

The Demise of the Business Link?

Have we learned anything from the last fifteen years?

Some thoughts from an ex-insider

An open letter to Mark Prisk & Vince Cable

In response to Mark Prisk's announcement that
the Regional Development Agencies will fold.

And how business support might become self-sustaining

From:
Steve Mullins

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The Demise of the Business Link? – Some thoughts about the Pros and Cons

By Steve Mullins

Steve.mullins@virgin.net

07974 918 229

“Having lost sight of our objective, we re-doubled our efforts” Ascribed to Walt Kelly

Preamble

I was privileged to be with one of the TECs defining the scope and roles of the Business Link and to then join the Business Link as a Personal Business Advisor on launch. During the life of the Business Link until it became the Small Business Service I witnessed an excellent resource that delivered genuine support to SMEs in a cost-efficient way be progressively diverted, undermined and overcomplicated to the point it became quite ineffective.

Naturally, I am distressed that a resource as potent as the Business Link has been progressively squandered and will now be disbanded, but I feel there is much to be learned from it in delivering support to the SMEs that will play a progressively important role in the recovery of this country. This note calls on my having supported more than 1,000 SMEs as a Consultant and Business Link Advisor over the last twenty years.

Conclusions

Right now, there is in place the competence, connections and infrastructure to deliver practical support to SMEs based on the original Business Link principles; some of this can surely be built on for the changes that are to come.

Summary

The original Business Link was a potent source of support to SMEs; in time it got progressively diluted and complicated though an incessant barrage of add-ons and ‘wouldn’t it be nice’ programmes: finance, responsibility, power and usefulness have been migrated to other bodies through a series of political manoeuvres leaving what is now a burn-out shell that, in its current state, deserves to be closed.

There are however some good points, especially from the earlier days when the Business Link was essentially a stand-alone body, which may serve to support and advise about the support SMEs will need if they are to play their part in developing the ‘value-added’ element of exportable GDP

Introduction

When the Business Link was first set up as an organisation which ‘fell out of’ the TEC I was lucky enough to be one of three people selected to identify and define the role of the Personal Business Advisor – a role designed to directly advise SMEs or to identify and appoint an appropriate consultant to address the needs of the business owner/manager, and act as project co-ordinator for that consultancy.

With a strong background (20 years) in the 'blue chip' commercial world and, at that time, eight years of consulting to SMEs with Morton Hodson (a franchise consultancy that specialised in SMEs and actually trained its consultants) the three of us looked at the Business Link roles and how to manage the balance between costs and incomes for: the SME, the Business Link and the Government. We planned that the SME could become more profitable and Government could spend less and less on support as time went by.

Brief digression, the larger organisations have a very clear vision and mission which supports an unambiguous, easily communicated and precise objective – usually monitored by just one or two financial measures; for example Mars has just one, GEC has five and Morgan Crucible has seven; we adopted this 'big company' approach to identify the measures and to monitor the service delivered.

In the start-up days the Business Link had two measures:

- Improvement to Gross Profit which would lead to investment in the business or an increased tax take; Gross Profit can be compared year on year. Anything below this can be taken as drawings so measures such as Net Profit could become unrepresentative of any improvement
- The second measure was numbers employed, because every person removed from the job centre saves the Government about £10,000 when admin and support are taken into account.

The net impact of focusing on just these two measures meant that the administrative cost to the Business Link was below 35% of funds provided (15% - 25% is about right in the commercial world) and the Business Link could become self-sustaining if the increased tax and employment was taken into account.

Unfortunately there is always the temptation to look for added extras and the reporting requirement quickly escalated 'in case a question *might be* asked in the House'; the impact was to reduce efficiency when increasingly obscure statistics were demanded and reported on. When the Business Link became the Small Business Service about ten years ago some 98 different variables were reported, and audited, on a monthly basis.

A couple of years ago one of the Business Links was reporting over 170 different variables on a monthly basis. And every one of these variables needed additional people to audit, check, verify and query – a ballooning of the control infrastructure (Whitehall?)

In order to manage all this data a programme called Linktrack was introduced which had all the hallmarks of an NHS IT project that hadn't quite worked; and when used by Business Link it continued to not quite work and also to wonderfully frustrate and waste time.

During the life of the particular Business Link that I had joined:

- At start up £5m was provided on an annual basis; £1.75 was spent on administration (2 variables) and £3.25m went to business support, with the aim of self-sustainability
- At the close (SBS emerged) £5m was provided; £3.25m was spent on administration (98 variables) and £1.75m went to business support.

The Business Link was about half as effective as it had been originally and, importantly, no longer potentially self-sustaining; things then got progressively worse (170+ variables), but as I'd left I don't have the details.

I was recently offered the opportunity to do some part-time work for the Business Link (my past records and details are in the system somewhere) it involved a new CV, three interviews, presentation of my passport to confirm I'm a British citizen plus two headed letters to confirm my address, a written exam, numerous phone calls and e-mails etc. etc. This pantomime was followed by a series of apologies from the person who invited me; I didn't accept the post because this level of unnecessary activity to take on a part-time advisor with proven credentials must certainly find its way into the way work is done, controlled and reported – wastefully

Some of the Pros

Early days

- Very effective direct and indirect support to SMEs through competent Personal Business Advisors who were competent as both consultants and project managers
- A bank of consultants competent to work with SMEs
 - usually sole traders, so very flexible and responsive
 - work is provided to them (normally 50% of time is spent finding work) so very cost effective
- Very direct; if people didn't perform they went, very few passengers
- A high level of respect throughout the organisation
- Simple reporting and recording
- A business ethic to be pretty much self-sustaining financially

Today

- A remarkably strong brand, even though it has fallen by the wayside a bit
- People competent to deliver consultancy to SMEs (few of the people from the 'big four' have the experience, expertise or aptitude – or can work at a price acceptable to an SME)
- A national network of people competent to cover all the necessary roles to deliver and manage good support to SMEs from pre-start, through start-up and growth to succession planning – if they're allowed to get on with the job

Some of the Cons

Early days

- Consultants as sole traders can be unpredictable and difficult (but not impossible) to manage
- The consultants might also 'poach' a Business Link client
- There was scope for conflict of interest (but once spotted was weeded out)
- Consultants might work outside their skill zone (usually uncovered pretty quickly)
- Reporting and recording using cumbersome spreadsheets

Today

- Overwhelming (and largely unnecessary) bureaucracy with serious over-reporting, manifested by a lack of creativity and an unwillingness to change
- No direction and no objective, so no common purpose
- A passenger list to rival the Titanic
- A tarnished brand – which still shines in places
- Impotence due to dilution by the RDAs and others who equate spending with importance and counting things with progress

Conclusions

The early Business Link was a cost-effective simple way to deliver support to SMEs; much of this approach and structure of the original service can surely be adopted and absorbed into the way support will be provided into the future as the balance of UK business activities swings towards adding value and export.