

Scottish Enterprise Ayrshire

Evaluation of Account and Client Management

10 September 2004

Private and Confidential

DTZ PIEDA CONSULTING
28 DRUMSHEUGH GARDENS
EDINBURGH EH3 7RN

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EXECUTIVE SUMMARY

Introduction

1. DTZ Pieda Consulting was commissioned by Scottish Enterprise Ayrshire in July 2004 to undertake an evaluation of their account and client management system of providing business support. This approach has been in operation for three years and the objective of this study is to evaluate the effectiveness of the overall approach and the support provided to those local businesses that have been designated as 'account-managed' and 'client-managed'.
2. The terms of reference for the evaluation include the following tasks:
 - Evaluate the impact of the account and client management programmes since February 2002 to date including appropriate activity, output and impact measures
 - Evaluate how effectively SEA delivers the services to account and client-managed organisations in the context of the Consistent Customer Management guidelines
 - Measure the success of the programmes in terms of SEA objectives (ERDF objectives are being analysed in a separate study)
 - Assess the effectiveness of support to account and client-managed organisations which include customer satisfaction, customers experience – in relation to the nine drivers and how the organisations have benefited
 - Make conclusions and recommendations for the future on how the account and client management process can be strengthened and improved upon.

Overview

3. Scottish Enterprise aims to work with companies that are expected to create a significant impact on the Scottish economy. Impact being measured in terms of employment, export growth, revenue growth, and growth in knowledge and / or the technology base. *Smart Successful Scotland's* goal to grow businesses has led to the implementation of the market segmentation process, which aims to identify organisations with the greatest potential for sustainable growth
 - **Account-managed** – are companies with significant growth potential that wish to work with SEA. These companies are expected to undertake a Growing Business Review and bespoke support is provided to allow them to undertake the activities set out in the resultant action plan and achieve their goals.
 - **Client-managed** – are companies with growth potential that are also encouraged to go through the business review and action planning process. These companies will then be offered support primarily provided through SE programmes. It is intended that the relationship with the client manager will not be as intense as for account-managed companies.

4. There are around 9,000 businesses in Ayrshire and capacity at present is for 420 client and account-managed companies. New companies are identified via a number of routes including referral from partners, SE products and services and from scanning of the general business environment. These companies are assessed against the segmentation model by members of the Business Gateway and if segmented as medium or high are allocated to appropriate client and account manager portfolios. Scottish Enterprise Ayrshire currently has 341 key companies having doubled the number over the last 12 months. Of these, 24 are relationship managed mainly by a SEA Director or Chief Executive, 137 are account-managed and 187 client-managed. Existing companies are expected in theory to be assessed on a quarterly basis against the segmentation model to ensure that they continue to receive an appropriate level of service. In practice companies have not moved between segments over the three years of the approach.

Results of the Company Survey

5. The vast majority of companies appear to be engaging well with SEA. There are a small minority however that either have little interest in having an ongoing relationship with SEA or do not engage with the account / client manager for some other reason. Issues arising from this include - why have account / client managers been unable to interest these companies and why the companies are still segmented as they are.
6. In the survey 90% of account-managed companies have had a formal business review compared to only 40% of client-managed companies. Many of the client-managed companies, being very small, suggest that it is difficult to take the time to undertake a business review. In these cases companies may benefit from more information as to how a formal business review could benefit their company.
7. The business review process is seen as helpful or very helpful to most companies and a good catalyst for prioritising actions required. Many in the survey are still in the process of action planning this is particularly true of the client-managed companies. Most companies are complementary of the skills and enthusiasm of the account / client managers and their role within the business support service. Overall those companies that have had a formal business review and action planning have a positive impression of the process and are likely to have had a constructive attitude towards the process of business support from SEA.

Impacts and Outcomes

	Account		Client		Total	
	Employment	Turnover	Employment	Turnover	Employment	Turnover
2002/04 Actual	506	6.17	79.5	5.2	585	11.37
2004-07 Potential	562	482.1*	74.8	9.2	637	491.3*
Total	1,068	488.27*	154.3	14.4	1,222	502.67*
*May be some bias here as there is one company with large potential sales that may not be representative of the population of companies						

8. Not all of the impacts on businesses can be measured in terms of employment and sales. One purpose of the GBR process is to change the thinking processes of companies to make them more efficient and dynamic, which in turn will improve performance. Companies in the survey were asked to assess how their behaviour and attitudes had changed or may change as a result of the SEA support. The changes relate to the 14 areas of the GBR. The companies were also asked whether these changes were due to the input of the account / client manager, SE programmes they have been involved in, or from consultants etc brought in by SEA to assist the company.
- The areas where there have been the greatest changes are:
 - a conscious effort to develop the skills and knowledge of the workforce
 - long term and strategic planning within the firm
 - The account / client manager is intended to be a facilitator for companies to access the support that they require. It is interesting to note that these managers have been instrumental in these changes in all areas most strikingly in:
 - Increasing the companies knowledge of their market
 - Consciously managing and embracing change
 - Developing the skills and knowledge of the workforce

Key Recommendations

9. **Recommendation 1** - There would be merit in reviewing those client-managed companies where SEA contact is minimal to see if there is sufficient purpose for them being segmented as client-managed. *The aim should be for quality of relationship rather than quantity of companies.* Those companies where there is little interest to be engaged with SEA could be reassigned to the pool of volume companies receiving minimal SEA contact
10. **Recommendation 2** - There should be a proper review process on an annual basis to ensure that all companies are appropriately segmented. Companies could at this review be reassessed as appropriate:
- Strategically important account-managed companies that have shown minimal interest in working with SEA could be reassigned to the “inactive group”. This would enable account-managers to keep a balanced workload between active and inactive companies
 - Strategically less important account-managed companies could be reassigned to a client manager for less intensive support
 - Client managed companies could be reassigned to the pool of volume companies receiving support through the Business Gateway
11. **Recommendation 3** - The number of account and client managers must be increased if there is a possibility of managers’ workloads of active companies exceeding the Consistent Customer Guidelines. Quality of business support would be likely to suffer if the guidelines are exceeded.

12. **Recommendation 4** - It would be efficient and cost effective to provide administrative support to enable the account / client managers to focus on the company contact and support part of their job. This would also ensure consistency in the monitoring and administrative requirements and would ensure that they were undertaken in a timely and efficient fashion.
13. **Recommendation 5** - The account and client management approach should continue with more companies being encouraged to go through the formal processes of the Growing Business Review and Action Planning process. As there is now evidence that the GBR and action planning has clear benefits to companies, those particularly in the client-managed group that are unwilling to go through this process should be reassigned to the volume pool of companies.
14. **Recommendation 6** - Once a company has completed the activities laid out in the action plan there should be a review to determine the future nature of support within the company. This review would determine whether the company should undertake a further business review at this time to pinpoint future priorities where actions are required, or whether the company no longer requires intensive SEA support and should be reassigned to another segment of the SEA business support system.
15. **Recommendation 7** - There should be sufficient follow up time spent with companies particularly in the client-managed group that have undergone the Growing Business Review and Action Planning process. This will ensure that companies have the support required to enable them to undertake priority actions.
16. **Recommendation 8** - Account and Client Managers should note where companies show a requirement for training that SEA cannot assist them to access at present. As skills and learning are integral to growing successful, sustainable businesses, SEA may require to take a more active role in enabling companies to access suitable training opportunities.

1 Introduction

1.1 Introduction

DTZ Piedad Consulting was commissioned by Scottish Enterprise Ayrshire in July 2004 to undertake an evaluation of their account and client management system of providing business support. This approach has been in operation for three years and the objective of this study is to evaluate the effectiveness of the overall approach and the support provided to those local businesses that have been designated as 'account-managed' and 'client-managed'.

1.2 Terms of Reference

The terms of reference for the evaluation include the following tasks:

- Evaluate the impact of the account and client management programmes since February 2002 to date including appropriate activity, output and impact measures
- Evaluate how effectively SEA delivers the services to account and client-managed organisations in the context of the Consistent Customer Management guidelines
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- Assess the effectiveness of support to account and client-managed organisations which include customer satisfaction, customers experience – in relation to the nine drivers and how the organisations have benefited
- Make conclusions and recommendations for the future on how the account and client management process can be strengthened and improved upon.

1.3 Methodology

The study is based around an interview programme that included:

- Face-to-face interviews with 10 account-managed companies
- Telephone interviews with 20 client-managed companies
- Discussions with Vanessa Murray, Linda Hanna, Jim Glover, Maryse McMaster, Simon Scholes and some of the account and client managers

1.4 Report Structure

The report is structured as follows:

- **Section 2** looks at the market segmentation and client and account management in SEA
- **Section 3** describes the population and survey sampling
- **Section 4** gives the results of the survey
- **Section 5** assesses the impact and value for money
- **Section 6** sets out the conclusions and recommendations

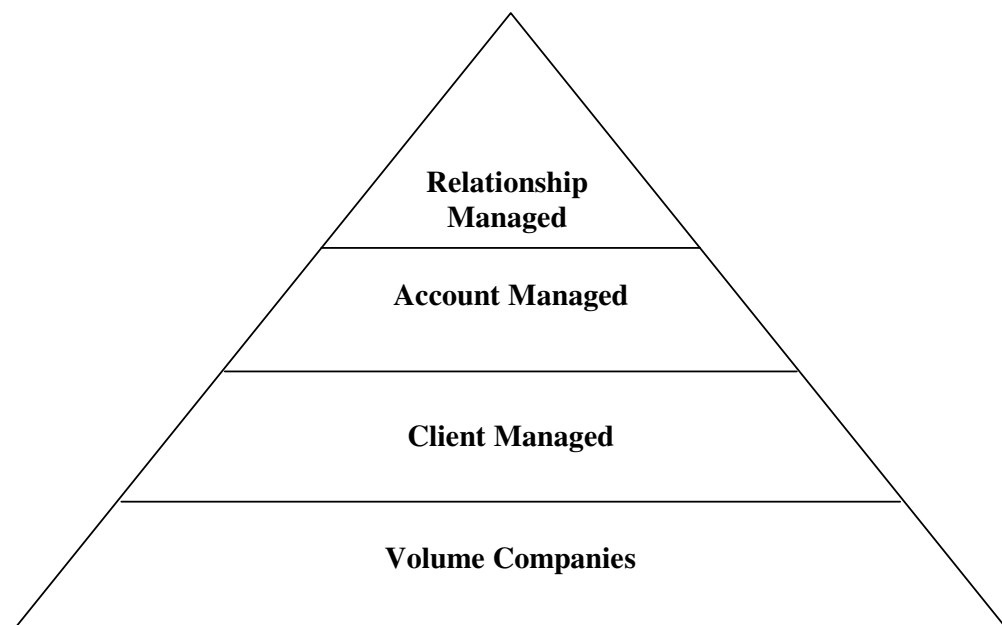
2 Background

Scottish Enterprise aims to work with companies that are expected to create a significant impact on the Scottish economy. Impact being measured in terms of employment, export growth, revenue growth, and growth in knowledge and / or the technology base. *Smart Successful Scotland's* goal to grow businesses has led to the implementation of the market segmentation process, which aims to identify organisations with the greatest potential for sustainable growth. Within Ayrshire, markets are segmented as follows:

- **Relationship managed companies** – are strategically important companies that may be unlikely to benefit much from SEA support but where a relationship is perceived to be of importance.
- **Account-managed** – are companies with significant growth potential that wish to work with SEA. These companies are expected to undertake a Growing Business Review and bespoke support is provided to allow them to undertake the activities set out in the resultant action plan and achieve their goals.
- **Client-managed** – are companies with growth potential that are also encouraged to go through the business review and action planning process. These companies will then be offered support primarily provided through SE programmes. It is intended that the relationship with the client manager will not be as intense as for account-managed companies.
- **Volume Companies** – Most of the companies in Ayrshire will fall into this category. These include lifestyle and micro businesses where growth potential is low. These companies receive business advice and support through the Business Gateway.

The segmentation model is shown in Figure 1.

Figure 1 SE Ayrshire Market Segmentation Structure



Within Ayrshire the growth in jobs, qualifications of the working age population and wages have been lower than the Scottish average with higher unemployment. The aim of *Smart Successful Ayrshire* is to increase the skills and forward thinking of the workforce and increase the number of jobs locally. The Ayrshire Economic Forum's strategy for economic development supports this by promoting the increase of skills in the workforce, refiguring the economy towards growth opportunities and sectors and increasing productivity. To this end SEA has a vested interest in promoting the growth of client-managed companies whilst only data from account-managed companies is of interest to SEN.

There are around 9,000 businesses in Ayrshire and capacity at present is for 420 client and account-managed companies. New companies are identified via a number of routes including referral from partners, SE products and services and from scanning of the general business environment. These companies are assessed against the segmentation model by members of the Business Gateway and if segmented as medium or high are allocated to appropriate client and account manager portfolios. Scottish Enterprise Ayrshire currently has 341 key companies having doubled the number over the last 12 months. Of these, 24 are relationship managed mainly by a SEA Director or Chief Executive, 137 are account-managed and 187 client-managed.

Existing companies are expected in theory to be assessed on a quarterly basis against the segmentation model to ensure that they continue to receive an appropriate level of service. In practice companies have not moved between segments over the three years of the approach.

According to SEN *Consistent Customer Management Guidelines*, account and client managers are expected to conform to the following

Account Managers are expected to:

- Be SE staff member if possible
- Be dedicated to the account manager role
- Build relationships / stimulate and facilitate growth
- Undertake bespoke action plans for each company
- Have 15 active and 5-10 inactive customers
- Spend 70% of their time directly on their portfolio of customers

Client Managers are expected to:

- Not necessarily be permanent SE staff
- Dedicated to the client manager role
- Work with companies and deliver one or more network products
- Undertake bespoke client development plans
- Have 40-45 active companies
- Spend 70% of their time directly on their portfolio of customers

2.1 SEA Approach

SEA has undertaken over 40 Growing Business Reviews in 2003-04 with client and account-managed companies and has a target of a further 15 in the year 2004-05. These reviews are expected to result in a formal or informal action plan, which is supported by generic SE services and bespoke projects as appropriate. The aim is to get all companies to have a Growing Business Review. The account-managed company version has 43 questions with the client-managed and the social economy version having 27.

The business review is expected to be undertaken in one or two sessions lasting around a day in total. One account manager facilitates the session and another uses software to input the scores. Each of the 14 characteristics has 3 or 4 questions attached. Every company representative present scores the business on a scale of 1-6 for each question. There is then a discussion to reach a consensus. Companies are then given a summary of their scores by the account / client manager and have to formally agree with them. SEA aims to facilitate companies to score themselves in order to gain a proactive response from the business. In other LECs account managers may score the company themselves. Through a discussion of the scores an action plan is drawn up that covers the issues brought out in the business review discussions. Some actions may be things the company can do internally, others may need the assistance of SEA.

When a company then requires assistance from SEA, it has to make a formal application and the funding is approved after an assessment of risk. The application is not assessed on the amount of money requested. It can take a few weeks for the money to be approved, maybe longer if additional information is required. The project will also be appraised on additionality, displacement, impact and benefits. Where a project requires finance the company is expected to contribute to a project before the SEA contribution is paid. Audit Scotland now require tracking records for each company which includes audited accounts, the business review, approval papers, development plan etc.

3 Population and Sampling

3.1 Introduction

This section presents the results of a survey of companies that are account and client-managed by Scottish Enterprise Ayrshire. The survey was drawn from the population of 137 account-managed and 187 client-managed companies at the time of the analysis. The survey consisted of face-to-face interviews with 10 account-managed companies and telephone interviews with 20 client-managed companies.

The original aim had been to only interview companies that had been account or client-managed for at least 18 months so that the results could provide a longer-term assessment of the relationship between SEA and the companies. Most of the sample companies provided by SEA were in this category although the list included some companies that had been account or client-managed for less than a year and some that had had very little contact with SEA. Inevitably a few of these were included in the survey.

3.2 Population

There are 324 companies currently account or client-managed by Scottish Enterprise Ayrshire. Table 3.1 shows the companies disaggregated by broad industrial sector. Overall 39% of the companies are in manufacturing (with food and textiles dominant). The data also demonstrate that account-managed companies are more likely to be in manufacturing or other business activities, which account for 63% compared to only 53% of client-managed companies.

	Account	Client	All
Manufacturing	44%	36%	39%
Business Services	19%	17%	18%
Wholesale & Retail	5%	5%	5%
Transport	9%	2%	5%
Education	1%	1%	1%
Social Care	4%	7%	6%
Construction	4%	5%	5%
Hotels & Catering	3%	4%	3%
Financial Services	1%	3%	2%
Tourism & Leisure	6%	7%	6%
Telecommunications	1%	0%	0%
Other Services	4%	13%	9%
Other	0%	2%	1%
Total	100% (137)	100% (187)	100%

There is also a difference in size between the account and client-managed companies (see Table 3.2). Although the number of employees was known for only three quarters of the companies, it would appear that the account-managed companies are, as would be expected, on average larger than those that are client-managed.

Table 3.2 Size of Companies by Employment			
	Account	Client	All
1-49	12%	28%	42%
50-99	8%	5%	12%
100-249	9%	6%	14%
250-499	5%	2%	6%
500+	3%	0%	3%
Unknown	14%	9%	23%
	100%	100%	100%

A sample of 20 account-managed and 60 client-managed companies was picked from the population to be fairly representative in terms of:

- Sector
- Size
- Account / client manager.

4 Company Survey

The following two sections set out the main findings of the survey of account and client-managed companies. A questionnaire was designed to cover all possible areas where the business support system may have influenced companies through:

- Their engagement with SEA
- Type of support they have had
- Business review process
- Action planning
- Performance of account / client manager
- Support received
- Outcomes and impacts
- Anticipated future involvement with SEA
- Perceived strengths / weaknesses of SEA's business support services

Not all companies could respond to the questionnaire in total as, for example, some have not undertaken a business review and others had as yet no impacts from business support. Only the relevant parts of the questionnaire were used with each company. The results presented in this section are from the comments and answers made by the companies, which may or may not fit with the recollection of the account and client managers. They are not the opinions of DTZ Pbeda Consulting unless otherwise stated.

4.1 Characteristics of companies surveyed

Within the surveyed companies there was an emphasis on manufacturing and business services (see Table 4.1) that is similar to the activities of the population of companies.

	Account	Client	All
Manufacturing	50%	25%	33%
Business services	30%	20%	23%
Wholesale & retail		5%	3%
Transport			
Education			
Social care	10%	10%	10%
Construction		5%	3%
Hotels & catering		10%	7%
Financial services			
Tourism & leisure	10%	5%	7%
Telecommunications			
Other services		20%	13%
Other			
Total	100%	100%	100%

The companies in the survey were generally very small, with two thirds of the total having less than 50 employees. The client-managed companies were generally smaller than the account-managed companies.

	Account	Client	All
1-49	50%	75%	67%
50-99	20%	15%	17%
100-249	30%	10%	17%
Total	100%	100%	100%

Companies were asked how their employment had changed over the past three years. Almost half of the companies have seen employment remain stable, but one third have increased employment – this is particularly marked in the account-managed group. Two companies where employment was significantly lower in 2004 compared to 2001 was due to a restructuring of the company which was safeguarding jobs and has to be seen as a positive action.

	Account	Client	All
Growing	40%	30%	33%
Stable	40%	50%	47%
Declined	20%	20%	20%
Total	100%	100%	100%

Data on change in turnover for the past three years shows that all account-managed companies have seen an increase in turnover except for those that were restructuring and turnover had been affected as a result. Several of the client-managed companies declined to disclose their turnover but the results suggest that the client-managed companies also tend to be growing in terms of turnover.

	Account	Client	All
Growing	80%	45%	57%
Stable	0%	5%	3%
Declined	20%	15%	17%
Confidential	0%	35%	23%
Total	100%	100%	100%

The companies in the survey tended to be well established. Only 16% of the survey group had been established for less than ten years. A large proportion of the companies have been working with SEA for many years. As Table 4.5 shows, at least 60% of the sample has been involved with SEA for over 5 years and many for over 10 years.

	Account	Client	All
Last 2 years	0%	20%	13%
3-5 years	30%	10%	17%
6-10 years	40%	50%	47%
11+	10%	15%	13%
D/K	20%	5%	10%
Total	100%	100%	100%

The majority of account-managed companies in the survey (60%) had got involved with SEA requiring information and advice with only 10% seeking finance. It is interesting to note that in the survey group, 40% of the client-managed companies were seeking financial support from SEA at the outset of their relationship. This may suggest that there are real differences between the types of company in the segmented groups and how they view their relationship with SEA.

	Account	Client	All
Information	20%	25%	18%
Business advice	40%	45%	33%
Seeking financial support (grant/loan/venture capital)	10%	40%	23%
Application for a specific programme	20%	20%	15%
D/K	10%	20%	13%
Columns total more than 100% due to multiple responses			

4.2 Account and Client Management

Ten percent of companies in the survey did not recognise the name of their account or client manager. The one company not recognising the account manager's name said that their only contact with SEA is with a person in food team. The companies not recognising their client managers' names were one company that claimed to have had no contact with SEA, and the other suggested that they were in contact occasionally with SEA for ongoing advice but were unaware that they ever spoke to the same person twice. This may suggest that there is a group of companies within the population that are not receiving the level of contact with SEA that would be expected from the segmentation process. If this is due to a company's unwillingness to be involved, it begs the question as to why such companies remain as client-managed.

	Account	Client	All
Yes	90%	85%	87%
No – but recognise name	0%	5%	3%
No – don't recognise name	10%	5%	7%
D/K	0%	5%	3%
Total	100%	100%	100%

Table 4.8 shows the areas of support received by companies through their account / client managers. The results show that 90% of the account-managed companies in the survey have had a formal business review compared to only 40% of client-managed companies. Fewer client-managed companies suggested that they were receiving ongoing support and advice from SEA.

	Account	Client	All
Discussion needs	90%	75%	80%
Formal review	90%	40%	57%
Development plan	70%	35%	47%
Identification			
SEA assistance	90%	50%	63%
On going support / advice	80%	50%	60%
Referrals to non SEA contacts	60%	45%	50%
Columns total more than 100% as multiple responses			

4.3 Business Review

The survey companies were in some cases discussing a business review that was not a GBR, as not all have as yet been through a formal review process but have been through a less formal procedure with their account or client manager. The companies' responses to questions on the business review process may therefore relate to a variety of circumstances. The responses relate to the nine account-managed and eight client-managed who have undergone a business review.

The vast majority of companies in the survey had spent up to a day or more on the business review process. Two client-managed companies had cut the process short due to their own circumstances, as they were too busy to spend more time on the process. All were able to include all relevant people from their organisation and all were happy with the skills of SEA staff to undertake the review.

The majority of companies found the process of undertaking the business review very helpful. One social care organisation was concerned that the process was too generic and not specific enough for their business. Another company felt that the main purpose of the process was to enable the account manager to understand their business better.

	Account	Client	All
Very helpful	67%	43%	56%
Helpful	11%	57%	31%
Some help	22%	14%	19%
Based on 9 account and 8 client-managed companies			

4.4 Main benefits of the Business Review Process

There were a lot of positive comments from companies that had undertaken a business review, which are as follows.

Account-managed Companies: Main Benefits of Business Review

“It has been fantastic and has helped reshape the entire business and facilitate a complete change”

“It was a bit of team building. The structure is good as it forces you to go through the questions. The self assessment forces you to be quite tough on yourself”

“it was vital, generated a new strategy which was the catalyst to make things happen, now the bigger picture makes sense”

“is a good tool didn't raise a lot of issues helped them know they are on track, a lot of agreement”

Client-managed Companies: Main Benefits of Business Review

The main comments from the client-managed companies can be summed up by the following two comments.

“Gave a health check of the business position and allowed us to think strategically”

“gave a focus for making changes and pointed us in the direction to move in”

One social care institution felt that the process was valuable as it helped them to look at things from a business perspective, which they hadn't done before. Even those companies that did not see the business review process as “very” helpful thought that it was a useful experience as it confirmed their existing thoughts and helped them prioritise.

There were no suggestions made by companies on how the business review process could be improved apart from one social care institution which felt that the questions raised were not specific to their situation. The other companies all thought that the process worked well and that the account / client manager facilitated the process well. Companies appeared to welcome the process – two comments included

“It was a time consuming but necessary evil”

“the process was fun”

4.5 Action Plan

Some of the companies are still in the process of putting an action plan together. Seven of the nine account-managed companies that have undertaken a business review now have a formal action plan, the other two are in the process of doing so. Only three of the client-managed companies have a formal action plan, the others either have a more informal set of actions or are in the process of doing the action planning.

Only one company felt that the action plan was not highly relevant to the company's needs. It was said that the focus of the plan had not been aimed at areas relevant to the company's priorities.

The vast majority of companies where there was an action plan were intending to deal with 100% of the actions that had been set out. Three companies did not intend to deal with all priorities either due to a recent change in direction in the business or because of financial constraints that are forcing them to deal only with the priorities at present.

The main benefits of the action planning process to the companies are shown in the comments below

4.6 Main Benefits of the Action Planning Process

“ it showed the company’s strengths and weaknesses and allowed focus on implementing a strategy”

“it has given them clearer direction to work towards”

“it confirmed the feelings we had about the company and allowed us to produce a shared vision rather than having a top down process”

“talking about actions and possible solutions opens the discussion and leads to better solutions”

4.7 Performance of the Account / Client managers

The companies were asked a series of questions related to their relationship with their account / client manager. All were positive about the account / client managers’ understanding of their business. It was interesting to note that the account-managed companies appear to have seen a greater change in recent years. The account-managed companies are getting more regular contact with their account manager, which appears to have an impact on the companies’ relationship with SEA.

	Account	Client
Good understanding of company	3.2	3.1
Regular contact with company	3.2	2.5
Discuss major business issues	2.0	2.1
Diff to relationship with SEA	3.7	2.9
Diff to performance of company	2.3	2.0

Account-managed companies suggest they see their account manager face to face on average once a quarter with telephone or other contact once or twice a month. Contact may be much more in times of active support. All account-managed companies thought this frequency of contact was just right.

Client-managed tended on average to have less frequent contact with their client manager – twice a year face to face. A few companies thought it more infrequent but memories were vague. Only one company thought that the level of contact was not enough but that this was their own fault as they were too busy. All others were happy with the level of contact received.

Table 4.11 shows that the companies are all able to get prompt attention from their account / client manager as and when required. There is a noticeable difference in the response to the appropriateness of support given, account-managed companies (as would be expected) feel that they receive more appropriate support and greater continuity of support.

Table 4.11 Performance of Account / Client Manager Average scores (1 =poor, 5 = very good)		
	Account	Client
Availability of contact	4.2	4.2
Promptness at dealing with enquiries	4.3	4.3
Appropriateness of support offered	4.8	4.1
Range of support offered	4.3	3.5
Quality of support given	4.3	4.3
Continuity of support	4.4	3.6
Overall calibre of account / client manager	4.1	3.9

Account-managed Companies who tend to have had longer relationships with SEA appear in many cases to appreciate the changes in the way their company is managed in terms of business support. Comments made by the companies are as follows:

Account-managed Companies: Comments on Account Managers

“It is good to see someone with private sector industry experience - this is the biggest difference we have seen in SE in the last year. It is important that SE staff have experience in areas of industry that allow them to understand what they are talking about - our Account Manager's experience is very relevant to our business”.

“I have a lot of time for SEA the quality of the people in house and outside is good”

“Through detailed discussion the support has been well targeted. In the early days of our contact with SEA, other SEA individuals had variable levels of quality - we are a fairly complex company and some individuals weren't easily able to understand this”

The client-managed companies are also very complementary in their comments on the abilities and conscientiousness of the client managers. Only one company felt that they would like the client manager to spend more time to understand their business more. Comments made include the following:

Client-managed Companies: Comments on Client Managers

“I am very pleased she appears very interested and understanding of our needs”

“ she is very conscientious & proactive in looking for things that could assist the business”

“ I am impressed with what she has done and offered. She has listened to us and highlighted support we need”

“ we area charity not usual client type, she has tried hard to get to grips with nature of business”

4.8 Types of Support Accessed through SEA in the last 2 years

Table 4.12 shows the areas companies in the survey have had support over the last two years. The types of support have been ordered by those areas where all companies have had most support. There are some differences between the account and client-managed companies. The account-managed companies are more likely to have had support on skills development, developing new markets and new products than client-managed companies where general business advice has been the most common form of support.

	Account	Client	All
General business advice / information	20%	45%	37%
Formal Business plan	50%	30%	37%
Training / skills development	60%	25%	37%
Developing markets	50%	20%	30%
Developing new products / processes	60%	0%	20%
E Business	50%	5%	20%
Securing finance	20%	15%	17%
Management development	30%	5%	13%
R&D / new technology	30%	0%	10%
HR advice / support	10%	10%	10%
Restructuring the business	10%	10%	10%
Achievement industry standard	10%	10%	10%
Networking	20%	5%	10%
Compliance with legislation	10%	0%	3%
Improving efficiency	10%	0%	3%
Distribution / logistics	10%	0%	3%
Locating / acquiring premises	0%	0%	0%

Companies were then asked about their impressions of the support they have received from SEA over the past two years. It should be noted that the account-managed companies see the support as having had a greater impact on the business and less of an administrative burden. Overall the account-managed companies have a more favourable impression of the support package as would be expected, although all companies rated the support highly. There were a few comments relating to the variable quality of consultants brought in to assist companies. It is not known on what basis SEA recommends particular consultants to client companies.

	Account	Client
Relevance	4.6	4.6
Impact	3.8	3.1
Administration of support	4.0	4.4
Communication during support	4.2	4.4
Quality of support	4.2	4.2
Overall impression	4.4	4.1

The account-managed companies also see the process of applying for support to be easier than the client-managed companies. This would be expected as the GBR and action-planning process is intended to make the whole process smoother and easier for both SEA and the companies.

	Account	Client
Fast Turnaround time	3	2.6
Minimal paperwork	3.2	3
Optimal outcome	3.4	3.1

The overall package of support is seen as on going to most of the account-managed companies. All see the support as strategic and relevant. Some of the client-managed companies find the support irregular and disjointed but do not see this as a negative aspect rather suggesting that the piecemeal support is all they require.

	Account	Client
On going strategic related to needs	78%	25%
Periodic but related	22%	44%
Irregular disjointed		31%

4.9 Qualitative Comments

There were many positive comments from companies that have engaged well with SEA and have benefited from the process of having an account or client manager. There was no real negative feedback – rather a non-committal attitude from companies that have little involvement with SEA.

The key strengths of the relationship with a single contact person at SEA is seen a big improvement, allowing SEA to understand their businesses better and provide a stronger level of support than a piecemeal approach. Where companies have had a GBR this is seen as enabling them to access support for many areas of the business and improves the quality of support offered. Those businesses that have been involved with SEA for many years appear to have noticed an improvement in support services recently. Social organisations that are included in the GBR process appear to be gaining a greater business perspective and now have networking opportunities with business people that they would not have had before. For client-managed companies that have had little SEA support, the single point of contact is also seen as useful when they require support.

Two main weaknesses of the business support system brought up by several companies are:

- The perceived lack of visibility of the structure of SE - companies would like more information on the structure of SE as they feel that this would make their ability to engage with SEA more efficient as they could be more proactive as it is not always easy for them to see what SE can do.
- A lack of assistance with training – this was the one area mentioned by several companies where they have been unable to access support from SEA. Given the drive to increase skills and knowledge in the workforce, this is an area where there may appear to be a need to assist companies in finding training solutions

Eighty nine percent of account-managed companies in the survey see the SEA support as being important or vital to their business, this compares to 45% of client-managed companies. SEA is making a real difference particularly to the performance of the Account-managed companies.

	Account	Client	All
Vital	56%	9%	30%
Important	33%	36%	35%
Some help	11%	27%	20%
Marginal	0%	27%	15%

Forty percent of the account-managed and 35% of client-managed companies in the survey want to see an increase in their involvement with SEA in the future. Comments relating to this hoped for change suggest that due to the GBRs companies can now see a more structured association with SEA and can see the potential benefits which they had not seen before. The one company that expected involvement to decrease sees this as a sign of success, that the company should be strong enough to thrive without SEA.

	Account	Client	All
Increase	40%	35%	37%
Same	40%	35%	37%
Decrease	10%	0%	3%
D/K	10%	30%	23%

4.10 Overview of the Business Survey

The vast majority of companies appear to be engaging well with SEA. There are a small minority however that either have little interest in having an ongoing relationship with SEA or do not engage with the account / client manager for some other reason. Issues arising from this include - why have account / client managers been unable to interest these companies and why the companies are still segmented as they are.

In the survey 90% of account-managed companies have had a formal business review compared to only 40% of client-managed companies. Many of the client-managed companies, being very small, suggest that it is difficult to take the time to undertake a business review. In these cases companies may benefit from more information as to how a formal business review could benefit their company.

The business review process is seen as helpful or very helpful to most companies and a good catalyst for prioritising actions required. Many in the survey are still in the process of action planning this is particularly true of the client-managed companies.

Most companies are complementary of the skills and enthusiasm of the account / client managers and their role within the business support service.

Overall those companies that have had a formal business review and action planning have a positive impression of the process and are likely to have had a constructive attitude towards the process of business support from SEA.

5 Outcomes and Impacts

5.1 Introduction

The economic impacts assessed here relate to the business support that companies in the sample have accessed through SEA over the past two years. Not all of the support has been accessed as the result of a GBR and an action planning system as this system has only been in place for 21 months but we are assessing the impact of business support that has occurred since the account management process was implemented.

The results relate to the nine account-managed companies and thirteen client-managed companies which have had some support over the last two years. Sixteen of the twenty client-managed companies claimed to have had some support from SEA over the past two years but three of the companies suggested that they had only had general business advice from their client manager and that has not been included in this section.

5.2 Impacts

The companies in the survey were asked to report the extent to which the support provided by SEA had affected their employment, turnover and productivity. Of those companies that have had support:

Employment

- 33% report a major increase in employment
- 50% report a minor increase in employment
- 67% said that jobs have been safeguarded by the support received

- 80% of the account-managed companies and 30% of the client-managed companies have seen an increase in employment from SEA support

- 100% of the account-managed and 42% of client-managed companies stated that jobs have been safeguarded in recent years by SEA support

- Only one company expects to see an increase in employment over the next three years as a result of the recent SEA support

Turnover

- 29% report a major impact on turnover
- 36% a minor impact on turnover
- 60% of the account-managed and 23% of the client-managed companies have seen an increase in turnover in recent years due to SEA support
- 70% of account-managed and 50% of client-managed companies expect an increase in turnover in the next few years as a result of recent SEA support

Productivity

- 27% report a major impact on productivity
- 64% a minor impact on productivity
- 67% of account-managed and 50% of client-managed companies expect to see an increase in productivity in the next few years due to recent SEA support

These responses demonstrate the significant impact of SEA support on those companies that have received support through their account / client manager.

5.3 Quantifying Impacts

Businesses that reported an increase in employment were asked to try and quantify this. For employment this posed little problem, but quantifying increases in turnover that could be related to such support proved more difficult but all companies attempted to do so. As Table 5.1 illustrates, the employment and turnover impact has been much more marked in the account-managed companies. This is particularly true for potential turnover and shows the difference in the types of support given to the account compared to the client-managed companies and their potential for growth.

	Account		Client		Total	
	Employment	Turnover	Employment	Turnover	Employment	Turnover
2002/04 Actual	84	£1.5m	11	£1.0m	95	£2.5m
Potential 2004-07	55	£47.6m	12	£1.33m	67	£48.93m
Total	139	£53.26	23	£2.33	162	£51.43m

5.4 Additionality

Additionality measures the extent to which these activities would have gone ahead without public sector assistance. If the companies would have proceeded with these activities at the same time exactly as they did regardless of the support from SEA, the project is not additional; all of its outputs are deadweight. But even if the project itself is additional some of its outputs may still have to be deducted as non-additional deadweight. The project may lead to the employment of 100 people but if, without the assistance, a reduced version of the project might have employed 50 of them, or the existing use of the site already employed people, then there is deadweight to be deducted. Deadweight can be a considerable percentage of a project's outputs particularly in the case of projects dealing with business support.

For one third of businesses the activities undertaken as a result of recent business support would not have been undertaken at all without SEA, i.e. the activities were 100% additional. This was particularly true for the client-managed companies. Only 10% of companies suggested that the activities and therefore the impacts would have occurred even without SEA support (i.e. 0% additionally). In 90% of cases the support had a positive influence on the size, quality or timing of SEA supported activities and therefore were partly additional. Table 5.2 shows the results of what companies would have done without SEA support.

	Account	Client	All
Would not have undertaken these activities	22%	42%	33%
Would have undertaken at a later date	44%	0%	19%
Would have undertaken but quality would have suffered	33%	33%	33%
Would have undertaken on a smaller scale	56%	8%	29%
Would have done just the same	0%	25%	10%
Columns total > the number of companies as some gave multiple answers			

An assessment has been made by DTZ Pidea to quantify the additionality based on the responses in Table 5.2. These have been categorised as high, medium and low, with total additionality at 100% where the activities would not have been undertaken and 0% where the activities would have gone ahead just the same. Through discussion with the companies, each was associated with an appropriate level of displacement.

	Account	Client	All
100%	22%	42%	33%
High 75%	11%	0%	19%
Medium 50%	44%	25%	33%
Low 25%	22%	8%	29%
0%	0%	25%	14%

These additional assumptions have been applied to the employment and turnover figures for each of the companies. Overall this reduces the gross employment impact to 56% of its gross value and turnover to 81%.

5.5 Displacement

An increase in sales in one company can displace sales from another local company thus displacement needs to be taken into consideration when assessing the net impacts of public expenditure. It is difficult for companies to quantify the proportion of their additional sales that could have gone to local competitors. Over 50% of the potential increase in sales is expected in a company on the globalisation programme and it would be assumed that local displacement would be very low in this case. We have assumed a displacement figure of 10% for account-managed companies and 25% for client-managed companies. The net impacts are shown in table 5.4. Overall 45.5 net jobs have been generated in the survey group with 49 potential jobs over the next three years. Only £1m additional turnover has been generated but the support received is expected to generate another £36.17m over the next three years.

The evidence from the survey where the account-managed companies have undertaken GBRs shows that these companies have a significantly higher impact on the local economy through the support they have received from SEA than the client-managed companies.

5.6 Economic Impact Summary

	Account		Client		Total	
	Employment	Turnover	Employment	Turnover	Employment	Turnover
2002/04 Actual	37	£0.45m	8.5	£0.56m	45.5	£1.01m
Potential 2004-07	41	£35.19m	8	£0.98m	49	£36.17m
Total	78	£35.64m	16.5	£1.54m	94.5	£37.18m

5.7 Impact for the Population

The estimates of impact can be grossed up to the population of companies that are account and client-managed by SEA. The sample was picked to be representative of the population as a whole and on this basis we assume that the impacts reflect the impacts on the population of 137 account and 187 client-managed companies. By applying the net economic impacts calculated above to the overall population we estimate the following:

	Account		Client		Total	
	Employment	Turnover	Employment	Turnover	Employment	Turnover
2002/04 Actual	506	6.17	79.5	5.2	585	11.37
Potential 2004-07	562	482.1*	74.8	9.2	637	491.3*
Total	1,068	488.27*	154.3	14.4	1,222	502.67*

*May be some bias here as there is one company with large potential sales that may not be representative of the population of companies

5.8 Impacts on Business Attitudes

Not all of the impacts on businesses can be measured in terms of employment and sales. One purpose of the GBR process is to change the thinking processes of companies to make them more efficient and dynamic, which in turn will improve performance.

Companies in the survey were asked to assess how their behaviour and attitudes had changed or may change as a result of the SEA support. The changes relate to the 14 areas of the GBR. The companies were also asked whether these changes were due to the input of the account / client manager, SE programmes they have been involved in, or from consultants etc brought in by SEA to assist the company.

The results are in Table 5.6 and show that there has been some shift in attitudes and behaviour across the different attributes. The areas where there have been the greatest changes are:

- a conscious effort to develop the skills and knowledge of the workforce
- long term and strategic planning within the firm

The account / client manager is intended to be a facilitator for companies to access the support that they require. It is interesting to note that these managers have been instrumental in these changes in all areas most strikingly in:

- Increasing the companies knowledge of their market
- Consciously managing and embracing change
- Developing the skills and knowledge of the workforce

Table 5.6 Impacts on Business Attitudes					
	Out of 100% who was responsible for the impact				
	Actual	Potential	Account / Client manager	SE Programmes	Consultants / other
Change in Leadership style	17%	7%	29%	43%	29%
Commitment to Continuous improvement	13%	7%	50%	17%	33%
Strive to develop Skills and knowledge	27%	0%	60%	20%	20%
Change is consciously managed and embraced	13%	3%	60%	20%	20%
Is long term Strategic planning	23%	0%	43%	29%	29%
Are in a better Financial position	10%	3%	50%	50%	0%
Market knowledge has increased	7%	3%	67%	33%	0%
Consciously promotes Innovation	13%	0%	50%	50%	0%
Global thinking	7%	0%	50%	50%	0%
Networking	13%	0%	50%	50%	0%
Corporate responsibility has increased	10%	0%	33%	67%	0%
Are more aware of Customer needs	17%	0%	40%	20%	40%
Better understanding of Technology	10%	0%	33%	67%	0%
Encourage and reward Initiative	3%	3%	50%	50%	0%

Overall, almost 90% of the account-managed companies see the support of SEA as being vital or important to the company compared to 45% of the client-managed companies.

5.9 Value for Money

The new structure for business support was to be assessed over a 21 month period. The number of companies being supported as either account or client-managed has increased steadily over the period so it is not possible to be precise in the cost per company statistics.

Over the period 2002-2004 the cost to SEA of providing the business support services to account and client-managed companies including time costs for the account and client managers gives a total of £2,494,000. Over the period there were 585 net additional jobs generated in Ayrshire, which gives a **cost per job of £4,263**. If potential jobs are included the figure falls to £2,041. This represents good value for money compared to around £10,000 expected from a typical business support programme.

6 Conclusions and Recommendations

This section summarises the main conclusions of the report and on this basis makes recommendations aimed at assisting SEA in improving their account / client management in the future.

The system of account / client management has been in place for the past few years with more companies being segmented as account or client-managed on an ongoing basis. These companies have been assessed as having high or medium growth potential and are expected to be interested in working with SEA .We understand that there are some companies that are allocated an account manager if they are seen as strategically important to the region whether or not the company wishes to be involved with SEA and the *Consistent Customer Management Guidelines* suggest that account managers are likely to have between 25% and 40% of clients that are inactive.

The survey work suggests that around 15% of client-managed companies appear to be uninterested in a relationship with SEA. This suggests that there may be an inefficient use of client managers' time spent on these companies, which could be better spent with more proactive companies.

Recommendation 1

There would be merit in reviewing those client-managed companies where SEA contact is minimal to see if there is sufficient purpose for them being segmented as client-managed. *The aim should be for quality of relationship rather than quantity of companies*

Those companies where there is little interest to be engaged with SEA could be reassigned to the pool of volume companies receiving minimal SEA contact

Recommendation 2

There should be a proper review process on an annual basis to ensure that all companies are appropriately segmented. Companies could at this review be reassessed as appropriate:

- Strategically important account-managed companies that have shown minimal interest in working with SEA could be reassigned to the “inactive group”. This would enable account-managers to keep a balanced workload between active and inactive companies
- Strategically less important account-managed companies could be reassigned to a client manager for less intensive support
- Client managed companies could be reassigned to the pool of volume companies receiving support through the Business Gateway

The number of account and client-managed companies is expected to increase by up to 25% over the next year. This emphasises the need for appropriate assessment of companies as suggested in Recommendations 1 and 2. This potential increase also suggests that without additional resources, account and client managers are likely to be unable to meet requirements for client contact. Although we assume that there may be an increase in the number of account and client managers to cover the increase in company numbers the level of contact time with companies – particularly active companies must be maintained to retain the quality of the relationship between account / client managers and companies.

Recommendation 3

The number of account and client managers must be increased if there is a possibility of managers' workloads of active companies exceeding the Consistent Customer Guidelines. Quality of business support would be likely to suffer if the guidelines are exceeded.

The administrative burden on account and client managers has been increasing. Requirements for paperwork by Audit Scotland although giving a sound base for monitoring and evaluation business support will increase the administrative burden on account / client managers and reduce the potential client contact time. This in turn could affect the quality of support offered to companies.

Recommendation 4

It would be efficient and cost effective to provide administrative support to enable the account / client managers to focus on the company contact and support part of their job. This would also ensure consistency in the monitoring and administrative requirements and would ensure that they were undertaken in a timely and efficient fashion.

The survey results indicate that assistance to account-managed companies has produced higher physical impacts than in client-managed companies. In one sense this would be expected due to efficient segmenting of companies, but also appears to be as a result of the process of companies having undertaken a formal business review and action planning process, i.e. the formalising and structuring of business support.

Business reviews and action planning also appear to have a clear effect on strategic thinking and long term planning in companies.

Recommendation 5

The account and client management approach should continue with more companies being encouraged to go through the formal processes of the Growing Business Review and Action Planning process. As there is now evidence that the GBR and action planning has clear benefits to companies, those particularly in the client-managed group that are unwilling to go through this process should be reassigned to the volume pool of companies.

There does not appear to be an exit strategy for companies from the account and client-managed system. This is another area where SEA should look at the fluidity of the segmentation process. Moving companies into appropriate segments should be viewed as a positive process. We assume that once a company has had a Growing Business Review and completed the activities set out in the action plan there will be less of a requirement for intensive SEA support and the segmentation status requires a review at this point.

Recommendation 6

Once a company has completed the activities laid out in the action plan there should be a review to determine the future nature of support within the company. This review would determine whether the company should undertake a further business review at this time to pinpoint future priorities where actions are required, or whether the company no longer requires intensive SEA support and should be reassigned to another segment of the SEA business support system.

The roles of the account and client managers are set out in the *Consistent Customer Management Guidelines*. Our survey has shown that there are clear differences in the way that the two groups of companies are dealt with by the account or client managers in accordance with the guidelines. What is interesting to note is that there is little difference in the satisfaction with business support received between the two groups of companies.

The survey did highlight that client-managed companies that have been through the business review and action planning process were less likely than account-managed companies to be able to carry out all the actions without SEA support. The emphasis was on a requirement for non-financial support and advice, as these companies appear in some cases to lack the skills to take projects forward by themselves.

Recommendation 7

There should be sufficient follow up time spent with companies particularly in the client-managed group that have undergone the Growing Business Review and Action Planning process. This will ensure that companies have the support required to enable them to undertake priority actions.

The local strategic aim is to improve the prospects of closing the gap between the Ayrshire and national economy by focusing on growing companies. In terms of local priorities, the impacts of business support to account and client-managed companies have clearly assisted the goals of *Smart Successful Ayrshire* and the Ayrshire Economic Forum.

Quantitative impacts have been impressive around 535 net additional jobs generated over the past two years with another 637 expected over the next two years as a result of business support already given to account and client-managed companies, with jobs safeguarded in almost 50% of the companies surveyed.

The achievements of business support also fits with the national strategies of *Smart Successful Scotland* in two areas:

- **Growing businesses** – the support has led to increased productivity and provided quality business advice and information for businesses including social economy organisations
- **Skills and learning** – companies supported have shown a demonstrable increase in skills and learning - important to improve the ability of businesses to grow and survive.

There were however several companies in the survey that were unable to get assistance for training in general areas that they felt would benefit the company's performance.

Recommendation 8

Account and Client Managers should note where companies show a requirement for training that SEA cannot assist them to access at present. As skills and learning are integral to growing successful, sustainable businesses, SEA may require to take a more active role in enabling companies to access suitable training opportunities.