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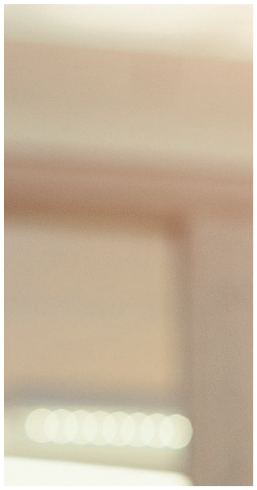
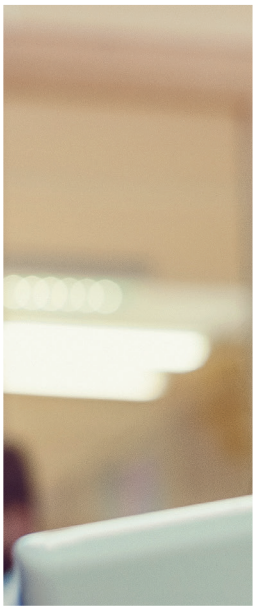
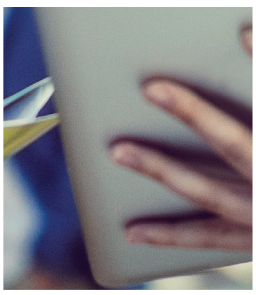
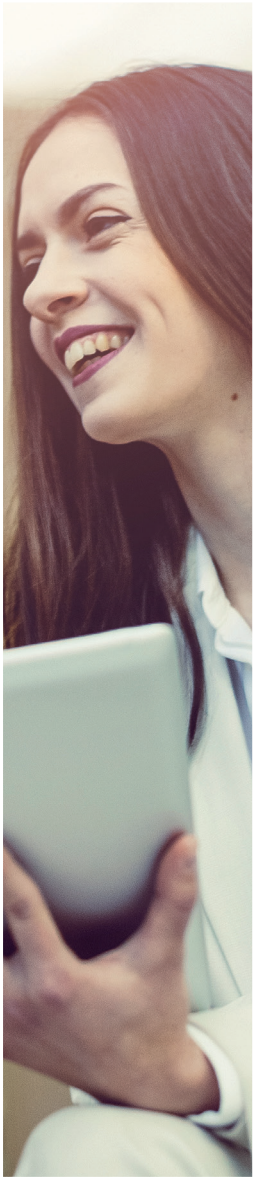
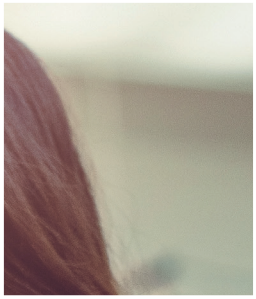
ENTERPRISE AND SKILLS REVIEW:
REPORT ON PHASE 2

ENTERPRISE AND BUSINESS SUPPORT PROJECT

Business support in an entrepreneurial and innovative Scotland



Contents

	Page
Executive Summary	3
1. Introduction	6
2. Purpose, Vision and Benefits	8
3. Delivering Better Outcomes	9
4. Implementation	22

Executive Summary

A core objective of the Enterprise and Skills Review is to drive alignment between the Scottish Government's enterprise and skills agencies. Responding to this, the Scottish Government and its agencies are already taking action to improve the delivery of business support. For example, Scottish Enterprise (SE) has reviewed and further improved its account management service and is undertaking work to speed up its grant application processes; Highlands and Islands Enterprise (HIE) has been reviewing how it improves the customer journey for businesses, including through its digital capability and delivery of specialist advice; SE, HIE and Business Gateway (BG) are collaborating to help growth businesses to innovate; and SE, HIE and Skills Development Scotland (SDS) have been working together on how to transform digital services.

To ensure that public sector business support delivers maximum benefit for businesses and the economy in terms of improved business performance, productivity and innovation, this project has focussed first on developing still deeper collaboration and taking forward further opportunities to improve the experience and impact of support. It also creates a stronger mechanism to facilitate on-going review and improvement. The parallel Innovation and International reports detail our specific approaches to supporting businesses that are innovation-driven and/or seek to trade internationally.

Section 1 introduces the report by setting out the roles of our business support partners and the challenges we are seeking to address. Section 2 outlines the project's purpose, our vision for business support, and the benefits of refreshing our system of delivery. Business support will be consistently focussed on the user, driving a growth culture, and building business capacity. This will be enabled by deeper collaboration between the key delivery partners.

Section 3 describes how our primary focus on the customer will be achieved through a nationally coherent, streamlined and digitally enabled support system. We will strengthen the ability of public sector providers to help companies develop their ambition, identify triggers for further support, and build businesses' digital and innovative capacity. This will be delivered by the partners creating an integrated system behind the scenes that ensures businesses get the right support at the right time. We then set out early action on specific support for scaling businesses and for groups such as female-owned or social enterprises.

Together, our agency and Business Gateway partners will be responsible for delivering a clear and coherent system of support that is based on shared principles, uses collective messaging, and makes clear individual and collective commitments. Section 4 details how, building on work already underway, they will implement the following **key actions**:

Improving Delivery

- Starting this summer, and engaging with the business community and individual businesses, deliver a joint improvement programme to create a much more coherent and joined up system of support that is focussed on business need and is quick and easy to access and understand
- Develop a single digital access point that is appropriate and accessible for all business types.

- Build on work by the Office of National Statistics to develop and deliver a single, authenticated business ID to facilitate the joining up of support between organisations across Scotland and to reduce duplication in the provision of information by businesses.
- Pilot, and if successful roll-out, a Business Box for companies – an electronic information pack that each new business receives alongside its Business ID.
- Build on existing professional training, and use the capabilities of a common digital platform, to ensure business advisers are equipped to provide top quality advice that responds to all business types and to current and future business needs.

Ambition, entrepreneurship and scaling business

- Undertake specific research, reporting in early 2018, on the behaviour and motivation of businesses in terms of ambition, innovation and productivity so that we reach more businesses more effectively and can better target future interventions.
- Work with Entrepreneurial Scotland to establish, by autumn 2017, a 'backbone' of support to maximise the collective impact of Scotland's growing entrepreneurial movement.
- Provide more and better co-ordinated support for businesses to 'scale up' by driving forward the Scotland CAN DO Scale movement through Entrepreneurial Scotland and partners across the system – with the new steering group in place from summer 2017.
- Realise untapped economic potential by tackling the gender gap across start-ups and growth companies – including through this summer's refreshed Women in Enterprise Action Framework, with action to deliver a sustainable model that collaboratively develops and monitors future gender-aware and gender-specific policies and interventions.

Implementation

- Commission the new joint SG and agency analytical unit to identify suitable measures to determine partners' progress against individual priorities and in delivering collective impact.
- Create a senior-level working group by the end of summer 2017 to drive forward our shared commitment and programme of continuous improvement.

The report's annexes outline:

- The roles of the key business support and economic development organisations (**Annex A**).
- Illustrative examples of improvements in how the agencies offer support (**Annex B**).
- A simplified business view of the proposed support network, shown against the tight collaboration needed between partners behind the scenes to deliver this (**Annex C**).
- An example view of the simplified customer journey (**Annex D**).

Accompanying published documents include:

- A summary of the Phase 1 Call for Evidence Responses covering the Business Support, Innovation, and International projects.
- Feedback from business focus groups held for the Business Support, Innovation and International projects in early 2017.
- The Scotland CAN DO Scale scope and remit.
- The Women's Enterprise Scotland thought piece for the project reference group.

1. Introduction

The Enterprise and Skills Review has been guided by the principle objective of:

> 'making a step-change in enterprise and skills support to help progress towards our ambition of Scotland ranking among the top quartile of OECD countries in terms of productivity, equality, wellbeing and sustainability'.

The purpose of public sector business support is to drive new business starts and early stage growth, to increase companies' productivity, skills, employment and wealth, and to help key sectors and the economy flourish overall. It seeks to achieve this by helping to remove barriers to growth and address market failures so that growth is significantly faster, higher and more inclusive. It aligns with Scotland's Economic Strategy, which sees businesses playing both a social and economic role as job creators and wealth generators, with fair work sitting at the heart of many of the proposed solutions to the challenges facing individuals, society and the economy.

Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE) and Skills Development Scotland (SDS) provide direct and indirect support through the provision of information, specialist advice and funding to help businesses and sectors develop and grow. This is alongside support from local authorities through delivery of Business Gateway and broader economic development activities; the Scottish Funding Council through colleges and universities; and, for the tourism sector, VisitScotland. It is also alongside a wide range of non-public sector provision such as from professional financial and legal services; business organisations including the Chambers of Commerce and Federation of Small Businesses; and enterprise support organisations such as Entrepreneurial Scotland, Entrepreneurial Spark, and those that support specific groups such as women's or social enterprise.

The Challenge

Phase 1 of the Review highlighted areas where operational delivery is strong and highly valued by businesses, and also where there is clutter, inconsistency, confusion, and concern about the speed of delivery. It committed the Government to considering how to improve access to services; reach many more businesses; and target specific support more effectively. It also suggested that we consider the right balance of advice and support over grant provision; a stronger role for private and third sector organisations in shaping services; and certain contributions or attributes from companies seeking and receiving public sector support.

In addition, recent analysis has suggested that the UK's and Scotland's relatively low productivity performance can partly be attributed to a long tail of businesses that do not innovate, that demonstrate slow productivity growth, and have not kept pace with the best performing companies.[i] There is a regional dimension insofar as different areas of Scotland display very different productivity performance.

As outlined in Scotland's Economic Strategy, innovation, investment and international engagement are key drivers of productivity growth across businesses of all size. Record high levels of start-ups have led to a 15% increase in Scotland's registered business stock from 151,145 in 2007 to 173,995 in 2016. New VAT/PAYE registrations in Scotland were 21,725 in 2015, the highest level in the current series going back to 2004. Yet Scotland's business stock and business birth rates are, in relative terms, below that of the UK. The registration rate per 10,000 adults for Scotland was 49, compared to a rate of 72 for the UK.[ii] This is important since competition drives innovation, efficiency

and quality improvements. A broad business base is also essential to provide sufficient businesses of scale. As the MIT REAP Scotland Report points out, Scotland is not meeting its potential in delivering high growth from a population of young, innovative companies.[iii]

Small businesses play a vital role in delivering social and economic value for individuals and society as a whole – including by delivering quality work and employment, and addressing important challenges in relation to poverty, inequality and diversity. Over 344,000 small businesses in Scotland with 0-49 employees represent 98.2% of all businesses, provide an estimated 887,000 jobs, and contribute £75bn (27%) of private sector turnover.[iv] Of these, 328,000 are microbusinesses employing fewer than 10 people.

At the other end of the scale, there is evidence that a small number of high-growth businesses drive a disproportionately large amount of employment and wealth creation. The MIT REAP report highlights that, despite its strengths, Scotland produces few home-grown enterprises of global scale and the potential to create significant wealth is not being realised.[v] Nonetheless, we have seen recent success through the creation and growth of 'unicorn' businesses such as Skyscanner, Fanduel and now Brewdog.

Given our target of being in the top OECD quartile for productivity, action is required both to encourage steady performance improvements across the broad business base and to maximise the impact of dynamic high-growth companies. Boosting productivity growth will require long-term and consistent efforts across the public, private and not-for-profit sectors, with an international mindset, innovation and investment playing a key role.

For the purposes of this report, reference to public sector delivery partners is intended to include the Scottish Government, our enterprise agencies and Skills Development Scotland, as well as Business Gateway and local authority economic development partners. It is our ambition through further discussion to extend the scope of actions to include local economic development functions more directly where appropriate and, in time, third and private sector organisations.

In addition to our enterprise and skills agencies, we are grateful the following for their extensive engagement with the project:

- Business Gateway.
- COSLA.
- The Society of Local Authority Chief Executives (SOLACE).
- The Scottish Local Authorities Economic Development group (SLAED).
- Women's Enterprise Scotland.
- The Scottish Council for Development and Industry (SCDI).
- The Federation of Small Businesses (FSB).
- Entrepreneurial Scotland and entrepreneur representation.
- The Scottish Trades Union Congress (STUC).

2. Purpose, Vision and Benefits

Purpose

The purpose of this project has been to focus on how we develop still deeper collaboration between the enterprise and skills agencies and Business Gateway and drive forward opportunities to improve support for businesses. It has focussed first on improving delivery of support, and a stronger mechanism to facilitate on-going review and continuous improvement. The parallel Innovation and International reports detail our specific approaches to supporting businesses that are innovation-driven and/or seek to trade internationally.

Vision

Enterprise and business support will be focussed on the user, with simple and quick access to the right support for businesses throughout their growth journey, backed by a more joined-up approach by delivery partners. Support will be designed around, and able to adapt and grow with, businesses' changing needs. There will be a strong focus on driving business ambition and internationalisation; enhancing innovation; better organisational performance, leadership and management skills; and progressive workplace practices, including fair work.

Benefits

- A streamlined approach that will make business support easier and quicker to access, more effective for business, and more impactful.
- Improved support across the overall business base and for specific groups such as scale-up, women-owned or social enterprises.

3. Delivering Better Outcomes

Supporting all business – making available the right support at the right time

The Shape of Business Support

Our need both to increase the business base and target high growth suggests that our current split in focus between Business Gateway and the Enterprise Agencies in providing business support to SMEs and high growth companies is broadly correct.[1] In refreshing our approach, we will ensure an integrated range of joined-up services that stimulate engagement, drive innovation and ambition, and meet the growth needs of all types of business. Scotland's core enterprise and skills agencies and Business Gateway, as well as partners such as VisitScotland, will between them support companies through all stages of the business lifecycle – ensuring that support, whether digital or in person, is available to all businesses that wish to start up and grow. Together, they will provide the full range of assistance from pre-start through start-up and expansion to scale, so that businesses can access the right support at the right times from the right provider. They will also draw on other providers' skills and expertise from across the public, third and private sectors, including the Innovation Centres, Scotland's colleges, universities and knowledge exchange offices, and the breadth of entrepreneurship organisations. Since not all clutter is at the hands of the agencies or local government services, we will co-ordinate and streamline where we can, and engage with wider partners to persuade them to do the same.

As now, this will be segmented according to business growth stages, with the partners responsible for ensuring that together they minimise duplication and clutter. The enterprise agencies will remain responsible nationally for supporting higher growth and key sectors – providing more tailored support to those with greatest growth potential. HIE will retain its additional remit for community-based enterprise. Recognising the importance of local economies and local diversity, local authorities will remain responsible for business information and advice for start-ups, micro-enterprises and locally traded SMEs through the Business Gateway service, as well as related functions such as planning and employability. Some local authorities have already joined up support under the Business Gateway umbrella; our ambition is to broaden this out to encompass more local authorities' business support where appropriate. Once established, the South of Scotland vehicle will respond to the enterprise and skills requirements of the south of Scotland – focussing on the needs of place, driving activity to support inclusive growth and communities, and making best use of people and resources. Annex A illustrates the respective roles and responsibilities of each body.

The positive difference for business will be our focus on collective impact and our drive to make the system work much better through a consistent focus on the individual business. This is most important in the transition between growth stages, including between start-up and high growth support where medium-sized businesses have described how they can sometimes feel lost. For growth companies, we will take the recent close collaboration around innovation between Business Gateway and the agencies as a model of successful partnership that works in the business' interests.

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1 In 2007, the Scottish Government's Review of Enterprise Networks set out a system aimed at creating greater cohesion and integration between local, regional and national economic development. Local authorities became more fully involved in economic development; there were more opportunities to deliver business support services locally; and Business Gateway was to provide advice to new and local businesses serving mainly local markets. The enterprise agencies were to focus on supporting high-growth businesses that had potential for significant national and regional economic impact. This was to help eliminate duplication and unnecessary bureaucracy and to improve the efficiency and effectiveness of delivery.

As noted, there is a clear regional dimension. Scotland's business base is geographically dispersed, sometimes in regional or sectoral clusters. The Regional Partnerships Project demonstrates how a regional focus can provide substantial additionality by facilitating multi-organisational and multi-sector collaboration across shared opportunities or challenges. We expect our enterprise agencies to strengthen their consideration of regional equity in their business planning, and to increase their operational focus on place by working closely with regional partnerships to help shape regional economic strategies that align with national objectives and improve local outcomes. Regional partnerships are expected to have a strong private sector voice. As they develop and generate evidence of impact, we will consider how business support might be streamlined or enhanced. The recent requirement for each of Scotland's 32 Community Planning Partnerships to agree and publish a Local Outcomes Improvement Plan (LOIP) provides a further opportunity to identify particular local improvement priorities around which business support can be aligned.

In addition, we will explore how we might build on initiatives such as CAN DO Places to grow the value of small scale local economic clusters (for example, industrial estates or business parks). Since all businesses, regardless of location, should be able to access support suitable to their ambition, our work on entrepreneurship will further explore how virtual support, such as that provided through HIE's support for Entrepreneurial Spark's virtual accelerator pilot, can ensure high-growth-potential is supported right across Scotland. This supports our overall principle that whilst agency investment and support should be targeted at firms with growth potential, the scale of that growth will be considered proportionate to the local economy within which it is located.

Focussing support on the user

Two key Review principles have been that support should be focussed on the user and clutter reduced. As noted, a substantial amount of work has already been initiated to improve businesses' experience of support and to provide more consistent and timely services (See Annex B). We will further address clutter, confusion and inconsistency by re-designing and redefining public sector support around the customer's journey.[vi] As we build on existing provision, businesses will experience both improved initial contact and guidance, and a simpler support journey that includes over time:

- Simpler common language and a consistent public sector approach that fully exploits digital opportunities with a single, easy-to-access, digital entry point.
- An early, intelligent assessment of needs and opportunities to ensure support is tailored and provided by the right partner.
- Contact from the most appropriate first partner within a specified time in a way that corresponds to the needs of the individual business owner.
- Fewer and ultimately only one request for the same basic information which, with agreement, will be shared across the system.
- A more joined-up approach to workforce planning, skills and talent attraction.
- For businesses with significant growth potential, a key contact within the most appropriate organisation to facilitate access both to digital advice and across providers, backed by a more rounded team approach that strengthens their development and growth ambitions.

Business support will still be delivered through a mix of face-to-face and digitally-enabled engagement. This will include self-service website or telephone advice; one-to-many seminars, workshops and events; and tailored one-to-one advice, including from partners with specific expertise such as the Scottish Manufacturing Advisory Service or Scottish Development International. Some of this will be digitally supported, for example through webinars or teleconferencing, thereby making best use of businesses' valuable time.

This will be affirmed in a joint commitment from all public sector business support partners that makes clear the standards and levels of service that businesses can expect. In addition, we will work together to identify the most effective means to reach businesses who are not yet engaged, and work with wider partners so they help raise ambition and guide more businesses to make the best use of available advice.

Specific support mechanisms will range from making more use of accelerator programmes to leverage shorter but more intensive engagement, to the longer-term dedicated and proactive support traditionally experienced through account management. Partners will also respond to the needs of specific sectors – such as VisitScotland's work in tourism with private sector partners and dispersed small or micro-based businesses, or the SE, HIE, SDS, SFC and Creative Scotland collaboration around the screen industry.

The intensity and duration of support will be appropriate to the business' opportunities and needs at any stage, as well as their potential economic impact. We will consider clearer entry and exit points for intensive engagement – stepping back where this is not needed so businesses can consolidate progress, and ready to re-engage when it will again have impact. Our enhanced and integrated team approach will ensure that each partner's efforts are focussed where they best add value. It will mean that resource may be combined or shared when necessary to support the client, and it should strengthen our ability to provide more intensive support to increase the number of mid-sized businesses. In terms of higher growth, we will work together with others through the Scotland CAN DO Scale movement (see below) to create more companies with the ambition and potential to scale up to a turnover of £50-£100m+ (or equivalent growth reflecting local circumstances).

Key business characteristics will influence the entry criteria for intensive support and play an important role in assessing a business's potential and opportunity. These include the scale of contribution to Scottish, regional or local growth and/or economic resilience. They also include a business' desire to grow quickly, its ambition and positive entrepreneurial mindset; its scope for productivity improvement and innovation; its projected turnover, profitability and growth potential; business strategy and leadership; market and international opportunity; and commitment to fair working practices and progressive workforce development and engagement.

For this support environment to be successful in the Highlands and Islands, South of Scotland and other rural areas, as well as in specific sectors such as tourism, the following must also apply:

- Support must be capable of being flexed and targeted to tackle disadvantage or nurture distinctive opportunities across different parts of these regions.
- Economic and community development need to be fully integrated through an approach that combines business support with creating resilient, capable communities.

- Partners across the public sector should recognise that economic development is multi-faceted and requires significant partnership and investment to deliver the infrastructure on which businesses and communities depend (for example, physical and digital connectivity, education, health care and housing).

This is illustrated in the importance of a thriving rural economy in supporting viable rural communities. Recognising the prominent role that social, family-owned and micro enterprises play across rural Scotland, and the variation in both business requirement and type or extent of support, we expect soon to progress a series of actions that will support the needs of rural enterprises.

In addition, we will continue to expect SE and HIE to focus on nationally and regionally important sectors and to deliver on industrial strategies in conjunction with business-led Industry Leadership Groups. Our strategic approach to industrial policy operates within the overarching framework provided by Scotland's Economic Strategy, Innovation Action Plan, and Manufacturing Action Plan. This has demonstrated flexibility to deal with specific issues as they arise, such as our interventions to secure a viable future for steel, commercial shipbuilding or aluminium production. We are currently developing the business case for a new manufacturing centre of excellence and skills academy (the National Manufacturing Institute for Scotland) and, on 19 June, announced funding for a Lightweight Manufacturing Centre. We are also working closely with the UK Government to ensure that we realise maximum economic benefit from the planned UK Industrial Strategy and associated funding. We will look for ways to further strengthen our support for industry, seek to maintain an open dialogue as our work develops, and monitor the impact of this on business support.

Action: Starting this summer, and engaging with the business community and individual businesses, deliver a joint improvement programme to create a much more coherent and joined up system of support that is focussed on business need and is quick and easy to access and understand.

Driving a growth culture and building business capacity

Ambition

The importance of mindset and developing ambition in raising productivity is now globally recognised. Top business people, including serial entrepreneurs, have a mindset, whether innate or learned, that is growth-oriented. Accordingly, our focus on improving support must be matched by encouraging the appropriate ambition and mindset amongst all businesses so that they can increase resilience, improve productivity, and offer increasingly innovative products, processes and services.

Increasing Scotland's productivity requires us both to increase the number of entrepreneurial high growth companies, and to maximise the cumulative economic and employment impacts of smaller companies, especially where they are locally important. We will therefore seek to raise ambition at every level and, to support this, will recognise and celebrate business success.

All enterprises have the potential to impact positively on Scotland beyond purely economic terms. We want to celebrate and encourage this so that company success and wider positive benefits are seen as mutually compatible. This may be through adoption of the Fair Work Framework principles, the Scottish Business Pledge, inclusive and purpose-driven business models, or partnering with international organisations such as B-Corp.[vii]

In seeking to drive ambition, it will be important to recognise the trigger points for growth and to support businesses appropriately as they reach these. The stages of generating and validating an idea, making a decision, getting started, building and developing a team, raising equity or funding to grow, and dealing with investors, boards and non-executive directors all involve personal and professional development from the business leader and the team around them. Analysis of these points should help identify what types of engagement and support are critical at which junctures.

Nonetheless, further work is required to understand better how to stimulate ambition and unblock what is preventing many businesses from engaging more actively and effectively with growth support. We will consult with firms across the SME base (including micro-businesses) to improve our understanding of their ambitions. We will also draw on the successful application of behavioural insights techniques in other areas to identify how best to engage more companies and then support improvement.

As part of our approach to raising ambition and helping businesses scale, we will play our role in facilitating the collective impact approach and 'backbone' called for in the MIT REAP Scotland report.[viii] In particular, we will encourage and support action to bring together and amplify the Scotland CAN DO entrepreneurial movement that is taking root across Scotland. This will enable leaders of Scotland's innovation-driven enterprises to share experiences and learning and to accelerate growth as they interact with, and feed off, a much more effective and impactful entrepreneurial community. We will also invest into organisations capable of strengthening Scotland's entrepreneurial ecosystem in a way that provides a boost to Scotland's entrepreneurial culture and ambition and accelerates the realisation of the Scotland Can Do vision.

Action: Undertake specific research, reporting in early 2018, on the behaviour and motivation of businesses in terms of ambition, innovation and productivity so that we can reach more businesses more effectively and better target future interventions.

Action: Work with Entrepreneurial Scotland to establish, by autumn 2017, a 'backbone' of support organisation to maximise the collective impact of Scotland's growing entrepreneurial movement.

Skills

Education plays an important role in fostering a culture of entrepreneurship, developing business skills, and preparing people for the world of work. Working closely with Skills Development Scotland, the enterprise agencies and Business Gateway advisers will consider the impact of in-work training when designing their support for individual businesses. They will consider the role of colleges and universities in providing this, and the positive impact of skills and education on talent attraction and ensuring a balanced labour pool across Scotland. In doing so, they will ensure activity aligns with Scotland's Enterprising Schools and Developing Scotland's Young Workforce recommendations – such as in SDS's work with industry to develop higher-level, business-led Modern and Graduate Apprenticeship programmes that align with sector and regional business needs. In this context we will also, as a part of Scotland's Year of Young People 2018, work with partners to provide a platform for young people to develop and showcase their entrepreneurial and innovative potential.

Management skills have been highlighted as a particular challenge for many Scottish businesses.[ix] As outlined in the Innovation Report, it has been suggested that management quality can be improved through basic business education in areas such as budgeting, data analysis and standard human resources practices.[x] In addition, we need to consider how we ensure access to training for business leaders and entrepreneurs – including first time entrepreneurs – that fits in with their full and busy work schedules. This is alongside the support provided, for example, by business incubators, university-based executive education, and entrepreneurial leadership programmes such as Entrepreneurial Scotland's Saltire Fellowship. Once available, we will consider the implications of analysis proposed by the Innovation project relating to the management skills issues facing Scottish businesses, including those that are family-owned.

Building businesses' digital capacity

The ability of business to operate digitally will profoundly influence Scotland's economic and inclusive growth. The refreshed Digital Strategy for Scotland (March 2017) highlights the potential of digital technologies to help businesses to innovate, develop new products and services, reach new markets and customers at home and abroad, and grow. In addition to our investment in world class broadband and digital skills, actions focussed specifically on businesses include:

- A new Digital Growth Fund, which will make loans available to businesses to help meet the costs of relevant digital skills training, and increase their digital footprint and capability.
- An extension for the Digital Boost programme, which raises awareness and offers advice to businesses across Scotland on the ways in which digital technology can help them to grow.
- A second Digital Business Survey and Maturity Index to take place during 2017, the results of which will help guide continuing digital business advice and support.
- A pilot project aimed at growing rapidly scalable digital businesses that can compete on a global stage.
- Collaboration with the business community on ways to promote and increase e-commerce awareness and activity in Scotland.
- Continued support for small digital businesses to take advantage of public sector procurement opportunities.

Improving Delivery – joining up the partners behind the scenes

Simplifying delivery for businesses will require deep collaboration between public sector delivery partners so that businesses receive support that is appropriately tailored to their needs. Annex C shows how the journey through support will appear more straightforward to businesses (Figure 1) and then how this will be facilitated behind the scenes, with each partner playing their role in collectively supporting businesses, sectors, clusters and the wider economy (Figure 2). This will be integrated with broader economic development activity through regular liaison and collaboration with other public, private and third sector providers.

In aligning behind our common vision, public sector delivery partners will jointly own and deliver an agreed support strategy. They will take a co-ordinated and collaborative approach to ensuring a consistent, easy-to-access system that also responds to local requirements and is informed by customer research, input and business-needs analysis.

To deliver streamlined and user-focussed support, agency and local authority partners will accelerate existing partnership approaches based on three principles:

- Creating the conditions – using our collective infrastructure, knowledge and people to facilitate opportunities for business.
- Focussing on customer opportunity – providing support in a way that inspires and enables business customers to realise their potential and grow.
- Collaboration – maximising opportunities for partners and customers across organisations and sectors to collaborate, share, learn and influence.

This will see a move away from semi-rigid demarcation with cut-off points between individual organisations driven by individual targets, to a more rounded team approach for businesses and their growth ambitions that includes collective measures. All partners will be expected to be collaborative and responsive, with some flexibility to respond to specific needs and tailor targeted interventions.

Developing Delivery Capability

In order to deliver this, support capabilities will need to match our collective ambition. The overarching drive for continuous and shared improvement will require us all to embrace digital. Alongside efforts to drive ambition and engage more businesses, online delivery will allow a much broader cohort of companies to access more information and advice, thereby extending public sector reach and enhancing face-to-face services. It will improve effectiveness in delivering basic support and maximise opportunities to target intensive resource where this will impact most.

Responses to the Phase 1 Call for Evidence and focus group feedback in early 2017 highlighted the desirability of a simple, easily accessible digital offering to complement the highly-valued face-to-face support. There was a clear call from businesses for support to be marketed more clearly, avoiding confusion as to where to go and a resulting failure to engage. Businesses also asked for the transition between support partners to be made more seamless via digital means, and for start-ups and businesses new to the support landscape to have a more easily navigable experience.

The Office for National Statistics (ONS) is developing a new Business Index. This will provide a complete definitive list of all businesses and sole traders in the UK and assign to each a unique identifier. The aim is for the index to be shared across government to facilitate more efficient and effective business policies and services. The Scottish Government is involved in testing, and we expect a beta version to be available in 2018. Once developed, we will use the authenticated ID to help ease requirements for inputting basic information and to pull in support from partners more quickly and effectively. Depending on delivery timescales, we will consider developing our own interim ID for Scottish business support.

We also want to reduce confusion by developing a common digital access point for all public sector business advice and support. This will be backed by the single business ID so that every business' route through support is more easily navigable. It will complement SE's Enquiry Fulfilment and Research Service (EFRS) which currently handles enquiries, including by phone, on behalf of SE and Business Gateway. Moving forward we will explore how we align this enquiry service with the proposed single digital access point.

The Business Gateway portal was set up to offer a single entry point and triage service for all start-ups and growth companies in Scotland. Its service is well valued, and quality assurance confirms that the majority of those who have used it consider it beneficial. However, it is not used by all companies. Some don't access any publicly funded advice at all; some immediately approach SE or HIE; and the phase 1 Call for Evidence responses suggested that many are confused as to where they should go. At the same time, the mygov.scot website, which was originally developed as a common site to bring together all public services in Scotland, has transitioned services from the Scottish Business Portal and Finance Hub (previous joint partner commitments). It offers businesses information on matters such as starting a business, developing a product, exporting, calculating business rates and accessing finance and funding opportunities, and signposts them to services on GOV.UK which are the responsibility of the UK Government.

In seeking clarity for businesses, we will look to ensure a single entry point that is trusted by all business and continues the triage service offered by Business Gateway. The intention is for all agency and local authority business advice services to be lined up behind the single entry point, including wider support such as access to finance through the Scottish Investment Bank or Scottish Growth Scheme. As we consider how best to co-ordinate with the mygov.scot website, we will seek to ensure information is consistent, up-to-date and accurate; avoids duplication where possible; is available to users in the way they want to receive it; and makes available performance data so as to improve future performance.

All public sector providers engaged in attracting businesses to support will be tasked with directing businesses to the single access point. Nonetheless, there will be no wrong door insofar as customers landing first with an individual organisation will be handed on appropriately. In time, businesses will be able to sign up to receive tailored advice and information, and we will include links to third and private sector business organisations where appropriate.

Work on the design of the digital entry point will start over the summer. We will then consider supplementing this with a Business Box – an electronic information pack that each business will receive alongside their Business ID. This will include links to online support and training packages, information on the types of support available, and the offer of follow up.

These steps will remove scope for confusion and simplify engagement. We have heard that businesses find the entry and exit points for support from different organisations confusing, and that they are frustrated by the experience of repeatedly submitting basic information when they make more than one application for support. Our re-focussed team approach will help them to experience smoother handing-on to the correct partner, as well as between partners where they receive support from multiple organisations. They will spend less time repeating basic input of data, be better informed across the spectrum of support, and feel listened to, better understood and supported.

Behind the scenes, partners will benefit from improved visibility across the whole system, improved oversight where more than one is engaged with the same company, and the ability to signpost more easily. Based on robust analysis of need, they will be able to target resources more effectively. It is expected that they take care not to offer services that could be in competition with other providers and result in confusion. They will liaise when reviewing or developing new programmes and initiatives, including with business organisations. Government will likewise check existing support before we ask agencies to develop new initiatives.

This will support further opportunities to accelerate business success, including:

- Improving individual end-to-end processes and services, for example reducing times to receive advice or decisions on grants.
- Developing a common assessment environment so that partners can collectively identify who can best offer assistance and target support appropriately.
- Increased use of appropriate data capture, data sharing agreements and analytics, for example gender-disaggregated data, to measure impact and inform future interventions.
- Reducing confusion by developing a common design feel, some common content and branding across public sector providers.
- Making available common tools for providers to support business development and decision making, e.g. common business planning, cash flow and financial templates.
- Understanding and accessing government-funded skills programmes at the appropriate time.
- For businesses with appropriate growth potential, a 'partnership for growth' approach and allocation of lead contact to oversee their journey.
- Facilitated peer-to-peer learning and mentoring opportunities with third party partners.
- Jointly putting problems forward to public sector innovation challenges such as the SE Innovation Challenge or CivTech, which engages the private sector and citizens to develop more innovative and effective solutions (see Innovation Action Plan).

We may then seek to extend this 'supply-led' support beyond public sector provision. A broader digital platform, for instance, could enable others to join and offer B2B support in their areas of expertise, for example using a 'live' database to match supply and demand. If appropriate, this could help bring together the wider spectrum of support services, for example linking with careers services and the supply of labour or skills.

The quality of all advice and support, whether accessed digitally or not, is crucial. Business has highlighted the crucial quality of advisers and a proactive mindset. Building on current training, our efforts to integrate structures will be backed by the development of organisational and staff capabilities. We will ensure advisers remain ambitious for Scotland's businesses, and are supported by access to up-to-date knowledge, insights and tools from across the public and private sectors, and lessons from other countries. Continuous Professional Development could, for example, include exchanges or placements to ensure advisers have recent experience of the area in which they work.

Action: Develop a single digital access point that is appropriate and accessible for all business types.

Action: Build on work by the Office of National Statistics to develop and deliver a single, authenticated business ID to facilitate the joining up of support between organisations across Scotland and reduce duplication in the provision of information by businesses.

Action: Pilot, and if successful roll-out, a Business Box for companies – an electronic information pack that each new business receives alongside its Business ID.

Action: Build on existing professional training, and use the capabilities of a common digital platform, to ensure business advisers are equipped to provide top quality advice that responds to all business types and to current and future business needs.

Specific support themes

In addition to refocusing support and ensuring collaborative delivery, we will undertake early action in individual areas such as scale up, gender and social enterprise. Further delivery themes, following analysis of requirement, could include how we support businesses into the emerging economy or the challenges facing mid-market and family businesses.

Scale Up

Stimulating and supporting significantly more high growth companies with the ambition and potential to scale up to a turnover of £100m+ is one of the most powerful drivers of growth for the economy and jobs, national competitive advantage, and wealth.[2] The Scale Up Report on Economic Growth notes that the UK lags behind the US and other leading economies in the extent to which companies scale; as promising companies struggle to grow domestically and expand internationally, they are taken over by larger, often foreign-owned, firms at a significant discount to their potential.[xi] We have a long-standing gap in the number of Scottish companies of scale, and it is recognised that fast, high growth companies require specific support to reach turnover levels of £100m+.

The Scottish Government's 2016/17 Programme for Government committed to 'working with our enterprise agencies to create an expanded and collaborative 'Scale Up' programme'. The Innovation Action Plan (a Phase 1 action from this Review) undertook to increase 'our ability to scale up innovative companies with rapid growth potential by drawing together existing high growth initiatives into a collaborate SCALE UP programme'.

Many positive initiatives have started to emerge. These include the new Scale Up leadership programme delivered in partnership by the Hunter Foundation and Entrepreneurial Scotland, and the Scale summer school run by SE, HIE and SFC, now in

2 Whilst we generally take the OECD definition of scale (enterprise with average annualised growth in employees or turnover greater than 20% per annum over a 3-year period, and more than 10 employees at the beginning of the period), conditions across certain areas of Scotland, in particular the Highlands and Islands, mean that for practical support purposes a definition of scale may extend to employing one or more people and average annualised growth greater than 20% per annum over a 3-year period. There is also a particular qualitative aspect to our support for a scale movement, based on characteristics such as mindset, leadership and high entrepreneurial impact.

its third year. Our agencies continue to enhance their assistance to companies to achieve fast growth and scale – for example through their Entrepreneurship Development Programme with MIT and their account management scaling service.

We believe that the ambition for scale up is best led and owned by the entrepreneurial ecosystem – driven through a collaborative and expansive movement that is connected with, and develops from, a strong business start-up base. Building on an inclusive partnership across public, private and third sectors, Entrepreneurial Scotland will use its convening power to facilitate the Scotland CAN DO Scale movement. This will be a specific strand of the wider Scotland CAN DO programme.

Scotland CAN DO Scale will seek to build momentum by raising levels of awareness, connectivity and ambition. It will engage entrepreneurs and business leaders who are innovation-driven, have an international mindset, and whose key characteristics include ambition to grow significantly and with pace. On the supply side, it will focus on identifying and aligning Scotland's scale stakeholders and initiatives – developing shared language and identifying the place of individual programmes and interventions in a common framework. On the demand side, efforts will initially focus on identifying Scotland's scaling entrepreneurs and fuelling appetite. Partners will develop and implement an agreed communications plan and explore the creation of a Scale web portal. This will be lined up behind the single access point for business support and aligned with Scotland CAN DO.

Detailed work to measure progress will be taken forward jointly by the new SG and agency analytical unit and experts such as the Fraser of Allander Institute, Global Entrepreneurship Monitor (GEM) and Business Insider. Next steps to drive this forward with pace and endorsement from the ecosystem will include formalising the CAN DO Scale steering group and mapping existing support onto the key stages of growth.[xii]

Action: Provide more and better co-ordinated support for businesses to 'scale up' by driving forward the Scotland CAN DO Scale movement through Entrepreneurial Scotland and partners across the system – with the new steering group in place from summer 2017.

Gender

Tackling the gender gap in enterprise and enabling women to start-up and grow businesses are important measures of a vibrant and inclusive economy. Studies show that women-led businesses are ambitious and aspire to scale up. They indicate that were women to start enterprises at the same rate as men, they could generate an additional £7.6 billion for the Scottish economy.[xiii] Significant economic gains can therefore be realised by ensuring business support speaks to and is aligned with the needs of women-led businesses.

A supportive, responsive system that provides women-led businesses with the right support at the right time requires gender-awareness from early in the business formation process and throughout the whole journey. Partners need to understand the needs and barriers faced by minority and women-led businesses in accessing suitable support and to ensure that their targeting and delivery is gender-appropriate, including through the single digital access point.[xiv]

However, in order to achieve sustained transformative change, additional activity is required short-to-medium term to remove the barriers, real or perceived, which hinder female-led growth. The Scottish Government's latest Programme for Government promised to double overall support to £400,000 in 2017/18 for the actions delivered through the Framework and Action Plan for Women's Enterprise.[xv] The framework refresh, funded through Scotland CAN DO and published this summer, will ensure that the shared effort around gender and the overall context of business support are fully aligned. It will facilitate an implementation group of public, private and third sector partners to ensure that progress is met against outline goals, and act as one voice in directing the most appropriate path for policy and interventions. This implementation group will collaboratively scope, cost and ensure the success of future policy and interventions to drive the realisation of the Women In Enterprise Framework.

Existing commitments to support delivery alongside the framework include:

- Doubling funding to £120,000 for Investing Women's support to women-led businesses, providing growth advice and links to angel investors (announced April 2017).
- Supporting the CAN DO Women's Ambassadors Project delivered by Women's Enterprise Scotland to provide case studies as well as speakers and delegates to engage with conferences and events. Over the next year we will ensure the recruitment and deployment of a further 10 Women's Enterprise Ambassadors with a focus on STEM and high growth.
- Supporting Business Women Scotland's delivery of the #BWSLiveEvents programme – informing women about the support landscape for female entrepreneurs and encouraging them to network and gain confidence to grow their businesses.

In addition, the Digital Technology Skills Group has established a Gender Action Group to tackle the gender gap and underlying issues in the technology sector and wider economy.[xvi]

Action: Realise untapped economic potential by tackling the gender gap across start-ups and growth companies – including through this summer's refreshed Women in Enterprise Action Framework, with action to deliver a sustainable model that collaboratively develops and monitors future gender-aware and gender-specific policies and interventions.

Social Enterprise

Social enterprises blend commercial and social objectives in pursuit of a fairer and more equal society. For more than a decade, the sector has benefited from sustained investment to develop Scotland's system of support for social enterprise. This features, for example, social enterprise incubation, specialist business support, training, and education opportunities. Scotland's first Social Enterprise Census, published in 2015, found that more than 5,000 social enterprises in Scotland employed more than 100,000 people and contributed around £1.68 billion to the Scottish economy each year.

In December 2016, the Scottish Government's Social Enterprise Strategy, co-produced with the social enterprise sector, set out shared ambitions with three priorities:

- Stimulating Social Enterprise – strengthening local development, social entrepreneurship and innovation, social enterprise in education, and national recognition.
- Developing stronger organisations – through social finance, business support, collaboration, leadership and workforce development, and the demonstration of social value.
- Realising market opportunity – in public, consumer and business markets.

The first action plan, published April 2017,[xvii] is set against the backdrop of this review and features specific actions to support social enterprises as businesses. These include:

- Extending the national programme of specialised business support – Just Enterprise – by another year and investing a further £1.2m before reviewing its performance and impact more fully.
- Equipping a growing network of business advisors with the knowledge and relationships to deliver the best possible support to social enterprises, including through a Business Support Exchange Network of advisors from SE, HIE, SDI BG, Just Enterprise and others.
- Helping early stage social enterprises through support for Scotland's first social enterprise accelerator programme (LaunchMe).
- Boosting digital innovation and growth; supporting first steps into international markets; helping social enterprises to win public sector business.
- Ensuring that a growing number of social enterprises enjoy the benefits of engaging with mainstream business advice and support from SE, HIE and Business Gateway.

A number of Business Gateway advisers already focus on supporting social enterprises. HIE's core remit specifically includes support for social enterprises and communities, and it works intensively with them over a sustained period through account management. SE provides account management and specialist services according to the standard eligibility criteria for mainstream businesses. It leads Scotland's input, as one of six European partners, to an Interreg Learning Exchange Programme focussed on social enterprise. In addition, collaborative and employee ownership business models are supported by Co-operative Development Scotland, an arm of SE working in partnership with HIE. Building on this, we will task our delivery partners with widening social enterprises' access to mainstream business support alongside any other commercial business.

4. Implementation

The Strategic Board will oversee future work to ensure a system-wide operating model that delivers coherent business support from core enterprise and skills delivery partners. At delivery level, a senior-level working group will oversee implementation of this report, linking with existing policy and implementation groups. It will also take forward new improvements based on the principle of co-creation. These may include:

- Identifying where to cut duplication further; how best to support individual sectors; and the points at which initiatives have achieved their purpose and may cease or be handed on to others to lead.
- New joint approaches, for example building on regional pilots and progress in the South of Scotland.
- Improved collaboration with business around skills, for example embedding work-based learning in business support; encouraging the right culture for innovation; and the role of SDS, colleges and universities in supporting core business skills locally and the acquisition of new or higher level skills.
- Seeking partnership with local authorities more widely around their economic support.
- An effective forum for ensuring suitable metrics that enable partners to share data information and insights, measure effectiveness, and understand where the best impacts are being achieved.

The group will be focussed around the agencies, Business Gateway and local government alongside, for example, VisitScotland. It will build on existing collaborative groups and include further partners on a project basis. The intention is to extend this in time beyond the agencies that have been the focus of this review, for example to Creative Scotland and Zero Waste Scotland, as well as not-for-profit and private sector organisations. Within government we will bring together existing work around small business policy, entrepreneurship, and project implementation into a new team.

In addition, the Phase 1 report suggested that we consider whether there should be an obligation upon business in return for support. It is important that we support both inclusive growth and high growth whilst managing our finite resources. The degree of any obligation will mean different things in different instances. The majority of SE and HIE support already requires at least 50% matched funding by business. Other businesses could be encouraged to contribute to their own growth, for example, through management training or implementing progressive employment and workplace practices, or to wider economic and social benefits through supporting another company, mentoring, or recruiting young people. This needs to be considered further to ensure that we continue to promote good business practice in a supportive environment.

Action: Create a senior-level working group by the end of summer 2017 to drive forward our shared commitment and programme of continuous improvement.

Monitoring

Rigorous and consistent evaluation of existing and new programmes will be required in order to measure improvement and inform future support. Delivery partners will be measured individually and jointly by their progress in delivering collective impact. An early action for the Strategic Board, supported by the new joint SG and agency analytical

unit, will be to identify strong collective measures of success that can prove real impact and value. These should include the appropriate baselines from which to measure improvement across individual priorities, as well as evidence of what works best in different localities, regions and sectors. Evaluation should be based not on the numbers of participants in individual schemes, but on outcome measures such as the survival rates of new and young enterprises, and increased productivity. There should also be a significant element of independence in evaluation, for example through supplementing the Small Business Survey every second year.

Action: Commission the new joint SG and agency analytical unit to identify suitable measures to determine progress against individual priorities and in delivering collective impact.

Engaging Business

Improving business productivity, innovation and international performance, encouraging action to address skills gaps, and facilitating networks and collaboration amongst partners cannot be achieved by the public sector alone.

It is anticipated that the Strategic Board will engage with business much more broadly and deeply across the full enterprise and skills support agenda. In addition, we will enhance existing mechanisms, including events such as the National Economic Forum and our on-going liaison with companies, business organisations and trades unions. We will consider how we can further expand our partnerships with the private sector and co-design future support, including by better engaging and listening to businesses that are not already engaged. We will explore with private and third sector players by the end of 2017 where they can further help develop and deliver initiatives, as seen in Chambers of Commerce engagement in developing local export partnership pilots, and where public sector partners can hand others on once market failures have been addressed.

We will also consider how we maximise the impact of opportunities to celebrate business success, for example building on existing efforts to co-ordinate a single events calendar or pull them together under a single overarching banner that is anchored by a week-long annual international gathering.

Developing a sustainable model

This is the start of a journey of on-going improvement. We will seek to develop this as a sustainable model that is able to respond and adapt to changing economic circumstances, emerging priorities and new pressures, including the impacts of Brexit and changes in how Scottish entrepreneurs and companies do business. Key milestones in improving service delivery include:

Summer 2017:

- Identify members of the senior working group and, within two months of the Strategic Board being established, confirm how this group will report to Strategic Board.
- Establish a working group and a process to take forward work on the single digital access point that is appropriate and accessible to all groupings by end August 2017.
- Publish the refreshed Framework and Action Plan for Women's Enterprise.
- Establish the Scotland CAN DO Scale Steering Group.

Autumn 2017:

- Partners agree proposed digital delivery model and how this will be presented – including customer journeys, integrated public sector approach etc.
- Identify and implement on-going programme of advisor training (processes, awareness raising, regular sessions, KPIs etc.). Consider creating an advisor portal within shared digital platform.
- Explore local authority partnership agreements to participate and co-ordinate their delivery.

Winter 2017/18:

- Plan implementation of Business ID, based on emerging ONS proposals.
- Facilitate business engagement to understand ambition better amongst the SME base.
- Consider research commissioned by the Innovation project on the specific management skills issues facing Scotland.
- Strategic Board to agree measurement criteria required to determine progress against individual priorities and in delivering collective impact.
- Partners to agree approach to equality and fair work and how to embed and drive this forward through the agencies and delivery partners, including through training and development programme for account managers and business advisers.

Annex A

Role of the key business support and economic development organisations

Business Gateway and local authorities

Local authorities play a vital role in supporting economic and business growth through the delivery of Business Gateway; local economic development and services such as planning, procurement, environmental health and trading standards that impact on business; and their own role as major employers and purchasers of goods and services.

Business Gateway provides a wide range of support and advice to individual entrepreneurs looking to start a business, and to new and existing businesses looking to grow and develop. Alongside a particular focus on start-up and early stage growth, the nature and intensity of support is determined by business needs and their potential for economic impact. Businesses demonstrating higher growth potential receive more intensive support or are transferred on to the relevant enterprise agency.

The economic development role of local authorities varies across the country and includes activities such as town centre and place regeneration; area marketing and promotion; inward investment and trade promotion; business support; business property and infrastructure development; skills and inclusion; employability support; sector initiatives; and strategy development and economic intelligence.

Highlands and Islands Enterprise

HIE is the economic development agency for the north and north-west of Scotland with a unique remit which integrates economic and community development. It operates in an area which covers more than half of Scotland's land mass – including almost 100 inhabited islands. Its role is to lead regional growth and development in line with Scotland's Economic Strategy, improving competitiveness and helping to build a fairer society. HIE's aim is for the region to be a highly successful and competitive region in which increasing numbers of people choose to live, work, study and invest.

Scottish Enterprise

SE seeks to build Scotland's international competiveness as Scotland's main economic development agency. Its core service to growth businesses is centred on account management, which delivers support to help ambitious companies meet their aspirations. It also provides a range of services to the wider business base, looks to develop growth sectors, and has a particular focus on supporting high-impact entrepreneurial businesses which have the potential to make a significant contribution to the Scottish economy.

Scottish Government

The SG sets the overall strategy to support economic growth as well as economic development policy. It provides funding for business support through its agencies, local government, and other publicly supported organisations, often on a programme basis, and also sets a number of underpinning policies.

National, regional and local levels of public sector economic development

- **National** – Aligning themselves with the overall direction of Scotland's Economic Strategy, SE, HIE and SDS all work across Scotland to deliver national priorities, support nationally important key sectors, and provide consistent support to firms, including through account management.
- **Regional** – Regional partnerships are emerging that respond to regional economic opportunities, address issues that go beyond local boundaries, and can be used to reinforce regional economic policy making (as outlined by the Review's Regional Partnerships project).
- **Local** – People's experience of the economy is shaped by the area in which they live. Local authorities deliver support impacting significantly on local economic development including services provided through Business Gateway and local regeneration. They also address issues such as derelict land, land use planning, licencing, and community empowerment.

Skills Development Scotland

As the national skills agency, SDS works with businesses to understand and support their skills needs, workforce planning and talent pipeline. It works closely with national, regional and local partners to ensure that employers are able to recruit the right people with the right skills, that they can develop and grow their businesses through high performing, productive, and fair workplaces, and that individuals have the skills and confidence to progress. It supports business by leading skills planning and developing a clear and robust intelligence base that is based on industry / economic needs and can be used to inform investment. Work-based learning programmes are provided in the form of Modern, Foundation and Graduate Apprenticeships.

South of Scotland vehicle

Recognising the unique circumstances of the south of Scotland, Ministers are committed to establishing a new vehicle to support the enterprise and skills needs of the south of Scotland to respond to the area's specific opportunities and challenges and to drive growth. This vehicle will be key in developing a vision for long-term sustainable inclusive growth across the area and support and direct its delivery. Progress in developing the South of Scotland vehicle is set out appropriate separate project report.

Together, these sit in a wider context of economic development activity provided by other public sector partners such as VisitScotland, and private and not-for-profit support organisations such as the Chambers of Commerce, Federation of Small Businesses, SCDI, Entrepreneurial Scotland, E-Spark, Women's Enterprise Scotland, Interface and others.

Annex B

Examples of improvements in the support offered by all support agencies.

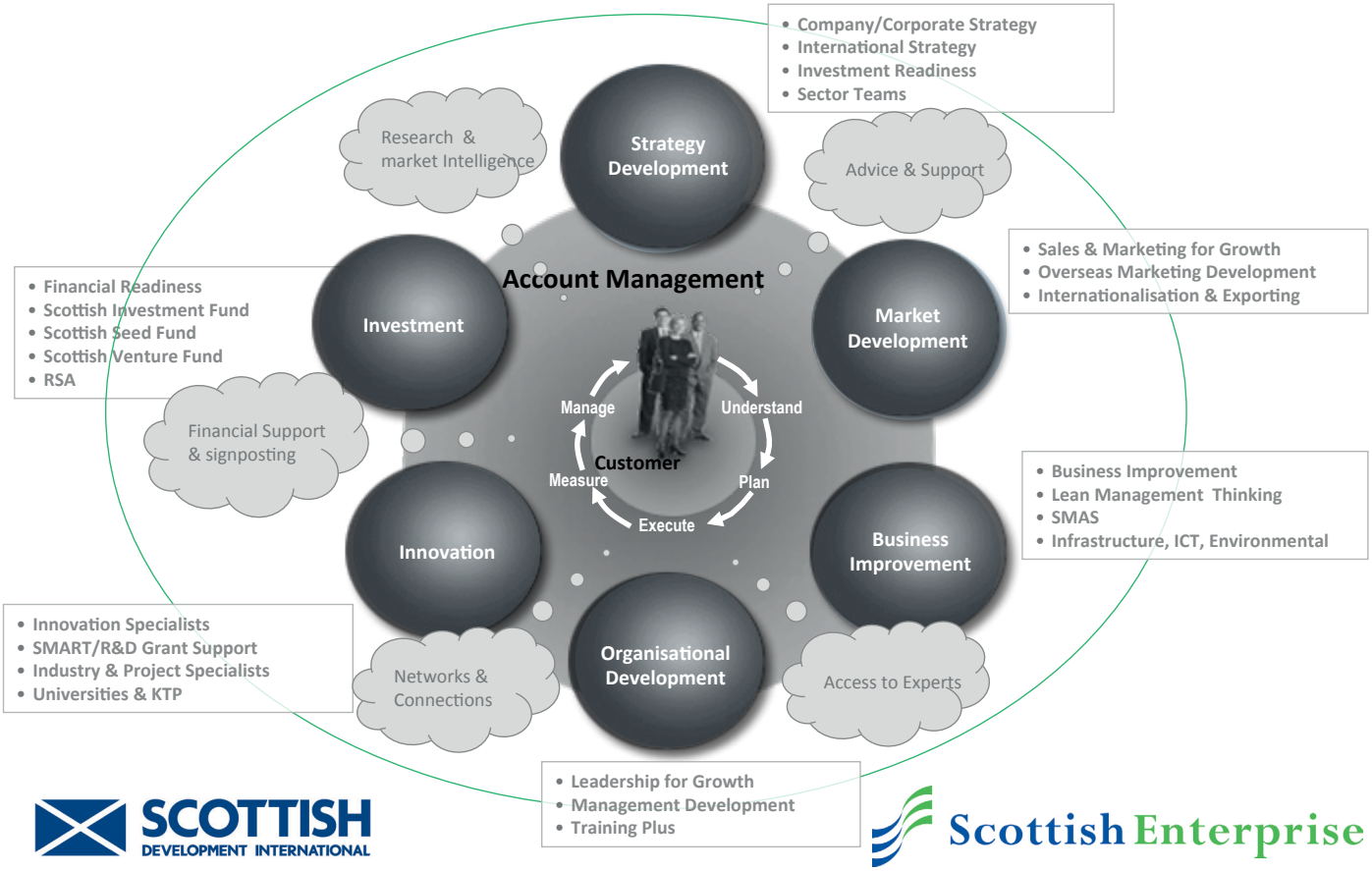
The following outlines Illustrative examples of progress in improving the quality of services across account management, funding, and reviewing customer journeys.

1. Improvements in Scottish Enterprise and Highlands and Islands account management

Previous independent evidence highlighted that the SE account management service delivers strongly for growth companies in Scotland. It indicated a return of more than £5 to the Scottish economy for every £1 of spend. It also found that companies grew faster and reported higher returns when they received both innovation and internationalisation support. Accordingly, SE is increasing its focus and resources towards engaging companies across these known growth drivers.

For account managed companies, SE has listened to customer feedback on the central role that specialist advisors play and has enhanced its approach to delivering a seamless integrated, high-impact service through effective account team working. This flexible, co-ordinated and pro-active approach is intended to unlock the right skills and resources from across the public sector in Scotland to deliver the right support at the right time for the customer to maximise impact. The diagram below highlights the central role of the account team in matching customer needs to the right service across the public sector. Expanding this approach will simplify the customer journey and accelerate growth.

HIE/SE Account Management –Account Team Approach



SCOTTISH DEVELOPMENT INTERNATIONAL

Scottish Enterprise

HIE has developed an assessment environment that supports the account management relationship and provides greater transparency across areas of opportunity and challenge. This:

- Streamlines and automates a number of processes and documents, including approval of clients into account management.
- Provides a series of tailored questions focussed around facilitating richer conversations and consistency across account managed relationships.
- Automatically generates a document to be shared with the client, providing greater transparency on areas where they will work together going forward.
- Automatically generates a plan for growth for the account manager.
- Provides an easy and user-friendly tool that supports an iterative relationship with a client – with updates or changes made easily.

2. Speeding up Scottish Enterprise grant application processes

SE invests over £90 million each year through grants and funding (excluding equity investments via the Scottish Investment Bank) to stimulate action by businesses to improve productivity and growth. This covers grant products that are used to stimulate increased R&D in Scotland, attract inward investment, and/or secure/create high value jobs, as well as smaller funding amounts that are released for expert advice as part of an integrated company growth plan (e.g. marketing, training, research & innovation, capital investment).

Whilst funding is often just one element in a broader programme of support, the submission of evidence and drawing down of funds is resource-intensive for SE. We have also heard it can appear bureaucratic and slow to businesses. SE is therefore implementing a programme to simplify and unify their grants and funding process, based on automating workflow activities and integrating online and offline systems from application through to the release of funds and on-going monitoring. This aims to reduce the time taken to receive and process support from an average of 60 to five days. It should also deliver further capabilities which SE intends to make available for use by partners across the business support system, aligned with the new digital environment:

- A secure online MyAccount space where customers can complete and save applications and claims, interact with advisers, review progress of their applications and claims, upload documents, store other relevant information and documents.
- A reciprocal MyCustomer space that builds on the existing company workbook approach and will enable staff to view and contribute to customer interactions, allowing two-way engagement.
- An intelligent search function that will enable customers to identify the right financial support based on their business ambitions, needs and growth status. This needs-based application approach avoids published ‘lists’ of grants and will remove confusion and time-consuming complexity for customers to navigate.
- Enhanced analytical opportunities by enabling the wealth of information currently stored in unsearchable static application formats to be securely visible, improving understanding of customers and trends and removing the need to ask repeatedly for the same or similar information.
- A suite of customer experience KPIs to complement SE’s business plan measures. These will monitor how well SE delivers services, focusing on for example, cycle times, ease of use and quality of information provided.

3. HIE's improvement of its digital end-to-end delivery of products

HIE has developed a digital environment which handles the end-to-end delivery of specialist advice. This provides:

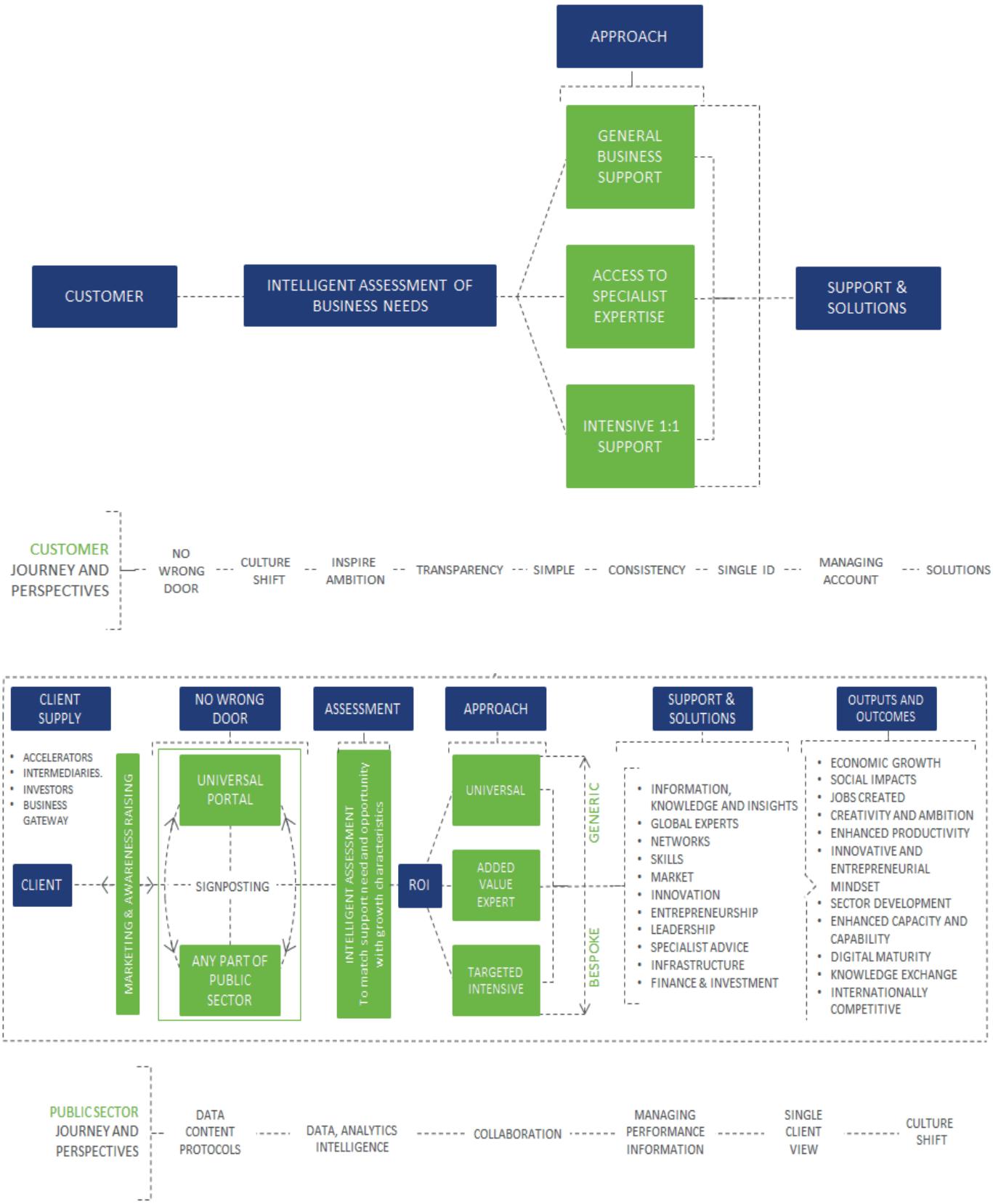
- A single environment for account managers, clients, supply partners and advisors to work together on individual cases.
- An end-to-end streamlined process from identification of need through to feedback and evaluation.
- Increased transparency through the ability to track and trace the entire process.
- Clear notifications and prompts when an action requires to be completed.
- A collaboration space where clients, account managers and advisors can message and share documents.
- Automatic generation of terms and conditions and digital acceptance for the client.

In addition, HIE has developed a comprehensive training and development programme for account managers that looks to build on, expand and enhance account managers' skills, experience and knowledge to achieve a high level of engagement amongst those who work most closely with clients. This includes practical skills, mentoring, guidance and online support. It also includes core and selective modules that are identified through a training needs analysis of the key skills and knowledge required for an account manager to undertake their role effectively. The programme will include the opportunity for short-term secondments and learning journeys, thereby helping to expand the account manager's sphere of knowledge and understanding, as well as their ambition and entrepreneurial mind set.

Annex C

Views of the business' simplified support journey from in front and behind the scenes

Figure 1: The Business' simplified view



Annex D

BUSINESS SUPPORT CUSTOMER JOURNEY

CUSTOMER JOURNEY AND PERSPECTIVES

CULTURE SHIFT – INSPIRE AMBITION – TRANSPARENCY – SIMPLE – CONSISTENCY – SINGLE ID – MANAGING ACCOUNT – SOLUTIONS

RACHAEL

ESTABLISHED BUSINESS OWNER LOOKING TO EXPAND IN OVERSEAS MARKET

"I know there are overseas markets I could be tapping into but don't know where to go for help and support"

ENQUIRY

- Rachael Googles 'business support' and goes to the single digital access point
- She completes an online enquiry form outlining name, business name and nature of enquiry
- She selects the option to create an online Business ID account once she has read the supporting text that it allows her data to be passed to the most appropriate public sector agency to assist her
- She selects preferred method of contact as SMS or email

INITIAL ASSESSMENT

- Business Gateway receives the enquiry and carries out an initial review which recognises that the organisation best placed to support is an Enterprise Agency and a referral is made
- Rachael is notified via SMS and email that the Enterprise Agency will be in touch and provides a contact and link to Enterprise Agency website
- The Enterprise Agency contacts Rachael and as they have been passed her information, understand the enquiry and ask some further questions and arrange to meet

REVIEW AND ASSESSMENT

- Using an engaging and digital assessment environment, the agency and Rachael complete a review process which identifies some challenges and opportunities
- The assessment tool flags with partner agencies that Rachael is looking at internationalisation opportunities and that her business has a specific skills gap around digital marketing
- A joint Skype call between all agencies and the client takes place and actions are agreed. Rachael uploads her business plan to an online portal and an agency account manager is allocated

SUPPORT & EXPERTISE

- Following the upload of information and a face to face meeting with her account manager, Rachael then provides further updates and uploads this to her account and completes an application on the portal
- Workshop opportunities with expert trainers and speakers are offered to help Rachel gain insight into specific countries and regions. She is connected with Scottish Development International to gain market awareness for target export zones
- Digital business support is also offered to address Rachel's skills gap around marketing. She is invited to join a community forum with access to internationalisation thought-leaders

PERFORMANCE AND ANALYTICS

- At ongoing intervals Rachael is asked to report on her business performance which she does through the online portal, including uploading of financial out-turns, staffing etc.
- Rachael also provides a video blog which is used on social media
- The public sector is able to use the data and analytics from Rachael's story and create a big data picture to inform future activity to achieve the best outcomes for clients and the region

PUBLIC SECTOR JOURNEY AND PERSPECTIVES

DATA CONTENT PROTOCOLS – DATA, ANALYTICS INTELLIGENCE – COLLABORATION – MANAGING PERFORMANCE INFORMATION – SINGLE CLIENT VIEW – CULTURE SHIFT

Endnotes

i See Andy Haldane (2017), "Productivity Puzzles" speech, http://www.bankofengland.co.uk/publications/Documents/speeches/2017/speech968.pdf, and Andrews, Criscuolo and Gal, 2015, https://www.oecd.org/eco/growth/Frontier-Firms-Technology-Diffusion-and-Public-Policy-Micro-Evidence-from-OECD-Countries.pdf.

ii Business Demography 2015, Office for National Statistics.

iii MIT REAP (Regional Entrepreneurship Acceleration Programme), Increasing Innovation-driven Entrepreneurship in Scotland through Collective Impact, 2014, http://www.hie.co.uk/business-support/entrepreneurship/mit-reap/ p. 21.

iv Businesses in Scotland 2016.

v MIT REAP Scotland Report, ibid, p.8.

vi By using a design-thinking approach, we will ensure that support is fully aligned with only real needs and is crucially designed and owned by those in receipt of support. We will take guidance from international experts, including the Glasgow School of Art.

vii B Corps are for-profit companies certified by the non-profit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency, see http://bcorporation.uk/what-are-b-corps-uk.

viii See MIT REAP Scotland Report, ibid, p. 36. This notes that 'creating and managing collective impact requires a separate organisation(s) with staff and a specific set of skills to serve as the backbone for the entire initiative and coordinate participating organisations and agencies.' Given the desire to reduce clutter, it is proposed that this should not be taken forward by a new organisation, but that Entrepreneurial Scotland, one of the REAP partners, should build on existing work that has emerged since publication of the REAP report.

ix Recent analysis suggests lack of management quality as a plausible explanation for the long tail of less productive companies. See Enterprise Research Centre, Warwick Business School (2015), "Leadership and management skills, management practices and firm performance and growth in Scottish SMEs" (http://www.evaluationsonline.org.uk/evaluations/Search.do?ui=basic&action=show&id=575). See also Nicholas Bloom, John Van Reenan, Christos Genakos and Raffaella Sadun (2011), "Management Practices across Firms and Countries" (http://www.hbs.edu/faculty/Publication%20Files/12-052.pdf) and Office for National Statistics (2017), "Management practices and productivity among manufacturing businesses in Great Britain: Experimental estimates for 2015" (https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/experimentaldataonthemanagementpracticesofmanufacturingbusinessesingreatbritain/experimentalestimatesfor2015).

x Nick Bloom and John Van Reenan (2010), "Why do Management Practices Differ Across Firms and Countries", Centre for Economic Performance, p. 2.

xi Sherry Coutu, The Scale Up Report on Economic Growth, November 2014, http://www.scaleupreport.org/scaleup-report.pdf, p. 7. The report notes how a boost of 1% to the UK scale-up population could add 238,000 jobs and £38bn to GVA within 3 years at UK level and, assuming the skills gap is addressed, £96bn per annum. Closing the scale-up gap could create 150,000 net jobs and £225bn additional GVA at UK level by 2034, ibid, p. 6.

xii See Can DO Scale Scotland scoping document, published alongside this report, for more detail.

xiii See also Women's Enterprise Scotland (WES) thought piece, published alongside this report.

xiv This is addition to ensuring, in line with the public sector equality duty, that our services are impact assessed so that they are suitably targeted and accessible to everyone. Definitions relating to gender-appropriateness are as follows:

A **gender-aware** approach in a working environment, either in policy or practice, considers any barriers that may be preventing the participation and / or use of a particular service by women (or men) and adapts accordingly in order to achieve a positive outcome. In the case of business support provision, this necessitates a knowledge and understanding of the key issues for women-led businesses.

The term '**gender neutral'** is often used to describe services that are generally considered to be applicable to the needs of both sexes. However, what is regarded as gender neutral can often be 'gender blind' if the specific service needs of the end-user are not met by such an approach. The United Nations (2012) describes gender blindness as an "*inability to perceive that there are different gender roles, need, responsibilities of men, women, boys and girls, and as a result failure to realize that policies, programmes and projects can have different impact on men, women, boys and girls.*"

A **gender-specific** approach in a working environment, either in policy or practice, is a targeted intervention applicable to one gender (men or women). Any such intervention should be founded on insights from gender-disaggregated data, research and/or best practice insights and outcomes.

xv Developed and facilitated in partnership between Women's Enterprise Scotland and Scottish Government, this was the first of its kind in Europe in March 2014 and recognised as a model of best practice.

xvi See https://www.skillsdevelopmentscotland.co.uk/news-events/2016/november/action-plan-in-development-to-attract-more-women-into-technology/.

xvii See Building a Sustainable Social Enterprise Sector in Scotland, http://www.gov.scot/Publications/2017/04/8804/0.

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