

West Midlands – Future Business Support

Final Report- July 2021



Metro — Dynamics

Executive Summary / Recommendations

CONTENTS

- *Recommendations*
- *Economic Context / Size of the Prize*
- *Evidence Summary*
- *Current SME Journey*

Recommendations - 1

1. Effective business support should be a core part of your strategic investment in jobs and skills.

New jobs and higher wages depend on having more successful businesses. Ensuring West Midlands' firms adapt to global trends and that more of them grow and survive is vital to improving the wealth and lives of residents.

There is also strong evidence that businesses that receive support and benefit from effective account management are significantly more productive and successful. Business support should be seen as a strategic investment in jobs, skills and improving community wealth.

2. There is a strong case for change and doing nothing is not cost free.

Business and many existing providers are clear that the system is too fragmented and not user focused enough.

The evidence is clear that the current system is not set up to deliver as effectively as it could, including on major priorities such as large firm account management, business scale ups, supply chain competitiveness, leadership and management, low carbon transition and green jobs.

These correspond to indicators where the West Midlands economy performs less well, has prioritised for improvement and/ or has been hit hard by Covid.

Securing Government funding over the next few years will be a highly competitive process. Competitor places vying for business investment are doing things differently. Sticking with your current system is not a cost-free choice.

3. Stronger business support can best be achieved through a modular and phased approach, not a 'big bang' change

Much of this will be done through private sector provision. Where there is a clear case for public intervention this should be phased to take account of funding, capacity and the time to run of existing ERDF-funded schemes.

Recommendations - 2

4. This improved ecosystem should have four main components:

- a modern, customer journey, built around the user not the provider.
- a new approach to account management, for the largest firms, investors *and* SMEs, with the Growth Company fully integrated into the support ecosystem.
- replacing the current large number of schemes with new premium products aimed at specific sectors, supply chains and issues – delivered region-wide at scale. Working together with local schemes where there is a clear need.
- a campaign to drive up demand and usage

5. You should build on existing strengths, but some current programmes should not be replaced.

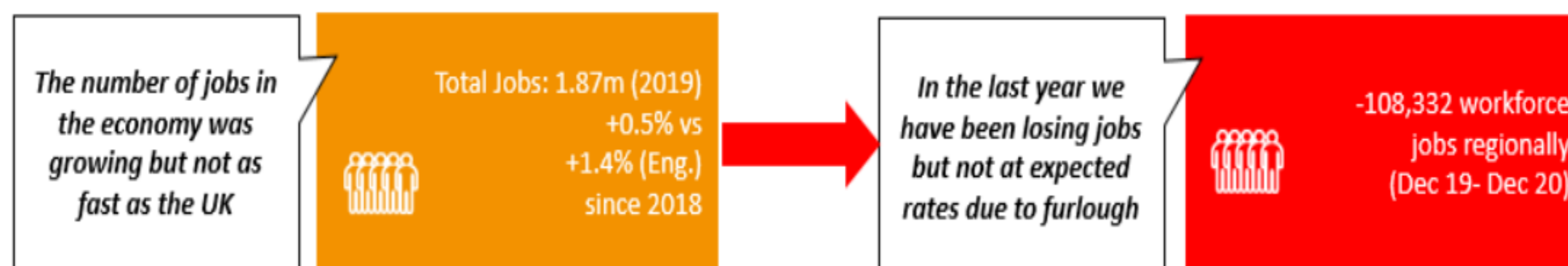
Reducing the fragmentation in the system means some existing schemes should not be replaced and some existing work should stop, whilst local needs should continue to be met.

6. Total additional investment in 1,2 and 4 above will be circa £4m over a 4-year period. £11 for each business in the West Midlands.

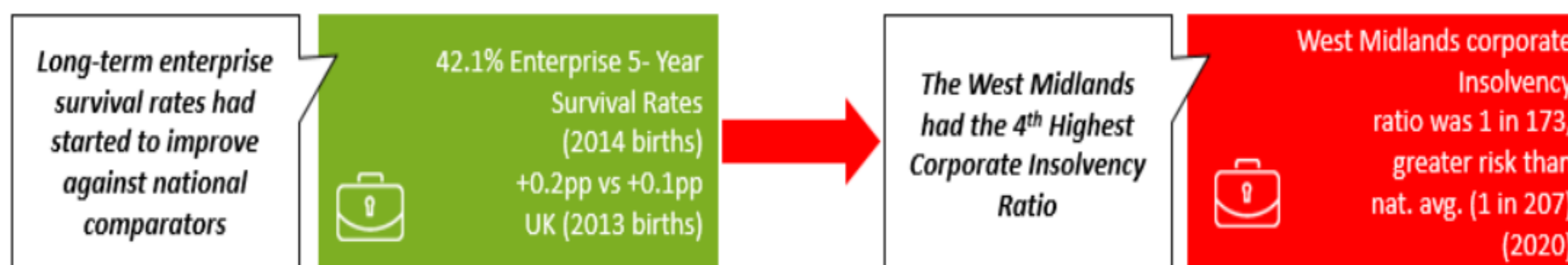
Premium products associated with specific sectors and issues, such as zero carbon transition or manufacturing exports, are scalable and are likely to attract additional / new government funding. Full costs for these will need to be developed as part of creating the business case for specific funding bids.

Economic context

1. Total Jobs in the Economy



2. Survival rates of businesses



- **Declining high growth firms – 4.8% and lower business demand for innovation**
- **Huge Potential - Fastest growing region outside London pre Covid.**
- **Clear low carbon and future sector strengths - WM 2041, Future of mobility, Professional Services, Creative, Health**

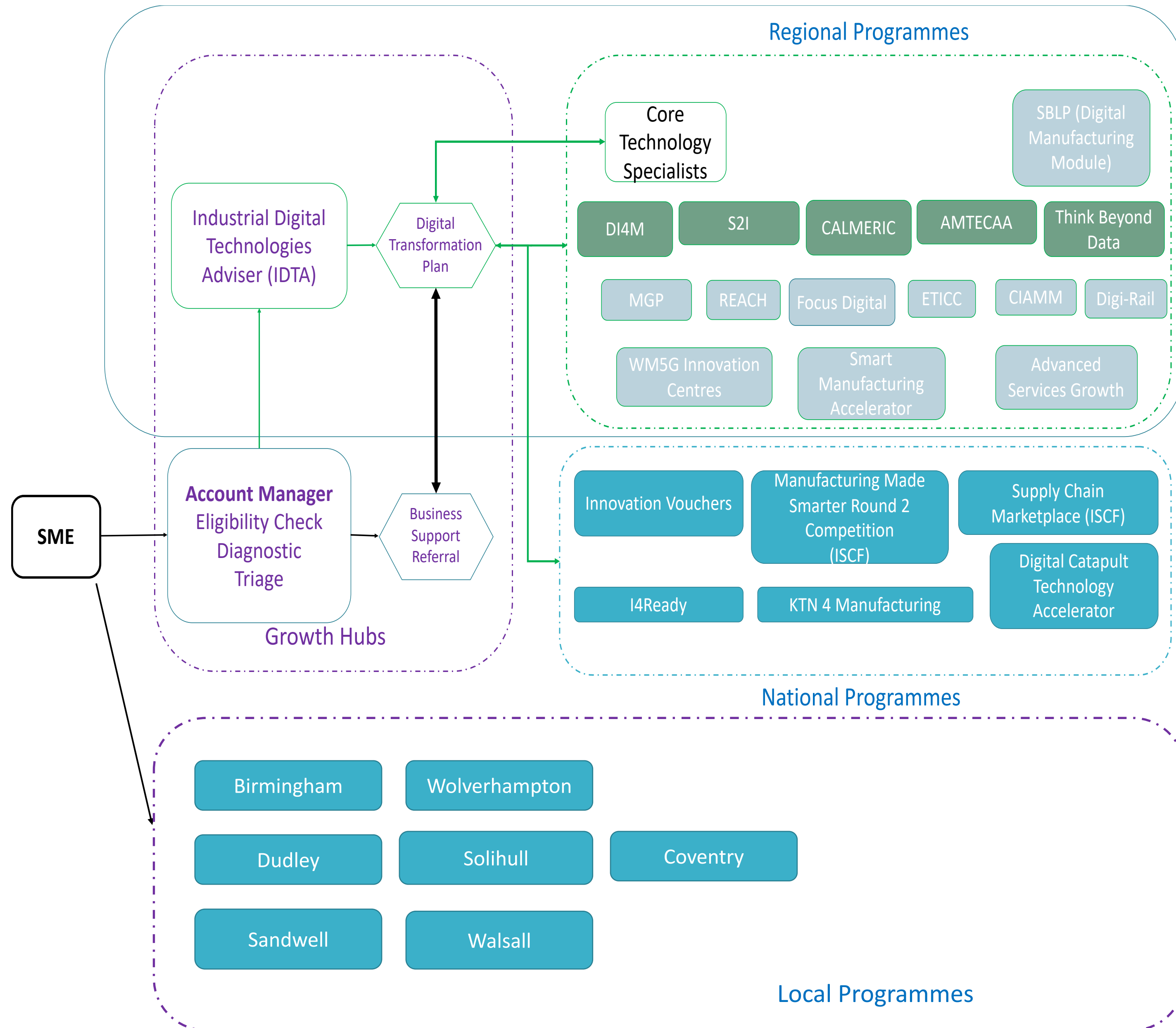
Size of the Prize

- 1% rise in productivity each year for 5 years, would increase output per head £26,735. **Reducing the productivity gap from £17.4bn to £12bn and supporting higher wages.**
- The number of £1m+ turnover firms is falling in the West Midlands (-0.8% in 2018/1), whilst it is rising in the UK overall (3.4% increase in the same period). **Reversing this trend would deliver and safeguard significant numbers of jobs and opportunities for progression.**
- Targeting support delivers better results. **10,000 new jobs in priority sectors** (Business, Professional & Financial Services, Creative & Digital and Low Carbon & Environmental tech) **will provide more than twice as much output and higher wages** than in non priority sectors.
- Supporting even a return 2018/19 job growth rate of circa 1% through effective business support in priority sectors alone would **create 22,857 new jobs and safeguard 135,000 jobs over 5 years**, using Government figures.

Evidence summary

- **Current business support is driven by the demands of funding programmes (EU and UK):** Projects, programmes and supporting structures reflect the funding-led nature of provision, which complicates the delivery of integrated business support. Not a new problem and one that many national reforms have failed to tackle.
- **No integrated plan for major / large firm account management.**
- **Majority of initial business interactions with publicly-funded programmes often motivated by grant-seeking.**
- **Limited information sharing:** Lots of intelligence collected but not used. Much information on business base locally, particularly through Covid support, but hard to share or 'hand off' from one organisation to another.
- **Not genuinely customer-centric:** Limited evidence of a 'business approach' to the customer journey, e.g. sales cycle or funnel, and instead reflects a public-sector philosophy with signposting, eligibility checks and managing demand on limited resources.
- **Focusing on people and networks is a better approach than treating businesses as entities:** increasingly important and how people get advice.
- **Specific programmes well regarded and well-respected people across public and private providers:** no shortage of commitment and energy, with some natural protectionism.
- **Quite traditional and difficult to see the shared offer:** Most programmes claim to be a response to fragmented, antecedent arrangements but limited evidence of progress towards cohesion.

Existing SME Journey



System Problems

- Hard for businesses to see what is available
- Lack of consistency in advice and product
- Lack of emphasis on importance of relationship management and outreach – those who self present will get most.
- Input / output focused – doesn't reflect business approach and expectations re customers and growth approach.
- Not enough info / intelligence flows inc between national programmes to local growth hubs / AMs.

Methodology

AIM

1. *Set out the approach taken and stakeholder engagement*

CONTENTS

- *Background*
- *Methodology*
- *Engagement*

Background

Aims

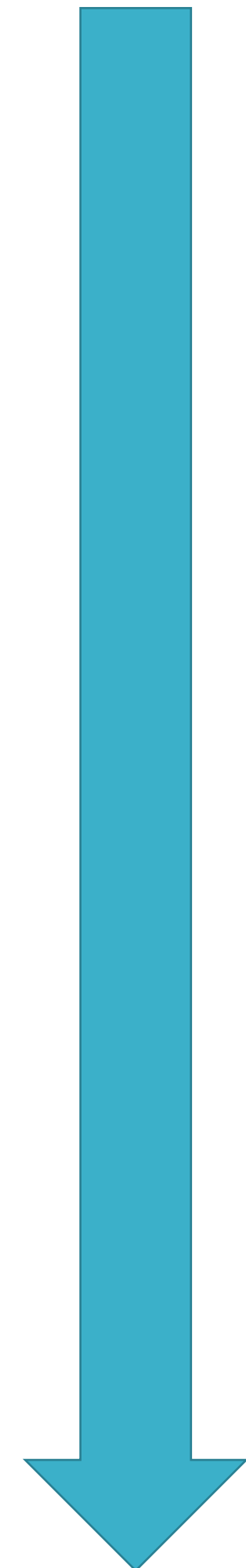
- Design a fit-for-purpose business support system for a post-pandemic, zero-carbon, technically-enabled world.
- Build on what works but be ambitious and honest - focussing on what modern businesses expect.
- Act on the latest evidence - nationally, locally and globally.
- Engage with business users, councils, Chambers of Commerce, universities and providers.

Context

- Commissioned by the 3 WMCA area LEPs, through SED Board and with the Recovery Forum.
- Review initiated in response to changes in:
 - West Mids, UK and global economies
 - Business needs and expectations
 - Technology and markets
 - Public funding
 - Policy context

Methodology

Timescale



End Feb – End March

Research Phase

Evidence summarised, comparators established and researched. Overall case for change established based on Covid recovery plan priorities, agree priority sectors and wider economic indicators.

March - April

Design & Engagement

Initial design outline completed and integrated with output from research phase. Workshop with Steerco and update to Recovery Forum, using design outline and evidence summary. 20 Stakeholder calls, 2 business workshops, 1 wider partner workshop.

April

Testing & Refinement

13 May workshop with SED Board on detailed design and further update to Steerco. Update calls with Growth Co, Growth Hubs and key Unis LEP / CA Steering Group and wider partner session.

May

Early July.

Final Report

Final report to reflect SED Board and Steerco / Leaders' comments. PowerPoint based.

Engagement

Research centres / networks	Private and third sectors	Public sector	Evidence sources
<ul style="list-style-type: none"> ➤ Enterprise Research Centre (University of Warwick Business School) ➤ City-REDI ➤ Aston University ➤ Coventry University ➤ University of Wolverhampton ➤ West Midlands Combined Universities ➤ Anglia Ruskin University ➤ Bennett University for Public Policy (University of Cambridge) ➤ Productivity Insights Network ➤ Coventry University ➤ Birmingham City University 	<ul style="list-style-type: none"> ➤ Black Country Chamber of Commerce ➤ Coventry and Warwickshire Chamber of Commerce ➤ Greater Birmingham Chambers of Commerce ➤ Business workshop participants (during design & engagement phase) ➤ Institute for Social Enterprise 	<ul style="list-style-type: none"> ➤ West Midlands Combined Authority ➤ West Midlands Growth Company ➤ Local Enterprise Partnerships & Growth Hubs (Greater Birmingham, Black Country, Coventry & Warwickshire) ➤ Local authorities across the WMCA area ➤ Scottish Enterprise ➤ BEIS 	<ul style="list-style-type: none"> ➤ Evaluation Online (Scottish Enterprise library of impact evaluations for business support) ➤ OECD (International Compendium of Entrepreneurship Policies) ➤ What Works Centre for Local Economic Growth (Evidence Reviews – Business Advice) ➤ US Small Business Administration (Learning Centre and SBA performance reporting)

Changes to context:

AIM

1. *Demonstrate that major changes to the business environment and provider context require new approaches to support*

CONTENTS

- *Economic context*
- *Business needs and expectations*
- *Technology and markets*
- *Funding and policy*

Economic context - Headlines

Pre Covid

- **Fastest Growing region outside London**
- **Strong Start up rates +11 % UK**
- **14% Productivity Gap**
- **Weaker survival rates -7.5% UK average after 3 years**
- **Strong professional services sector – full service and 35.1% of business base, UK average 33.8%.**
- **But declining high growth firms – 4.8%**

Recovery and Recharge

- **Loss of around 100,000 jobs**
- **Higher than average insolvency rates**
- **Recharge West Midlands economic recovery plan** (£3.2bn to create and safeguard jobs and workers)
- **2020 potential CSR submission** for a £1.9bn business growth programme to improve business productivity and resilience
- **WM2041 Programme and Circular Economy** ensuring the WM's is central to a green industrial revolution and achieves net zero by 2041

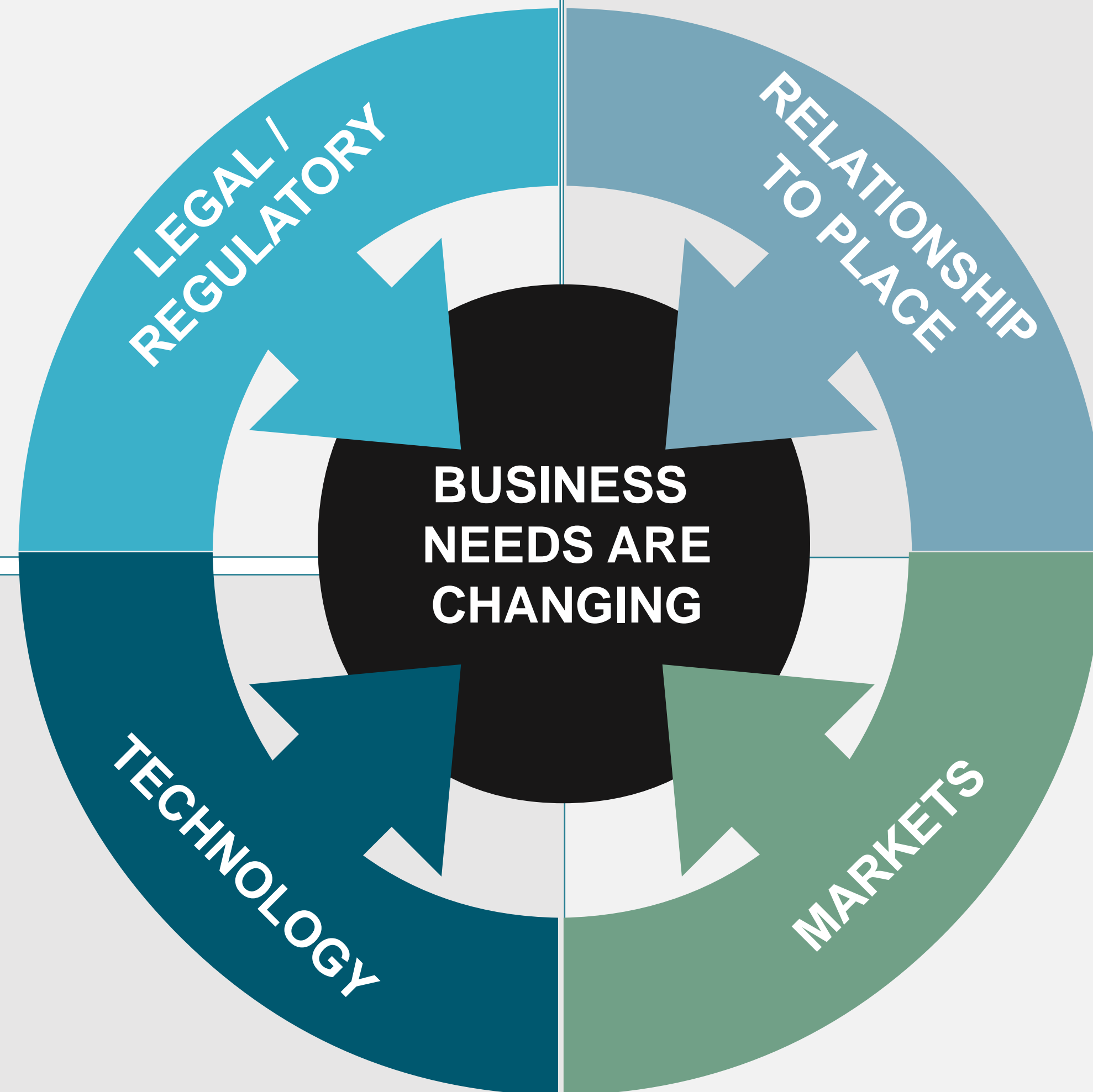
Business and technology context

- EU trade now subject to rules of origin, import VAT, new customs and travel rules
 - Rules to achieve environmental goals will close some markets and create new ones (e.g. vehicles, domestic heating, building materials)
- Changing employment rules will challenge some business models (e.g. extension of IR35)

Legal challenges to business models and products create urgent needs around transition, growth and survival

- Research by the ERC (2020) suggests that most firms see investing in new technologies as higher priority post-COVID.
- Be The Business (2020) also shows that a top barrier to new tech adoption was a lack of products tailored to SME customers.

Business support must factor in how firms work in 2021 and beyond – getting the pitch wrong puts off business leaders from engaging



- Growing share of businesses selling tradable services: new industries like Software as a Service (SaaS); reimagined versions of traditional ones like accounting and legal; design and marketing – outputs can be traded across distance at low cost
- Increase in remote working, training and conferencing by employees
- Peer networks now in the global, online space

Many business vendor relationships are less rooted in place today. But peer networks are still important and trusted sources of advice.

Local Industrial Strategy secured wide recognition and Gov backing for the region's top future business opportunities as:

- Future of mobility
- Data-driven health and life sciences
- Creative content, techniques and technologies
- Modern services

The top opportunities connect WM's existing strengths to future market needs – but exploiting them requires business leadership skill and access to finance and investment

Funding and policy context

The lifecycle of English business support programmes has typically been DTI / BEIS and EU funding cycles of 3-5 years. This has:

- Not helped stability and cohesion across the ecosystem of support
- Made it harder to achieve the same visibility as more stable institutional arrangements in place elsewhere (e.g. Scottish Enterprise and the US Small Business Administration), or more established bodies in England, like Chambers of Commerce or university business schools.

5 major factors are now creating an unusual opportunity to lock in both greater stability and the chance for more flexible funding programmes that evolve with business needs:

- Business recovery and investment cycle
- EU funding ending
- Changes to State Aid regulations
- LEP review and Business Support policy review
- Post EU Growth Funding (originally SPF)

Business support in 2021:

AIM

- 1. Demonstrate that there is a strategic case for investing in business support, alongside market failure rationales*
- 1. Identify which features of the current system must evolve to meet future challenges and opportunities for the West Midlands economy*

CONTENTS

- Rationales for intervention*
- Overview of current system*
- Evidence review findings*
- Comparator systems*

Rationales for intervention

Investment in business growth and success is a major part of the West Midlands' forward plan. You do it because you need new and existing businesses to continue to locate and succeed here. Large and small. Publicly-funded intervention is justified to make this happen for three main reasons:

- Market failures: market mechanisms are incomplete or weak in some areas that affect the growth of West Midlands businesses. These include imperfect or asymmetric information that hampers the ability of firms to assess the benefits of investment, leading to less of it. There are externalities and incomplete property rights which mean that business may lose the benefits of investment –such as staff training - to a competitor, again leading to less of it. Publicly-funded interventions can overcome these challenges through risk sharing and coordination.
- Strategic objectives: generating a strong economic recovery from the pandemic and maximizing the economic potential from overseas trade post Brexit requires action on several fronts, including: business finance and advice; local tax and regulatory forbearance; land-use planning; support for leadership and management skills; connecting people to jobs and training opportunities. Business support – especially when underpinned by strong account management- can make these connections happen for firms, and act as a force for good in policymaking on enterprise issues – e.g. by capturing and sharing data.
- Local action on transition to new economic and environmental realities: the national mission to achieve net-zero greenhouse gas emissions will generate new market opportunities. From electric vehicles to energy storage, the West Midlands is in a strong position to use its historic strengths in manufacturing and logistics to capture these economic benefits. But it also has large legacy production capacities and supply chains tied to energy-intensive industry and soon-to-be-phased-out technologies like internal combustion engines. Experience points to the need for intensive assistance for affected communities, workers and employers to support them with the transition.

Business advice is an example of what economists call 'experience goods'. These are goods or services whose price, quality and value for money are difficult for the consumer to observe in advance. Restaurant meals, holidays and most business consultancy services are experience goods. Buyers rely on reputation and peer reviews as a guide and they extrapolate from what they can observe. Suppliers of experience goods demonstrate their value to potential customers with free or low-cost opportunities to interact with their brand ('try before you buy', thought leadership, virtual 'cook alongs', free guides etc).

Evidence review findings

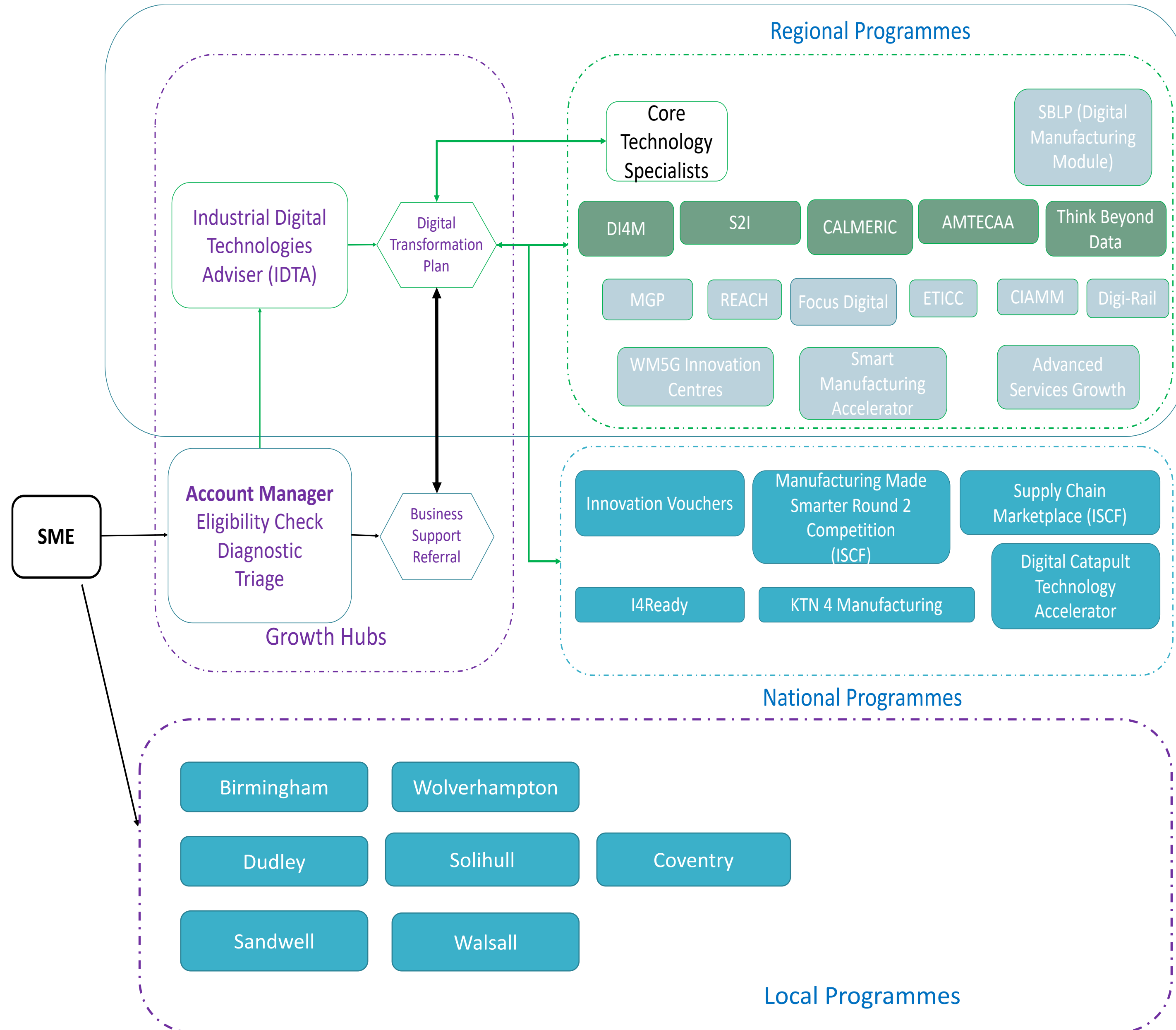
Economy

- Business growth and success key to recovery, employment and future growth. How our businesses succeed matters.
- Pre Covid the strong headline figures on growth, start ups and inward investment arguably masked problems with scale up, employment, innovation and resilience/ competitiveness in supply chain firms and long-term challenges to automotive / transport sector.
- A young, diverse, increasingly skilled population and the scale of your 3 cities and wider economy is a major asset. But for too many people and businesses it's hard to see the opportunities to succeed. Covid has also

Current business support

- **Current programmes driven by public funding constraints (EU and UK monies):** projects, programmes and supporting structures reflect the funding-led nature of provision, which complicates the delivery of integrated business support.
- **Specific programmes well regarded and well-respected people:** no shortage of commitment and energy, with some protectionism, but need to build on the best and reflect distinct economic and organisational geography of West Midlands.
- **Initial business interactions with publicly-funded programmes often motivated by grant-seeking** / access to finance at better-than-market terms. Feedback from workshop participants – value alerts to funding opportunities, less interested in advice except when offered by peers.
- **Limited information sharing:** Lots of intelligence but collected not used. Much information on business base locally, particularly through Covid support, but hard to share or 'hand off' from one organisation to another.
- **Not genuinely customer-centric:** Limited evidence of a 'business approach' to the customer journey, e.g. sales cycle or funnel, and instead reflects a public-sector philosophy with signposting, eligibility checks and managing demand on limited resources.
- **People and networks increasingly seen as a better approach than businesses as entities:** increasingly important and how people get advice.
- **Important elements are quite traditional and difficult to see the shared offer:** Most programmes claim to be a response to fragmented, antecedent arrangements but limited evidence of consistency of quality or focus on customer journey.

Existing SME Journey



Problems

- Hard for businesses to see what is available
- Lack of consistency in advice and product
- Lack of emphasis on importance of relationship management and outreach – those who self present will get most.
- Input / output focused – doesn't reflect business approach and expectations re customers and growth approach.
- Not enough info / intelligence flows inc between national programmes to local growth hubs / AMs.

Some Relevant Comparators



Scottish Enterprise

- Decades-long stable funding
- Focus on higher-value, more intensive forms of assistance but becoming more universalist
- No direct delivery – support commissioned via frameworks of call-off contracts
- Well-resourced, transparent evaluation
- Separate from Business Gateways – local agencies that deliver basic support



US Small Business Administration

- One of the oldest continually-operating business support agencies – launched in 1953
- 'One-stop shop' for accessing business support: access to finance, grants, learning materials (online modules open to all)
- Home to the federal procurement portal
- Signposts to other agencies – national and local
- Supported by vast volunteer core (SCORE)



Danish Regional Business Hubs

- Providing means-tested, intensive support to firms with growth potential
- Direct delivery through business consultants employed at the centres
- Signposting to funding packages
- Some universal elements, including learning modules in business development topics like how to digitalise your business
- Some regional variation between centres (6) but common branding

Future business support for the West Midlands:

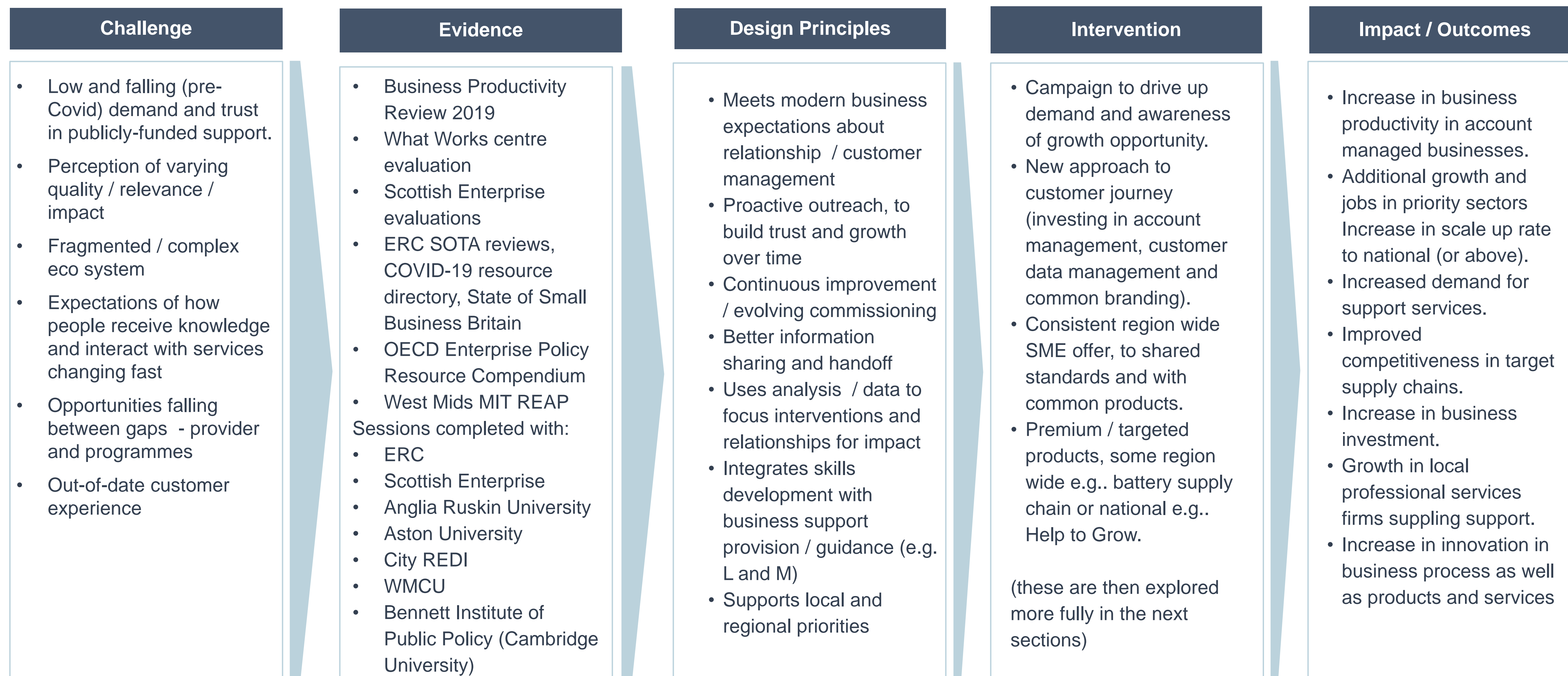
AIM

- 1. Identify the core components of a future business support ecosystem for the West Midlands*
- 2. Set out how to make this a reality through a manageable number of changes*

CONTENTS

- From challenge to intervention – using a logic model to link the evidence to objectives and into concrete actions*
- Proposed ‘4-pillars’ model:*
 - Integrated customer journey*
 - Consistent West Midlands offer and standards*
 - Targeted premium products*
 - Campaign to drive business take up*

Evidence Summary and Logic Model



Interventions – 4 pillars of the new system

Business Support Ecosystem

Integrated Customer Journey

- Central / Shared Knowledge Hub
- Additional investment in business account management
- Access for and to accredited providers
- Common branding material / programmes (local add-ons)

Consistent West Midlands Offer

- Delivered through LEP Growth Hubs (and WM Growth Co)
- Business Guides for all stages of the life cycle
- Standards and shared information
- Linked to private providers and business networks

Targeted Premium Products

- Priority Sector / supply-chain programmes - Gigawatt, EVs, Creative etc
- Complementary support for national programmes e.g.. Help to Grow
- Innovation
- Circular economy
- Zero Carbon
- Social Enterprise / Inclusive economy

Campaign to drive take up

- Future focused – around how business in WM can succeed
- Business-led / network-driven
- Time limited but sustained – e.g. 2-3 years.
- Aimed at individuals in businesses

Pillar 1 - A future-facing business support system, focussed around a genuine, integrated customer journey

CHALLENGE ADDRESSED

Current business experience is not of a genuine customer journey. It is provider- driven, too reactive, and characterised by a public-service management and means-testing approach. The new approach replicates the marketing strategies of successful private-sector providers of experience goods. These build customer journeys around incremental escalations in buyer commitment with linked services and offers. This approach will exploit new digital approaches to customer management, marketing and service delivery, building permission and incentives to share data. BEIS productivity review found that Account Managed businesses are on average 7% more productive.

HOW IT WORKS

- Meeting modern business expectations about relationship / customer management
- Learning from the best approaches used in the private sector to develop business relationships
- Establishing a shared approach to account management across the West Midlands, with clear roles for Growth Hubs, Growth Co and LAs (including through procured services)
- Connecting with businesses where they are – not waiting for them to self-present at crisis moments or being driven by a particular programme targets.
- Building trust over time.

PROPOSED SOLUTION

- Change how account management operates across the West Midlands, with clear agreements about who is managing which relationship, a dedicated set of AMs for large / major firms and clear handoff arrangements. Consider role of market in commissioning as well as existing public providers.
- Build and maintain a West Midlands shared knowledge hub for business support interactions. A tool for all account managers.
- Use proactive outreach and more active account management to identify and develop relationship with business beneficiaries,
- Revamp of front-end access points to business support around enhanced customer management and proactive lead tracking, promoting commonly-branded or kite-marked materials

IMPLEMENTATION

- Single CRM database and client log in facility used across participating WM support services with lead tracing information available for accredited partners. Scaling up existing tools.
- Investment in increased account management with hand-off processes between agencies subject to regular operational reviews
- Commission common design language - see next slide

Pillar 2 - A consistent universal offer, visible and accessible to all SMEs across the three LEP areas

CHALLENGE ADDRESSED

Create consistency and scale in the business support offer under a 'one West Midlands' approach. It aims to make it much easier for businesses to see what is available and how it relates to their needs at different stages of development, eliminate institutional silos in knowledge about the business base and the 'boundary problems' of relationship handover between agencies. It is underpinned by two major insights from professional investors: (i) that you must engage many prospects to uncover the next big success story; and (ii) businesses can be both 'high-growth' and 'treading water' at different stages of their journey. A universal offer must be visible and useful to businesses at every stage. This is not saying that the offer must be exactly the same everywhere. But that there must be common elements to a consistent standard, and where a business is in the West Midlands should not effect the standard of service or experience they get.

HOW IT WORKS

- Enabling better information sharing and hand-off between agencies
- Achieving greater visibility for services among businesses across the WMCA area
- Achieving greater pull through of 'buyer commitment' by showcasing potential of support through a core package of common, universally-available resources
- Making it easier to embed continuous improvement in service delivery and commissioning.

PROPOSED SOLUTION

- Promote a package of common WM materials and learning modules for basic business guidance for all stages of life cycle
- Universal WM design features across interventions
- Use basic information and learning points (e.g. podcasts, thought-leadership campaigns) to build trust and opportunities for service-related conversations with businesses

IMPLEMENTATION

- Lead agency to commission and promote materials and learning modules, collect reviews and respond to customer feedback, building on existing expertise.
- Available-to-all interventions subject to shared, ongoing input to and review of standards and information requirements by partners from across ecosystem

Pillars 1 and 2 - Investment

INDICATIVE INVESTMENT:

Our initial work, based on previously costed detailed plans and experience of directly similar systems elsewhere is that this element would require investment of circa £3.5m over a 4 year period, based on three elements, which are set out below. Our advice is that this investment should be found from within existing West Midlands resources, on the basis that is a) filling a gap when compared with national and global competitors and b) less likely to attract additional Government funding than other elements:

1. Account Management:

	Area/ Scope							
	Salary	inc oncost (20%)	GBS	BC	C&W	GC	Total	£££ total
AM's	£45,000.00	£54,000.00	2	2	2	2	8	£432,000.00
Navigators	£28,000.00	£33,600.00	1	1	1	1	4	£134,400.00
Growth Hub coordination	£55,000.00	£66,000.00			1		1	£66,000.00
Total new headcount			3	3	4	3	13	
Office Space (per head inc service & Rates)		£5,000.00	£15,000.00	£15,000.00	£20,000.00	£15,000.00	£50,000.00	£50,000.00
Training (per head)		£1,000.00	£3,000.00	£3,000.00	£4,000.00	£3,000.00	£10,000.00	£10,000.00
Knowledge Hub / CRM								£100,000.00
Year 1 Total								£792,400.00
4 Year Budget total (assuming 2.5% annual increase)								£3,290,000.00

2. Common CRM System and Knowledge Hub:

Our recommendation would be to consider building on the existing Microsoft Dynamics solution used by Coventry and Warwickshire and others, which is widely used, compatible with all Microsoft operating systems used by most partners. At an average licence fee of around £71 per user per month, then extending the current licences to another 100 people would cost around £100k per year, assuming a £25k annual allowance for evergreening and bespoke development, which is generous. The net cost will be lower, as users may no longer be paying for licences on existing systems, and others may already have licences.

3. Product and Interface Design:

Much of this work could be done in house and through existing website contractors, with codesign through users and business groups. We suggest allowing £200k over years 1 – 3 for this work.

Pillars 1 and 2 - Implementation, Roles and Governance

IMPLICATIONS FOR EXISTING SYSTEM

- Need to appoint a lead agency (good case for C&W Growth Hub) operating at WM scale with partners to manage single CRM database and business login facility used across area's support services
- Need to review and agree a shared approach to account management, including the role of the Growth Company, with major firm relationship management integrated into the wider system.
- Core element of common support packages and commissioned content used across the three LEP-Growth Hubs and WM Growth Co
- Accreditation role for lead agency vis-a-vis private providers (to manage access to knowledge hub)

GOVERNANCE AND ROLES

- Lead agency to lead Account Management Review (Growth co and/ or C and
- Lead agency to develop CRM delivery and investment plan on behalf of others. SED Board to sign off and each LEP, GC, Board (and LA) to agree to implement their element (via Board sign off) and to work directly with lead agency.
- Lead agency to report on delivery and overall impact over time to SED Board, and SED Board members to commit to driving delivery in their organisations.
- Resource in lead agency included in investment.



Pillar 3 - Targeted premium products, identified by a local insight and strategy programme and run region wide.

CHALLENGE ADDRESSED

To support specific sectors, supply chains and issues that are identified as priorities in the region's emerging and existing evidence base. To tackle the current fragmentation caused by multiple programmes, often very locally led, driven by EU and other funding requirements. To achieve greater impact with interventions that complement the private market, not distort it, and that the ecosystem of services evolves with the evidence of what works.

HOW IT WORKS

- Using the strong West Midlands evidence base and a future revised Growth Strategy to target major issues, define clusters, priorities sectors or business cohorts and specify at scale programmes, alongside gaps identified by mapping relevant private sector provision.
- Designing interventions that deliver on strategic objectives e.g. carbon reduction, leadership and management or a competitive local battery supply chain
- Recognising that some market segments require more tailored products and account management. But that businesses value both industry-specific expertise *and* outsider / generalist perspectives on development opportunities
- Not designing or specifying all these programmes now, but through a rolling programme of sector mapping and analysis.

PROPOSED SOLUTION

Evidence base and existing recovery / economic priorities suggest that an initial suite of products should include:

- gigawatt battery and EV supply-chain programmes;
- manufacturing innovation (building on existing programmes),
- creative cluster support,
- med-tech,
- wider low carbon transport,
- complementary support for Help to Grow (management and digital);
- circular economy; zero-carbon innovation;
- Social Enterprise

Programmes would have selection / qualification element and operate alongside wider Account Management, not substitute for it. Genuine premium support / funding for those firms that qualify.

IMPLEMENTATION

- Growth Strategy refresh to confirm future programme focus / priority issues and define clusters sectors / supply chains.
- Business Growth Taskforce to lead on recommendations for selection and design of targeted products (include business network representatives and leading business investors). SED Board signs off scope, commissioning approach and targets for all programmes.
- Lead agency agreed for each programme (e.g. 1 LEP) designs and delivers / commissions on behalf of region. Scope and design process ensures needs of all areas in WM are met (but business led).
- SED Board actively holds programmes to account for delivery and impact performance on behalf of West Midlands partners.

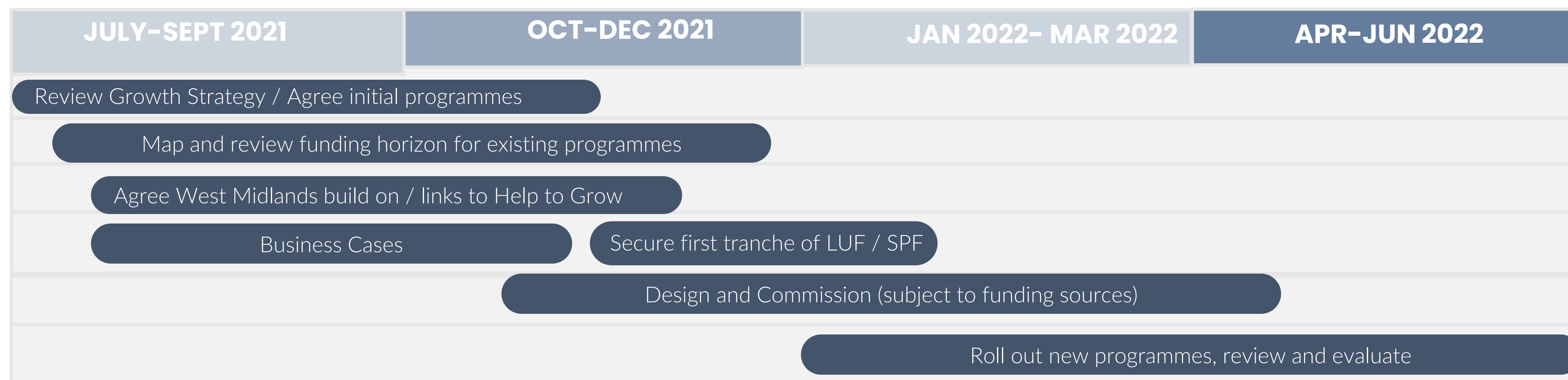
Pillar 3 - Delivering targeted premium products for business support

IMPLICATIONS FOR EXISTING SYSTEM

- Formalised, partnership approach with private and third-sector interests to identifying premium schemes within formal structures (e.g revised SED Board)
- Move from relatively loose sector action plans with limited impact, to more focussed set of programmes.
- Commitment from LAs and LEPs to not automatically role forward existing programmes and to consider the benefit of scale or integration when deciding on e.g. SPF bids, where they address regional priorities but without preventing local action where there was a clear case for doing so, for example, local enterprise schemes, meanwhile use promotion, place promotion etc)
- Transparent and proactive publication of evaluation findings and market mapping (as per Scottish Enterprise)

GOVERNANCE, FUNDING AND ROLES

- SED Board to agree package of regional support programmes, based on wider business input and revised Growth Strategy.
- Lead agency to be identified for each, to design and deliver / commission on behalf of region. Scope and outcomes to be agreed by each LEP Board if necessary.
- Delivery team in each agency accountable to SED Board for regional outcomes and programme performance. Programme fidelity remit for SED Board
- Costs will be different for each programme and need to be developed through individual business cases and / or funding bids. Lead agency should do so on behalf of WM, with SED Board sign off (with other LEP / CA Boards as needed depending on funding route).



Pillar 4 - Multi-level marketing campaign to drive uptake

CHALLENGE ADDRESSED

The evidence shows that businesses that access effective support do better. There is also clear evidence that (prior to Covid) demand for publicly funded business support was declining. Business also report that they find it hard to understand to access the support that is available in the West Midlands. The West Midlands has lower levels of commercial innovation and productivity than it needs, as well as lower levels of scale up firms.

HOW IT WORKS

- A multi year, multi channel campaign, starting later in 2021/22 as other changes are implemented, with strong business leadership and peer to peer elements, to drive up awareness and demand.
- Proactively showcasing market opportunities for which business advice and financial support is available
- Promoting success stories of companies who have used support to grow and access new opportunities (e.g. Export)
- Marketing support programmes proactively – including with financial inducements
- Kite-marking quality support services – wherever they are in the West Midlands

PROPOSED SOLUTION

- Single, 2 or 3 year multi-level marketing campaign to promote the benefits to business of engaging with support
- Area charter agreed by LAs and agencies across metro area for financial inducements, service commitments and recognition of 'fast-lane' accreditation
- Toolkits, checklists and templates for local partners with grant funding for public agencies to increase marketing activity

IMPLEMENTATION

- One lead agency for commissioning and managing campaign, coordinating area charter
- Steering group to include major business networks (Chambers of Commerce, FSB, MakeUK etc)
- Core funding for participating public agencies to deliver outputs, including LEP-Growth Hubs and West Midlands Growth Company

Pillar 4 - Implementation, Governance and Costs

IMPLICATIONS FOR EXISTING SYSTEM

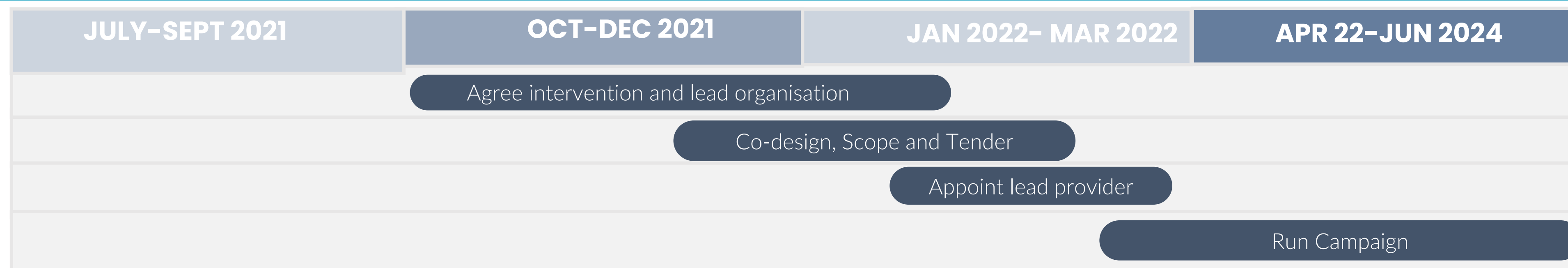
- For agencies and LA participants - ending existing, fragmented marketing programmes and pooling resources in a shared programmes
- Accreditation role for lead agency vis-a-vis private providers (to maintain a credible kite-marking scheme)
- Increased investment by all partners, potentially through the CA or Growth Co.

INVESTMENT / COSTS

- Marketing Campaigns are inherently scalable but based on recent planning by Growth Hubs / LEPs, separate work with Be the Business and BEIS and looking at other comparator regions an we suggest investment of around £500k over a 2-year period. This would provide for ample coverage, if innovative and creative approaches are used (involving West Midlands communication and creative firms).

GOVERNANCE, FUNDING AND ROLES

- The SED Board should be responsible for the overall performance and commissioning of this campaign, as a strategic intervention in business and economic growth.
- A lead agency would commission and own delivery on the region’s behalf, with funding likely either provided through the CA or by LEP and CA contribution.
- The campaign and charter should be run by a lead (local) private sector provider with a business advisory panel.



Implementation and next steps:

AIM

1. *Be clear about the potential Governance changes / implications*
2. *Plan a realistic timetable for implementation*
3. *Scope out roles and responsibilities, risks, uncertainties and future funding options*
4. *Identify early decisions that need to be taken*

CONTENTS

- *Governance*
- *Delivery planning*
- *Timescales for implementation*

Governance to Drive Delivery

If the West Midlands is to effectively reposition and strengthen its business support ecosystem and to hard wire in cross-region working then there are number of Governance and accountability factors that the evidence suggests will need to be addressed:

- A clear decision about **the interface / relationship between economic growth strategy and prioritisation and the consequent commissioning and oversight of business support programmes**. At it's simplest, this needs a refreshed or reaffirmed set of sector, cluster, issue and supply chain priorities that are then acted on across the region.

The historic approach of a region-wide strategy and then localized funding priorities for each LEP, whilst enabling a vital focus on the different needs of each part of the region, has contributed to fragmentation of the business support system and the lack of enough large-scale, high-impact, region-wide sector programmes. This matters particularly for the West Midlands, because of the importance of supply-chain relationships and multiple clusters across the area as a whole. This is not to argue for moving away from sub-regional economies – it is to argue for a greater recognition of the importance of investment at scale, especially in the region's supply chain industries.

- A Board (presumably the SED Board) with **clear responsibility for owning the commissioning and monitoring of regional programmes and products**. Delivery led by individual LEPs / Growth Hubs or other agencies, but with accountability clearly to the SED Board on behalf of the region. To do this, the SED Board must be able to take investment / spending decisions and actively hold LEPs, LAs and others to account for delivery.
- **Business Involvement**. In our view, the current arrangements for involving business leaders in both strategy and implementation are now suboptimal, particularly compared to competitor / comparator UK regions. Whether this is achieved through a re-focused SED Board membership (to more clearly play the role of a Business Board) or an alternative mechanism is clearly for the West Midlands to decide.
- **Commitment from Local Authorities to work within and with regional programmes where they are agreed, with the SED Board (and ultimately CA Board) providing the accountability mechanism**. Targeted premium programmes will be undermined and lose effectiveness and impact if competing programmes are established. But for this to work, the regional programmes have to be designed in a way that meets local as well as regional requirements. This should be driven by business demand, not funding opportunities or political expediency locally. Other economies, e.g. Greater Manchester, Cambridge and Peterborough, West of England, are taking a very robust approach to this, with LAs seeing the benefits of scale.

Delivery Planning

Roles and Responsibilities

- WMCA: Economic Strategy and Prioritisation, Funding, Securing LA leader approval, Growth System leadership.
- LEPs-Growth Hubs: Service leadership, Board commitment, SME Account management, Customer journey and specific product design.
- WM Growth Company: Integrated major firm account management and inward investment.
- Local Authorities: changing existing schemes, regulatory engagement, land use, local tax, future SPF funding integration, account management, clearly expressing local priorities.
- Central government: Policy and Funding framework.
- Private sector partners: Active engagement.

Risks / Uncertainties

- Outcome of BEIS Business Support Review (England)
- Outcome of LEP Review and associated West Mids Governance
- Design and size of ED funding pots

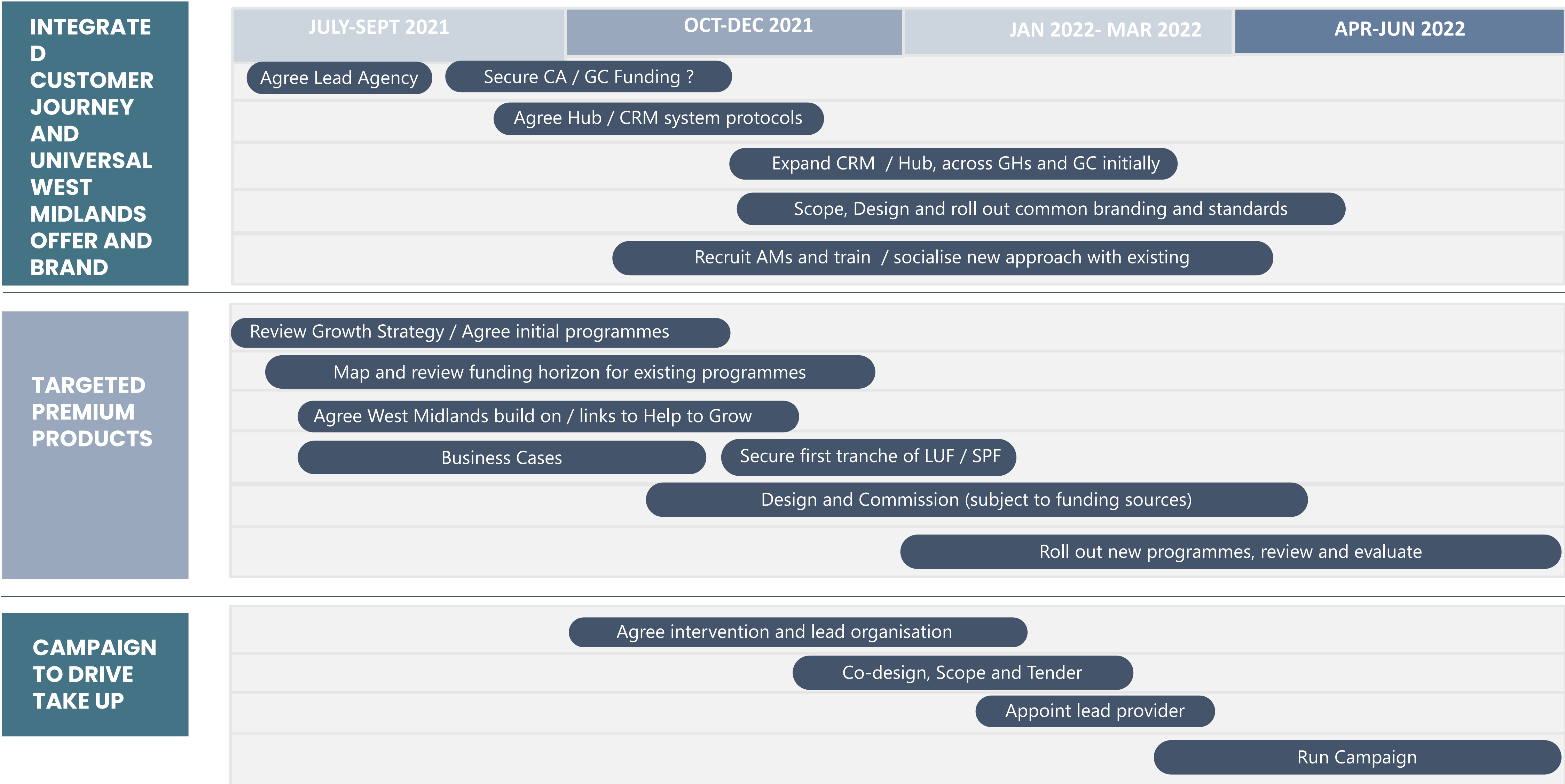
Funding Opportunities

- CRM and Account Management likely to come from combination of future Growth Hub funding, Growth Co budget and additional CA investment.
- Targeted programmes funded through future bids to SPF or equivalent.

Early Decisions needed

- SED Board / CA board to agree overall direction of travel
- Governance Review to consider SED Board role / remit.
- SED Board to develop and agree implementation plan
- Resources identified for business case and programme development
- Individual LEP Boards to commit and to secure LA members commitment to local change needed
- Local funding for Account Management and Knowledge Hub / CRM
- Lead organisation / agency assigned for leading Account Management and CRM changes.

Timescales for implementation



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