the need for a 'Call to Action' in your web copy too, maybe on every page. Implicit in that need is the requirement to decide exactly what action you want. Before your audience contemplates any action, they must understand your message and feel positively about *what* your business does and *how* you do it. Some people take it further and say that the best businesses communicate *why* they do what they do. (In this connection, ['The Golden Circle' model developed by Simon Sinek](#) is well worth a look.)

### **3. Organising your thinking in advance (or not)**

MM: Gerry Robinson, who went from a successful business career to become a hard-hitting management guru on TV (e.g. *Can Gerry Robinson fix the NHS?*) was once complimented because one of his team was a good presenter. He responded to the effect that being a clear thinker was all that was required. (I wouldn't go that far – I'd say clear thinking and a logical structure are 'necessary but not sufficient' for a good pitch or presentation.) One way of achieving such clarity, as Chris Anderson argues in [his video](#) (2016), is to make sure you always convey one inspiring idea.

AD: Similarly with writing, some people advocate clarifying your thinking before you start. When I worked as a Communications Specialist with management consultants McKinsey & Company in the 1980s, our bible was a book called [The Pyramid Principle: logic in writing and thinking](#) (Minto, 1991). According to Minto, for the average business or professional writer, producing more literate reports and memos (this was before personal computers were around) means "formally separating the thinking process from the writing process, so that you can complete your thinking *before* you begin to write."

That is fine for highly rational writers and readers, but personally I no longer find it entirely satisfactory – logic is only part of what makes a piece of writing clear and persuasive. Many other factors, including beautiful sentences, imagination, stories and personal style, also play a part. What's more, an over-organised document full of sub-headings and bullet points can make for a logical but terribly dull piece of writing. But still, I do agree with Minto that, in a business context, it is unhelpful to impose our half-baked thinking on the poor reader.

### **4. Developing ideas jointly**

AD: When writing something for business, it is easy to succumb to the temptation to do it all yourself – to try and control the way things are expressed. But by involving other people in your writing process, you may be surprised what rich new ideas emerge. Writing is *not* just a way of producing a document. It is a creative and potentially collaborative process. (And, in case anyone feels their writing is not creative, it's worth realising that writing is always creative in the sense that it can give rise to new thoughts in the writer's mind – and unanticipated responses from the reader!)

Collaborative writing doesn't have to take the form of full co-authorship – sometimes it is important to have a lead author in order to avoid writing by committee. But even if you are the sole author, you can still work collaboratively – by sharing drafts earlier than you might normally do so, getting responses from test readers, and then working those responses into the next version. And by the way, it's worth thinking about whether you want your test readers in each instance to be people who are on your wavelength, or people who see things differently. Each of these options can be right. It all depends on context.

In drafting this article, Michael and I experimented with collaborative writing and found it highly productive and stimulating. And of course, we didn't just write and edit; we also had numerous stimulating conversations – via Skype, by telephone and once in a café (in fact this was the first time we had ever met in person!).

### **5. Giving documents a 'social life'**

AD: There is generally no need to wait until after you have finished writing to have a conversation about it. The richer the conversations you have before and during the writing process, the better the result is likely to be. And those conversations might be informal or formal, with employees, customers or board members, face-to-face or via telephone. They might even include 'conversations with other authors' – i.e. reading!

In my view, there is a deep flaw in the way we tend to think about writing. We often talk as if business documents – e.g. strategies, business cases and even emails – 'contain' facts and ideas, and that if people read them (a big 'if') they would 'take on board' what was in them. In other words, we speak as if documents (and people) were some kind of container and ideas could be taken from one and put into the other. But this is only true in a metaphorical sense. (If you're interested in the widespread and unconscious use of metaphor, it's well worth reading Lakoff and Johnson's book (1980) *Metaphors we live by*.)

In reality, even when people bother to read a text, they go on to make sense of it (interpret it) in their own diverse ways. They notice what interests them or what troubles them, and they tend to overlook or dismiss thinking that seems unfamiliar or against their interests. In other words, all human communication is inherently ambiguous – readers and listeners always come to their own conclusions. We all know this instinctively, and yet some of us continue to articulate our 'great thoughts' and send them out in emails and attachments, expecting people to read and 'implement' them exactly as we intended.

What to do? Paying attention to the 'social life' of documents is crucial in my view. This means asking ourselves questions like: What conversations will be necessary to make people engage with the ideas we have expressed so carefully in writing? Could or should we set up a meeting or informal get-together to work out what it all means in practice? Whom do we want to influence, and what are their reading habits and preferences (not to mention their agenda and prejudices)?

MM: Whenever I listen to a speaker, I am aware that what I understood might not be what the speaker intended. This is particularly true in Britain, where we are experts in indirect language. As Brian Tracy, author of the audio book [The Psychology of Achievement](#) says, many people say things that are unclear, even to themselves. That's the reason why Tracy's favourite question in a conversation is "How do you mean?" He concedes that this might not be good grammar but it does invite the speaker to rephrase in different (maybe simpler) language. There is a somewhat exaggerated summary of this idea, which goes something like this: "I know that you believe you understand what you think I said, but I'm not sure you realise that what you heard is not what I meant."

But my own favourite statement of the near-impossibility of perfect communication came from Alan Greenspan, then Chairman of the US Federal Reserve. He famously told a business audience: "If I've made myself too clear, you must have misunderstood me."

## 6. Using stories as well as facts and propositions

AD: Many business owners will know that stories can be very powerful in communication. Some business writing is, of course, limited to factual content – e.g. policies and plans. But other kinds (e.g. marketing copy, websites, articles and updates) can be brought alive by judicious use of examples and stories. And these don't always need to be long and detailed. As Steve Denning has pointed out (Denning 2001), a story boiled down to one short paragraph often engages the reader far more than a hundred assertions or exhortations can.

Before humans invented writing, the only modes of communication we had – to work and live together and to share memories and insights – were talk and stories (accompanied of course by gesticulation and body language). But all sound is transitory. As Walter J Ong wrote: “When I pronounce the word ‘permanence’, by the time I get to the ‘-nence’, the ‘perma-’ has gone.” (Ong 2002) So one of the great advantages of writing over the spoken word is its greater visibility and ‘fixity’. To some extent, it can make up for the ephemeral nature of talk and the unreliability of oral storytelling. This makes writing a fantastic organising tool. It can be used to confirm and remind people of what has been said and to create a record that can be referred to again and again. And, for all its faults, email is particularly useful these days as an ‘asynchronous’ form of communication, when busy calendars make it difficult to talk, or when people are in different time zones. But let's not forget that, as well as helping us to organise things, writing can also be used to tell inspiring stories. Unfortunately, these days, a kind of ‘story desert’ has taken hold of much business and academic writing.

MM: Good storytellers often make compelling public speakers as well. A classic example was Abraham Lincoln, who won nomination, then election in 1861, to the US presidency, though a total outsider. A big part of the reason lay in his oratory. Admittedly the skill of using rhetoric was a talent more prized in those days than it is now. But calling someone a good orator is really just another way of saying they can engage with their audience and win over hearts and minds. The excellent biography *Team of Rivals* by Doris Kearns Goodwin (2002) suggests that, in Lincoln's case, the ability to speak to an audience derived partly from his lifelong love of storytelling, but also from his evident passion. A contemporary reporter wrote: “Mr Lincoln's eloquence was of the higher type, which produced conviction in others because of the conviction of the speaker himself.”

## 7. Recognising the enduring value of conversation

AD: It may be obvious by now that Michael and I are fans of informal conversation. The trouble is that technology now seems to be pushing us all into contacting people via email and social media rather than picking up the phone or seeking out opportunities to chat informally in cafés and doorways. Email and social media are useful when used intelligently, but nothing quite substitutes for a good conversation – by phone, Skype or in person.

MM: Is a business presentation or pitch a conversation, I wonder? It can be, or at least it can feel like that, if the speaker finds ways to engage the audience. One technique is to use ‘question tags’ after a statement to prompt a response, such as: ‘... would you agree?’ or ‘... does that make sense?’ Of course those are closed questions; but they are a quick-fire method of increasing engagement. More open questions can be

used if time permits. Either way, through questions, engagement is multiplied many-fold. And the bonus: asking questions and thereby inviting responses will force the speaker to pause, which is anyway an underrated and powerful habit.

AD: While informal conversations are vital in business, not just any conversation will do. Some are frustrating – conversations dominated by one person, dull or superficial ‘rhubarb, rhubarb’ talk, endless, over-formal meetings, and so on. But despite these all-too-common experiences, conversation remains essentially a creative activity: at best, it is improvised, responsive and sometimes risky and edgy. It can give rise to thoughts, associations, feelings and enthusiasm that none of the speakers anticipated; and it can bring together different perspectives to produce an exciting cocktail of ideas and insights. If it goes well, we leave full of energy, clarity and new resolve.

What can we do to ‘up’ the quality of our conversations? I think it is worth making a conscious effort to *pay attention to our experience of conversation*. Admittedly, this is not always easy and it takes practice – often we are so caught up in the content, emotions or politics in what’s being said that we feel unable to stand back from it. But if we do manage to get better at ‘noticing’, we can also learn how to change the quality of conversation. For example, we can press the imaginary pause button and draw attention to something that has struck us about the nature of the conversation. And if we notice that certain people are dominating, we may be able to find a way of bringing in other voices. Or if people have slipped into a pointless argument, there are ways of shifting the conversation – e.g. by requesting that each person talks from the ‘I’ position. That can be a good way of nudging them into speaking from their own experience, which tends to be a great connector.

Finally, as someone who spends a lot of time at her desk, I want to urge all business leaders to give conversation a chance by walking about and bumping into people a bit more than they might naturally do; pausing before tapping out another email (especially when sensitive issues are involved); and resisting the temptation to fill up electronic calendars with back-to-back formal meetings. I also want to encourage those who have staff working for them to think before they turn down a request for a chat. In many situations, it pays to view conversations as an opportunity for joint exploration rather than as just a transaction or a distraction. For some people that requires a profound shift in attitude.

\*

Our starting point with this piece was to offer some suggestions based on our experience as coaches. But we didn’t want to write yet another simple how-to guide, offering advice on the basic communication skills that many business owners already master. Instead we chose to address some broader themes that we think deserve attention – some of which regularly get overlooked. Our fundamental conviction remains that human relationships matter in the workplace, and good human relating can open a doorway to doing better business.

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### About the authors

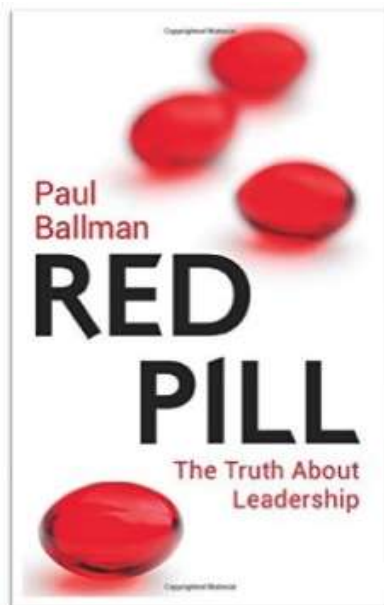
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# A bitter pill?

## Paul Ballman's new book on leadership

### Book review by David McAra



*I have been enjoying leadership coach, Paul Ballman's new book, "Red Pill, the truth about leadership", which gently but assertively challenges our insatiable appetite for new management fads.*

*I appreciated being reminded of the fallibility of adopting formulaic approaches and of the need for continuous observation and inquiry. I was left wondering, with some concern, whether sound 'articles of faith' might themselves be dismissed along with all the fads. Now, my choosing to describe them as 'articles of faith' really has me thinking!*

### The Matrix

I found the title of the book arresting. 'Red Pill', is a reference to a compelling scene from 'The Matrix', the Warner Brothers blockbuster movie of 1999. The eponymous red pill represents a pivotal moment of choice for Neo, a cubicle-dwelling IT geek, played by Keanu Reeves.

Approached by the exotic and disconcerting 'Morpheus', Neo is offered a choice: "to return to the comfy illusion that he has been living in the past ..." or to reveal a truth "that may be a lot harder to handle than the illusion".



Neo chooses red  
[Warner Brothers](#)

*"This is your last chance. After this, there is no turning back. You take the blue pill - the story ends, you wake up in your bed and believe whatever you want to believe. You take the red pill - you stay in Wonderland and I show you how deep the rabbit-hole goes."*

So begins a journey of discovery. Neo, Paul - and I - have taken the red pill. Otherwise there would have been no movie, no book and no review. I'm guessing you've taken it too, or you probably wouldn't be reading this.

## No Silver Bullets

'The Panacea Problem' is the subtitle to the book's introduction and it opens with a personal and modest story, setting a gentle and engaging tone for the following chapters. Having doubts about his career in computing, Paul has transferred into the training department of a major corporation which has hired Tom Peters, business guru of the day, for an inspirational speech. Paul is duly inspired but goes on to describe how inspiration turns to disappointment on this and many other occasions. Over and over, high performing companies, held up by Peters and other gurus as examples of 'how it should be done', have failed to maintain their outstanding ratings and the gurus have changed their tune, repeatedly redrafting their magical 'formula for success' and explaining away the shortcomings that have been exposed.

## The choice: blue or red?

Paul might have taken a cynical position, questioning the integrity of the gurus but that would have meant choosing the blue pill. He chose to write this thoughtful book instead. For me, this is the essence of the choice:

- Either I rely on the expertise and authority of others, blame them when the results are not what I would wish and search for a better guru
- Or I listen and reflect, respect the knowledge and experience of others but discover my own, trust my judgement, screw up my courage and decide for myself.

It's a 'coming of age' moment.

## Outline of the book

Chapter 1 cautions us about our human appetite for dramatic stories and simple explanations. If the gurus didn't exist, we would surely invent them. Then, chapter-by-chapter, he bursts our balloons, unveiling the different ways we may be deceived, including:

- Past performance is an unreliable guide to the future
- Yesterday's hero easily becomes today's villain
- Our tendency is to fit the data to the message
- We have an insatiable appetite for novelty
- Senior decision makers easily become isolated and
- Pedlars of success formulae may have ulterior motives

The list looks a bit stark, but the author's account is sympathetic and engaging. I grieved again when he reminded me that there was more to the [Hawthorne experiments](#) than the heart-warming conclusion presented by Peters and Waterman (1982), that "it is attention to employees, not work conditions per se, that has the dominant impact on productivity." Apparently, the results were more complicated than that and there may even have been some cheating!

However, Paul is careful about babies and bath water. In each chapter, he also draws attention to the wisdom and insight we might uncover between the ideas and their application in messy and complex reality.

He reminds me of a challenge for hazardous industries, where I have had some experience as a consultant in the offshore oil industry. The hard lessons arising from highly improbable but catastrophic failures, beyond the experience of anyone present, are captured (in theory) in tightly controlled procedures, often backed by severe disciplinary regimes. But a culture of slavish compliance with procedures does little to enable the constant vigilance, openness and inquiry on which safety depends.

## Articles of Faith

During my own journey of discovery, I have come to hold dear some ideas which, I believe, can transform the world of work where they are adopted by leaders in organisations. So I am sneaking sidelong glances at Paul, hoping he doesn't want to dismiss my own 'articles of faith' with all the other fads. I believe radical transformation can occur when leaders discover that:

- The flows of information, materials and money around their organisation are more important than the individual transactions
- Cost centres are all part of the same system, so their interaction is more important than their individual performance
- People are PEOPLE, adults, to be respected, trusted and engaged with, rather than 'human resources' to be motivated, graded and managed.

I recently heard a senior oil industry manager, speaking with genuine excitement about the success of his change programme. However, he attributed its success to trivial gimmicks and to 'holding people accountable'. He hadn't considered that other factors might be in play; empowerment, for example, and intrinsic motivation. Perhaps no one has offered him a red pill yet or maybe he chose the blue one.

## Living with Paradox

As he draws to his conclusion ("No more heroes any more"), Paul summarises with a bold paradox, worthy of the script for The Matrix:

*"You have to have absolute and total commitment to values and an absolute and total commitment to value creation, even when they contradict each other."*

Mindful of the risk he is running, presenting himself as an authority on how authorities are not to be trusted, he tries hard to be candid, providing us with a handy checklist to bear in mind when reading his work.

In an original and engaging way he reminds me that I must learn for myself. I am not alone. There are many giants with broad shoulders to climb on. But no one else can do it for me.

"I would urge you to keep a special eye out for times when I:

- Imply that I know or can do that nobody else can
- Name-drop
- Make myself look good"



## Publication details

Red Pill: The truth about leadership, Dr Paul Ballman, Acorn Independent Press Ltd 2015, ISBN 978-1-911079-00-2, 276 pages, £4.99 Kindle; £8.99 paperback



## About the author

**Paul Ballman** studied psychology to doctorate level and brought what he learnt about the way people think and behave to the business world, helping global companies to strengthen their leadership and management strategies.

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## About the reviewer

**David McAra** has been training and consulting in safety management for the offshore oil industry for 27 years. He is presently working out how to make the most of the exciting opportunity presented by his recent redundancy. He is interested in people, how they work together and how they might learn faster, to work more effectively together and with less suffering. He is a member of AMED Council and of the e-O&P editorial board.

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# A selection of forthcoming events

You are most welcome to join us

Please click on the links if you'd like to find out more.

Date	Event:	<a href="http://amed.org.uk/events">amed.org.uk/events</a>
19 August	<a href="#">AMED Writers' Group</a> : 'Writing through metamorphosis to aid our understanding of change', with Alison Clayburn	
9-12 September	<a href="#">OST 2016</a> : 'Open Source Thinking: Healing for a fragmenting world'. Tostat, France: a residential Gathering, hosted by Alison Piasecka, Andy Piasecki, Rosemary Cairns and Bob MacKenzie	
30 September	Publication of the Autumn 2016 edition of <a href="#">e-Organisations &amp; People</a> , Vol 23. No 3: 'Fear in organisational life'. Guest editors: Maria Arpa and Robin Shohet.	
21 October	<a href="#">AMED Writers' Group</a> : 'Learning from our experiences through writing', with Melanie Greene	
26-28 October	<a href="#">39th Annual ISBE Conference</a> , Paris. 'Institutional Voids, Entrepreneurship and Small Business Development.'	
28 October (tbc)	Post-publication Gathering, London, on 'Fear in organisational life', exploring issues raised in the forthcoming Autumn edition of e-O&P'	
Wb 1 December	Publication of the <a href="#">Winter 2016 edition of e-Organisations &amp; People</a> , Vol 23, No 4: ' <a href="#">Trust in organisational life</a> '. Guest editor: Rob Warwick	
16 December	<a href="#">AMED Writers' Group</a> : 'Highlights of our writing year, and Private Passions': AWG's annual end-of-year celebrations, with Bob MacKenzie and Writing Friends (details tbc).	
16-20 January 2017	<a href="#">Case Writing and Teaching Workshops</a> , HEC, Paris, including 'Writing Effective Cases', with Trevor Williamson.	

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## A note about ISBE



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Our annual conference has become a premier event for this constituency, and 2017 heralds its 40<sup>th</sup> anniversary.

We hold many regional events, including academic, entrepreneurial education and practical, skill-building workshops for small business practitioners and the business networks that support them. We contribute actively to policy think-tanks and debates in response to government initiatives and other contemporary issues, and we actively support research via our annual Research and Knowledge Exchange (RAKE) fund, which is awarded to small business and entrepreneurship researchers to develop, produce and disseminate their work.

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## A note about AMED



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