



Department for Business, Enterprise and Regulatory Reform

Simplifying Business Support: A Consultation

**Submission from the Chartered Management Institute and
Institute of Business Consulting**

14 September 2007

OVERVIEW: THE CHARTERED MANAGEMENT INSTITUTE & THE INSTITUTE OF BUSINESS CONSULTING

The Chartered Management Institute and Institute of Business Consulting welcome the opportunity to contribute to the DBERR consultation on the simplification of business support. As a UK-wide professional body that engages with many thousands of employers to support both their skills and business development needs, we believe that national quality standards should underpin the simplification programme to enable all publicly-funded business support to be easily understood, accessible and offer value for money.

The Chartered Management Institute is the only chartered professional body dedicated to management and leadership. We support 79,000 individuals and 400 corporate members and have a high level of engagement with employers across all sectors. Our members are employed at all levels of management within business and public sector organisations. Through the Management Standards Centre (MSC), the Institute is appointed by Government (QCA, DIUS, SSDA) as the Standards Setting Body for Management and Leadership. The MSC sets and maintains the National Occupational Standards on Management and Leadership, which is a national source of guidance for all those working in management.

The Institute of Business Consulting is an organisation within the Chartered Management Institute. It was launched in April 2007 following the merger of the Institute of Business Advisers and the Institute on Management Consultancy. It thereby brings together business advisers and management consultants into one profession, 'business consulting'.

Business consulting is primarily about improving business practice and performance, in all types and sizes of organisation. It includes individuals working independently through all sizes of practice to very large firms of consultants. It serves start-up businesses, small and large organisations in private, public and voluntary sectors and therefore it touches on all areas of the UK economy. The Institute of Business Consulting is the professional body for all professionals engaged in this way and has been established to raise standards of professional practice in support of better business performance. It provides a recognised career and development path for the profession supported by a qualification route with multiple entry routes.

The Institute is actively developing its position as the professional body for the whole of Business Consulting. There is extensive research underway to establish the Body of Knowledge for the profession of which the Institute will be the custodian and which will underpin the developments in qualifications and diagnostic tools for members. We are also working to establish expert groups within the profession, using this to spearhead our developments in thought leadership within business consulting. We have already several events and activities in this respect underway including an expert group working within internal consultancy to provide a forum for exchange of knowledge leading to publications on the subject. Other areas of investigation will follow including knowledge management as it relates to consulting. Our new regional structure, reflecting as it does the RDA and devolved administrations, is already giving us opportunities to work actively with members on issues pertinent to them in their regions, as well as with the Chartered Institutes' members. We see an exciting future for Business Consulting and for the Institute in leading the development of the profession.

The Institute of Business Consulting is also responsible for the National Register of Business Support Professionals. The National Register was created to meet the need identified by the Business Support as a Profession Group. It provides National Common Standards for business advisers or brokers and a single point of contact for anyone wanting support for their business. The Institute believes that the National Register can be a powerful route to improve the delivery of business advice to support the proposed reform of business support schemes outlined in this consultation.

EXECUTIVE SUMMARY: Business Support Simplification Consultation

- The overarching issue is how to ensure that business support services and activities reach those who are most in need, are cost effective and deliver improved business performance. Professional bodies, by raising standards and providing quality assurance, play an important role in supporting this simplification process. For businesses seeking external support the quality of advice is paramount.
- Quality assurance mechanisms should be in place to ensure high standards of all publicly-funded business support services: the Institute of Business Consulting's work in developing the National Register of Business Support Professionals provides the opportunity for all business support agencies to commit to common quality standards.
- The Management Standards Centre, which is responsible for the National Occupational Standards in Management and Leadership, has started a new project to map the various business support standards. This work will provide a quality framework to help employers understand the relevant types of business support services and the standards they should expect.
- We are concerned that the key business support themes need to focus more on addressing the management and leadership skills of business owners and senior managers. These individuals are responsible for strategic and investment decisions critical to business success. The current thematic heading encompasses workforce development issues, rather than management and leadership skills.
- All business support services will need to be reviewed regularly to reflect the rapidly changing dynamics of the business environment. The Institutes through their strong engagement with employers and advisers could provide a consultation mechanism to enable an incremental review that could help keep support services relevant to the business community.
- The reduction of any duplication of publicly-funded business support is strongly supported by the Institutes. It is essential that all groups involved in the delivery of publicly-funded business support agree to operate within the simplification process. It is particularly important for

other public bodies beyond the skills agencies, such as local authorities, to operate within the Business Link model. In practice, different governance models may need to be developed to ensure that future duplication is reduced.

Question 1: Do you think the business support outlined in Figure 2 and at Annex A adequately covers the key needs of business and helps achieve public policy aims outlined in this document?

- 1.1 The support outlined covers a number of the key needs of business. However, we feel that there are some gaps which may helpfully be addressed. These are outlined below.
- 1.2 We are concerned that Figure 2 implies a narrow understanding of the role of management. Management is broader than people management ('recruitment, people development') alone, but this is not adequately reflected in the proposals. Indeed, management is crucial to other themes, such as 'operations and efficiency' and 'product development'. To take an example, the evidence on the link between innovation and management is well established. For instance, Professor Michael Porter's review in 2002 of the government's work on productivity concluded that UK companies will have to compete on "more unique and more innovative products and services", which will "require changes in management behaviour".
- 1.3 The inclusion of 'management and leadership of the business' as part of the 'skills solution' offer, as outlined in Appendix A (p. 28), is welcome. There is a real need to focus on supporting better management skills as a priority for business support. It is highlighted, for instance, by the high failure rate of start-ups and SMEs. The Association of Business Recovery Professionals has shown that poor management is the main reason for business failure, behind loss of market, saying that as many as "six out of ten insolvencies are management's fault". (*Corporate Insolvency in the UK – 12th Survey*, 2004).
- 1.4 We would recommend changing the thematic heading to 'Managing and leading a business' which would then resonate more strongly with the business community. This would reflect the need for SME owners and

business leaders to address their own management skills, as well as investing in their employees' skills as implied by the current thematic heading of 'Management, recruitment, people development'.

1.5 Further discussion of the proposed themes is offered in Section 5, below.

Question 2: Where do you see duplication in publicly-funded business support?

2.1 We strongly support the reduction of any duplication of publicly-funded business support. As also addressed in our response to Question 7 (below), we feel it is essential that all groups involved in the delivery of publicly-funded business support agree to operate within the simplification process. It is particularly important for other public bodies beyond the skills agencies, such as local authorities, to operate within the Business Link model. Otherwise, EU funding can be independently sought resulting in the potential for duplication of support schemes. This is confusing for business and we therefore support the consolidation of publicly-funded support through Business Link.

2.2 Although potential duplication should be minimised, it is important that genuinely new and innovative schemes can still be introduced. To stay relevant and to be able to offer real value to businesses, support schemes need to be reviewed regularly to reflect the rapidly changing dynamics of the business environment. Given the Institute's strong interface with the business community, we could provide an employer and adviser-based sounding-board/consultation mechanism to contribute to an incremental review process for the current and future business support offer.

Question 3: Where do you feel support is adequately provided by the private sector, thereby reducing the need for public sector support?

3.1 We believe that the private sector will continue to respond to market demands for business support. The size and strength of the management consultancy industry is evidence that private sector business support services are working well. Where businesses are more mature and able to identify and articulate their need for business support, they are better able to seek and pay for specialist advice and support.

- 3.2 Whilst the private sector can provide the full range of support, it is less well placed to be able to provide independent brokerage and standards-based quality assurance.

Question 4: What publicly-funded business support do you regard as being of the highest priority?

- 4.1 We agree that publicly-funded business support should focus most on start-up and early stage growth businesses that are least likely to be able to afford private sector support. In particular, an effort should be made to identify those with high growth potential and those higher-risk ventures that struggle to find support from the private sector but which nonetheless may make significant economic and social contributions.
- 4.2 Secondly, but no less important, is the question of quality assurance. All businesses are wary of committing time to obtaining support if they doubt its value and need to be confident that the support will be both relevant and high-quality in nature. Publicly funded support should be channelled towards approved suppliers, for instance utilising the recently-established National Register of Business Support Professionals.
- 4.3 A corollary point is that support should not be 'one size fits all'. Different levels of support will be appropriate in different contexts. For instance, a greater level of support may be offered to high growth potential firms. As such, we support the principles for meeting the needs of different people and businesses (paras. 3.7 and 3.8, p. 17) and the flexibility that this will allow to meet different needs in different regions.

Question 5: Do the business support themes make it easier for you to know what publicly-funded support is available to meet the needs of your business? Are they the right themes?

- 5.1 The themes presented to business will need to be considered more fully. While the themes may make sense from a supply-side perspective, they must be easily comprehensible from the business perspective, in accordance with the principles of the proposed simplification.

- 5.2 Initial feedback would indicate that some of the themes are not as clear to employers as they could be. The Institute would be happy to facilitate further research to help test employers' understanding and responses to the proposed themes.
- 5.3 If businesses do not recognise the challenges they face among the themes offered they may be put off seeking support in the first place; equally, they may take a 'wrong-turn' and become disillusioned if it is difficult to find the support they need. Getting public approval can be daunting for small businesses that have no experience of dealing with public sector bodies in this way. The delivery of support should not be restricted by the themes provided.
- 5.4 The sixth theme, "sales and marketing development" is purely focused on international business activities. This may be irrelevant to many businesses and start-ups that will not be seeking to trade internationally, but may nonetheless be in a position to benefit from support on sales and marketing issues. Their needs would not be captured by the current labels. At present, a more appropriate title for this theme might be "international business development".
- 5.5 Given the focus on international activities, however, it would be sensible to also provide support for imports. Many businesses face significant challenges in effectively sourcing products from overseas. The reference to 'supply chain linkages' in Appendix A (p. 31) suggests that some support in this area may be offered, but if so, it should be made more explicit. Indeed, procurement issues are barely covered across any of the themes.
- 5.6 The offer of 'business expertise' (for Operations and Efficiency and Product Development, according to Figure 2 – also for Sales and Marketing Development, according to Appendix A) is of course an extremely important aspect of business support and one that can add significant value. We welcome the commitment to 'quality assured' business expertise (Appendix A, p.29). Membership of a professional body such as the Institute of Business Consulting or registration on the National Register offers such quality assurance processes and should be recognised as such.

- 5.7 Additionally, it is important that as part of the reforms – in keeping with the principle of making support simple for business to access – attention is paid to ensuring that the processes and criteria for eligibility for the different forms of support are as simple and straightforward as possible.

Question 6: To what extent will reducing the amount of branded business support make it easier to know what is available to meet the needs of your business?

- 6.1 We strongly support the proposal to “reduce the number of brands that are visible to the customer” (para. 3.13, p. 18) and to use Business Link as the “primary access channel” (p.19) for support. We agree that this has the potential to help make it easier for businesses to understand the support available to them.
- 6.2 There may be a question over the strength of the Business Link brand among some businesses, given the changes that it has undergone and the current confusion over what support is available. However, the reduction in the number of brands should help to achieve greater clarity which would be a significant improvement. As described below (para. 9.1) more will also need to be done to help promote visibility and confidence in the brand.

Question 7: How can the delivery of business support be better arranged to minimise customer confusion and achieve economies of scale?

- 7.1 We believe it is essential that all public organisations currently providing business support agree and commit to the simplification of support through one single process as proposed. However, it is not clear from the consultation document how such a unified approach will be achieved across all the local, regional and sectoral bodies involved. Further comment on improving delivery is included within question 8 below.

Question 8: How can Business Link be further developed to meet business and government needs consistent with this policy?

- 8.1 The National Register of Business Support Professionals can play a powerful role in a reformed, simplified structure for business support. The National Register was created to meet the need identified by the Business

Support as a Profession Group, which included DTI, LSC and other agencies. Business advisers and consulting professionals providing advice to companies are now required to be on the National Register if receiving funding from Regional Development Agencies, the Learning and Skills Council or Business Link. We believe that this role for the National Register should be recognised and enhanced in the reformed system. As the consultation highlights:

Businesses should be confident that they will receive impartial advice and brokerage from Business Link

Businesses should also be confident that they will receive quality-assured advice and the National Register will help in this regard. It will provide National Common Standards for business advisers or brokers, ensuring that anyone involved in advising or brokering will do so effectively.

The Management Standards Centre, an organisation within the Chartered Management Institute and supported by the SSDA, is undertaking an extensive mapping programme looking at a range of business support standards. This work should help to provide a simplified quality framework covering all business support professionals, using common National Standards as a basis. Such a framework can then be used as a benchmark against which to test competence of publicly funded advisers/brokers.

Question 9: How can business support services make best use of Business Link as the primary access channel for business?

- 9.1 Confidence in the Business Link brand must be built. As it has been through several changes, some businesses will be sceptical, despite the high satisfaction ratings among users of the service. It is therefore essential that the new brand is established and built quickly, so that there is clear understanding of what Business Link can deliver.
- 9.2 Ensuring quality will be a major issue for building the brand. Using the National Register to ensure quality will help build the brand's credibility and offer assurance to businesses regarding the quality of the service on offer.

Question 10: Do you agree with the proposed strategic oversight of business support?

- 10.1 We agree with the proposals for establishing cross-Government strategic oversight of business support to ensure that a reformed system retains single, clearly identifiable route for public funding.

- 10.2 Further to the proposals, we believe that oversight should also draw on the expertise of the professional bodies and their ability to facilitate feedback from both employers and business support professionals (see para 2.2 above).

Question 11: Is there another option that you think we should consider and how would you justify it?

- 11.1 There may be advantages to a system in which support may be offered to help small businesses meet their development needs through a voucher scheme. Publicly-issued vouchers could be redeemed with private sector organisations. We recognise that such a scheme would need administering, probably under Business Link – in line with the principle of reducing the number of brands involved in public support - but the organisation responsible for the scheme would need to be lean and effective so that most of the money reaches the businesses that need it.

Questions 12 – 13

These questions are not relevant to our response from the perspective of a professional body.

Question 14

- 14.1 We do not feel able to comment on Question 14, on the likely costs and savings associated with reform, on the basis of the data available.

Question 15: Are there other benefits or costs to the proposals? For example, what other costs and benefits are there for the private sector, the third sector and for public, private and third sector providers of business support?

15.1 These proposals may incur additional costs in terms of upskilling business support professionals to ensure that the service provided is at a sufficiently high standard. Some additional marketing and promotion costs may also be necessary, particularly to communicate to business the effects of the proposed reforms and the support that is available. The benefits of this, of course, are in wider recognition achieved and building a broader operational base.

Q16 How far will our proposals make it simpler for business to know what publicly-funded business support is available and how to access it?

16.1 Overall, we feel that the simplified model of business support that is proposed has the potential to make support services significantly more straightforward for business to understand and access. A reduction in the number of brands that the customer faces will enable more effective marketing to the end user and should result in increased engagement.

16.2 However, it is crucial that the approach adopted is absolutely appropriate to the target market – that is, to business. We welcome the commitment to use ‘plain English descriptors’ (p. 17) but remain concerned that some of the language used in the current proposals – for instance in Figure 2 – is still more appropriate for the providers of business support than for business owners and managers themselves.

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