



Evaluation of Scottish Enterprise Engagement with Account Managed Companies

September 2013

upperquartile in association with

 **Additional Research**

 **researchresource**

Table of Contents

Acknowledgements.....	1
Executive Summary.....	2
1 Introduction	10
Introduction	10
Evaluation objectives	10
Methodology.....	10
Report structure.....	11
2 Strategic rationale and programme development	12
Aims and objectives of Account Management	12
Strategic context	13
Rationale for intervention – evidence of market failure and equity	14
The development of account management – towards a focus on growth	16
The account management process today.....	17
Conclusions	34
3 Take up and satisfaction with SE support	35
Introduction	35
Characteristics of the account managed portfolio – the independent variables	36
Growth opportunities and challenges	39
Engagement with Scottish Enterprise.....	42
Intervention summary	44
Satisfaction with account management support.....	45
The account manager/company relationship.....	47
Working with the account manager	49
Working with the account team	54
In summary	55
4 Exploring the benefits of account management support	56
Introduction	56
Business benefits	56
The counterfactual.....	60
The impact of the recession.....	61
Contribution of account management to GES and SE business plan measures	62

In Summary	68
5 Impact of account management support	70
Introduction	71
Additionality concepts	73
Comparing the survey sample and the AM population	74
GVA impact	75
Concentration of GVA impact	79
Employment impact.....	81
Concentration of employment impact	83
Persistence of impact.....	85
Value for money.....	86
Impacts by sector	87
In summary	89
6 The critical success factors.....	91
Introduction	91
The factors associated with positive impact.....	92
The scale of impact	95
Most valuable types of support	102
Intervention framework areas and the scale of impact	106
In summary	109
7 Conclusions and recommendations.....	110
Introduction	110
Evaluation objective 1: Assess the rationale for intervention	110
Evaluation objective 2: Assess the impact of engagement with account managed businesses	111
Evaluation objective 3: Assess the contribution to the low carbon economy	111
Evaluation objective 4: Assess how delivery and performance has changed since 2008	112
Evaluation objective 5: Consider the effects of the economic climate on businesses.....	112
Evaluation objective 6: Provide recommendations for improving impact and value for money (VfM)	113
Appendix A.1: Technical Research Report	121
Appendix A.2: Impact assessment methodology/calculators.....	130
Appendix B: Research Tools	138
Appendix C: List of consultees	179
Appendix D: Analysis of 'limited engagement' companies.....	180



upperquartile

Acknowledgements

The research team would like to acknowledge the support of a number of people in the preparation of this evaluation report. Within Scottish Enterprise, particular thanks are extended to the evaluation operational group:

- Susan Edgar;
- Keith Hayton;
- Susan Moore;
- Vincent Percy; and
- Kenny Richmond.

We would also like to thank the Evaluation Steering Group who met on a number of occasions and provided useful input to the development of this research study; the large number of consultees (internal and external) and SE account managers who took part in consultations and workshops as part of the research; and those who gave their time to data verification and to secure the engagement of AM companies in the evaluation.

Finally, we are grateful to all of the companies across Scotland who gave their time to be involved in the research process. Without their willingness to participate this evaluation would not have been possible.

We would also like to add the following disclaimer: Responsibility for any errors in this report, and the interpretation that has been placed on the analysis, lies solely with the consultants.

Executive Summary

Introduction

Upper Quartile, in partnership with Additional Research and Research Resource, was commissioned by Scottish Enterprise (SE) to undertake an evaluation of SE's account management approach and SE's engagement with account managed companies over the period 2008/09 to 2011/12. The overarching aim of the evaluation was to identify and better understand the net additional economic impact of account management support. The evaluation had six main objectives:

- **Objective 1:** Assess the rationale for intervention;
- **Objective 2:** Assess the impact of engagement with account managed businesses;
- **Objective 3:** Assess the contribution to sustainable economic growth;
- **Objective 4:** Assess how delivery and performance had changed since 2008;
- **Objective 5:** Consider the effects of the economic climate on supported businesses; and
- **Objective 6:** Provide recommendations for improving impact and value for money (VfM).

Methodology

There were four key components of the evaluation methodology. These are discussed in detail in the methodology at Appendix A. The research tools used are provided in Appendix B. In summary, the evaluation has involved:

- **Desk based review** of SE data. This primarily involved a review of Customer Relationship Management (CRM) data on account managed companies to determine the characteristics, performance and support profile of the account managed portfolio. The evaluation team also drew on SE grant and finance data, including data from the Scottish Investment Bank, Regional Selective Assistance (RSA) and SMART, and reviewed the evidence base around account management and the key policy and working documents guiding its delivery;
- **Telephone survey** of 601 account managed businesses with the aim of understanding how account management works in practice, the economic impact and wider business benefits of account management and the critical success factors associated with the approach;
- **Qualitative face-to-face interviews** with a sample of 64 account managed companies. Qualitative interviews looked in-depth at the barriers and challenges (internal and external) facing specific companies, the ways in which account management has sought to support them and the effectiveness of this support. Qualitative analysis adds depth and context to the evaluation throughout; and
- **Consultations with key individuals/groups within SE.** This involved several account manager workshops and qualitative interviews with Directors of Company Growth, sector and specialist team leads, the Scottish Manufacturing Advisory Service (SMAS), Scottish Development International (SDI), the Scottish Investment Bank (SIB) and prospecting team. Externally, the evaluation also consulted with Business Gateway lead contacts to explore the effectiveness of transition processes from Business Gateway to account management. A full list of consultees is provided at Appendix C.

Strategic rationale and programme development

The aim of account management is to identify and facilitate the development of Scotland's growth companies in line with the strategic objectives of the Government Economic Strategy (GES). The evaluation concludes that growth potential, rather than a specific market failure, is generally the most significant reason for intervention at the company level. Account management has undergone

significant changes since completion of the previous evaluation in 2008¹ and a number of key recommendations from that study have been accepted and implemented. The result of these changes is a more formalised and structured process for engaging with companies.

Account management now utilises a more rigorous approach to prospecting; improved understanding by companies of the purpose and process of account management; introduction of tools to guide delivery and accountability of account management; and formalisation of the account team approach to facilitate access to the full spectrum of expertise available through SE. On the whole, these changes have been embraced by account managers and companies alike.

Yet despite these changes, the evaluation has found that some key challenges still remain. Including:

- **There remains limited 'churn' in the account management portfolio.** Even accounting for the impact of the recession, the number of companies exiting from account management appears low;
- **Transition from the Business Gateway Growth Pipeline to account management is slow.** More work is required to understand why companies are failing to progress within the anticipated timescale;
- **There are issues to be addressed in relation to portfolio management.** This is likely to be an increasing challenge in future, especially if transition from the Business Gateway Growth Pipeline gathers pace; and
- **In spite of improvements, there remain significant gaps in SE's management and performance data for account managed companies.** This restricts SE's ability to report their contribution to key Scottish Government Economic Strategy (GES) and SE Business Plan measures – particularly in terms of innovation and exports.

SE has recently launched its new Business Plan which will guide activities over the period 2013 to 2016. The Business Plan identifies five strategic priorities to respond to the challenges posed by the current economic climate and to allocate resources where they will have the greatest economic impact. These are growth companies, international trade and investment, innovation, renewable energy and low carbon.

The Business Plan commits SE to prioritising support to companies with growth ambitions and to tailoring this support to help companies achieve scale, stimulate trade in overseas markets and build competitiveness to support growth in key sectors. The Business Plan states an ambition to achieve turnover growth within account managed companies of up to £1.3 billion in 2013-14². SE will also continue to monitor progress against the 2012-15 Business Plan target to extend account management support to a further 400 growth companies over a three year period³.

It is within this context that account management services are currently being developed and delivered. With this in mind, the findings of the evaluation's analysis in relation to prospecting, portfolio management, performance measures, data completeness and quality are highly relevant.

¹ Ekosgen, Hayton Consulting and Research Resource (2009) Economic Impact Evaluation of Interventions with Account Managed Companies

² Scottish Enterprise Business Plan 2013-16 <http://www.scottish-enterprise.com/~media/SE/Resources/Documents/ABC/Business-plan-2013.pdf>

³ Scottish Enterprise Business Plan 2012-15 <http://www.scottish-enterprise.com/~media/SE/Resources/Documents/ABC/Business%20Plan%202012/Scottish%20Enterprise%20Business%20Plan%202012.pdf>

Take up and satisfaction with SE support

With regards to the profile of the portfolio, growth sectors and companies seeking to internationalise are strongly represented: almost 60% of beneficiaries have been account managed for five years plus; three-quarters are small or medium sized companies; and about two-thirds of companies have experienced sales growth over the evaluation period (with around one third achieving £1m in sales growth).

Productivity enhancement, leadership and strategy development, internationalisation, innovation support, general skills development and networking with other account management companies were given as the main business development needs of the account managed companies surveyed. It was also found that engagement with SE was less about accessing money and more about relevant signposting, critical advice, and support for specific projects. The evaluation also found evidence to suggest that as the relationship between a company and SE matures, it becomes less about access to money and more about access to the expertise which SE can broker in.

Consistent with the 2008 evaluation, the current evaluation found high levels of satisfaction with account management among the companies surveyed. Feedback on areas for improvement included the duration and nature of support application procedures; inconsistencies in the quality or relevance of external (non-SE) support providers; and frustration over identifying the range of services available to companies.

In terms of developing a strong relationship with account managers, experienced, sector-aware and responsive account managers were highly valued as were networking and brokering skills; and an ability to engage with the strategic direction of the business (where desired by the company). Indeed, a large proportion of companies have formed strategic level relationships with their account manager.

The evaluation concludes that the account managed portfolio is a diverse group of companies. While many have seen growth during the evaluation period, this has been slower than anticipated and many are still facing challenges associated with the persistently weak economic conditions.

It can also be concluded that while funding and product support is important, the skills and personal attributes of the account managers are highly valued too; particularly their role in brokering the right support at the right time and acting as a 'sounding board' and 'critical friend' when supporting a company's growth aspirations.

Exploring the benefits of account management support

Ninety seven per cent of survey respondents reported that account management has resulted in business benefits for their organisation. Companies reporting no sales or jobs benefit are markedly lower in this evaluation than in the 2008 study a positive trend which is supported by direct feedback from qualitative interviews.

Other business benefits as a result of account management are varied in nature, with 'improved strategic and operational planning', 'improved business processes', and 'improved skills/confidence of the management team' highlighted by companies.

A small minority (3%) of companies reported 'no benefits' and criticisms of account management included a perceived slow speed of response and lack of pro-activity shown by the account manager. Factors such as the quality of external consultants and excessive bureaucracy were also highlighted.

The recession remains an important factor constraining the potential benefits of account management. However, many companies also cite a drive to exploit opportunities created by the changed market conditions, including a greater focus on new or existing overseas markets, as an opportunity for future growth.

In many cases SE is supporting important efforts to enter or expand international markets (49% and 41% of survey respondents respectively). Innovation spend is also a major area of influence for SE with 73% of survey respondents attributing an increase in innovation spend to SE's support.

The influence of SE's support in relation to the low carbon economy, for example environmental awareness and sustainability, shows a lower level of achievement. Twenty two per cent of survey respondents attribute improvements to account management support. This is one area where SE's influence appears to lag, and may warrant greater organisational emphasis.

The level of benefits identified in the evaluation survey, reinforced by feedback from qualitative face-to-face interviews with beneficiary companies, is notably better in comparison with that identified in the 2008 evaluation. Notwithstanding some differences in methodology, the results point to an improvement in the effectiveness of account management.

Some suggestion of potential causal factors are outlined in examination of the wider, intermediary outcomes identified by the fieldwork, including a positive influence on intangible areas such as, 'strategic and operational planning', 'business processes', and 'skills/confidence of management team'. Account management is identified as making an effective contribution to the strategic capacity of companies in addition to the provision of solutions to operational challenges. The nature of the business benefit is also encouraging in that it is associated with a strong internationalisation dimension as well as a positive influence on innovation spend.

Impact of account management support

The support provided by SE to companies through account management has generated an estimated £1.11bn of net additional GVA impact to establishments in the four year period between 2008/09 and 2011/12. The GVA impacts rose year-on-year from £220m in 2008/09 to £332m in 2011/12 as the number of companies account managed increased. However, the average impact per company has also increased over this period.

Table E1 - GVA Impacts - 2012 Constant Prices			
Year	Survey Sample	AM Population	Average Net Impact Per Company
2008/09	£74,145,000	£220,340,000	£246,213
2009/10	£90,827,000	£265,452,000	£257,853
2010/11	£97,216,000	£289,557,000	£256,049
2011/12	£122,970,000	£331,782,000	£297,030
Total	£385,158,000	£1,107,131,000	N/A

Average (or mean) additionality on GVA was found to be 12% over the evaluation period. Moreover, additionality has steadily increased in every year of the evaluation period, from a starting point of 10% in 2008/09 to 15% in 2011/12. By this measure, SE's ability to tangibly impact on the companies it works with has improved over the evaluation period. This may reflect changes in the delivery of account management arising after completion of the previous evaluation in 2008⁴.

The proportion of companies in the sample reporting that SE had made a positive impact on their performance peaked at 73% in 2011/12. The proportions dropped slightly in the earlier years of 2010/11 and 2009/10, but the second highest year was 2008/09 at 70% of the survey sample. The key message here is that SE has the ability to positively impact on the majority of companies it engages with through account management. However, analysis of the concentration of impacts in

⁴ Ekosgen, Hayton Consulting and Research Resource (2009) Economic Impact Evaluation of Interventions with Account Managed Companies

the portfolio shows that the top 10% of companies account for over half of the GVA impacts produced. This reinforces the importance of a small number of high-achievers in driving impacts.

In terms of employment, the support provided by SE to companies through account management has created and/or safeguarded an estimated 15,130 jobs over the evaluation period 2008/09 to 2011/12. The average positive change in headcount per company gradually increased over the evaluation period from five jobs in 2008/09 to eight jobs in 2011/12.

The proportion of companies in the sample reporting that SE has made a positive impact on their employment ranged from 46% in 2008/09 to 70% in 2011/12. Across the sample SE made a positive impact on the employment levels of 72% of companies in at least one year of the evaluation period. Analysis of the concentration of impacts in the portfolio shows that the top 10% of companies account for nearly 60% of the employment impacts produced.

With regards to value-for-money, the evaluation found that for every £1 spent, £5.30 of net additional GVA impact was generated over the four year evaluation period. A high-level comparison with the 2008 evaluation of account management shows that SE has improved its performance on additionality and value for money.

In absolute terms, the largest contributions to overall GVA impact are derived from five sectors: Energy, Enabling Technologies, Construction, Life Sciences and Food & Drink; each contributing 11-18% of impacts and together accounting for 71% of total reported GVA impacts. In relative terms, four sectors appear to make a disproportionately large contribution. These are Chemical Sciences, Life Sciences, Construction, and Energy. However, all sector level findings must be treated with caution due to small sample sizes in some sectors.

The critical success factors

The main conclusion from the analysis undertaken on the factors which underpin SE's ability to impact on companies is that those reporting positive and zero impact are characterised by as many similarities as differences. Nonetheless, some interesting relationships have emerged.

Three variables are associated with statistically significant differences in the responses of positive GVA versus zero GVA impact companies; nature of the SE-company relationship; SE's influence on innovation spend and the level of SE product intervention. Strategic level relationships, increased innovation spend as a result of SE support and higher levels of product intervention are associated with positive GVA impact. With regards to employment, the same three variables (with the addition of company size and sector) display significant differences in relation to employment impact.

In addition, it was found that higher levels of impact are generally evident among companies which report:

- Strategic level relationships with SE;
- Increased innovation spend as a result of SE's support;
- Higher levels of product intervention;
- Higher levels of SE funding ; and
- Higher levels of export sales.

Analysis of the relationship with the account manager found that the most frequently cited and highly valued elements of 'soft' support were:

- The account manager as a single point of contact and source of one-to-one support;
- The account manager as a 'gatekeeper' to SE support, networks and contacts; and
- The account manager, at the strategic level, acting as a 'sounding board' and 'critical friend'.

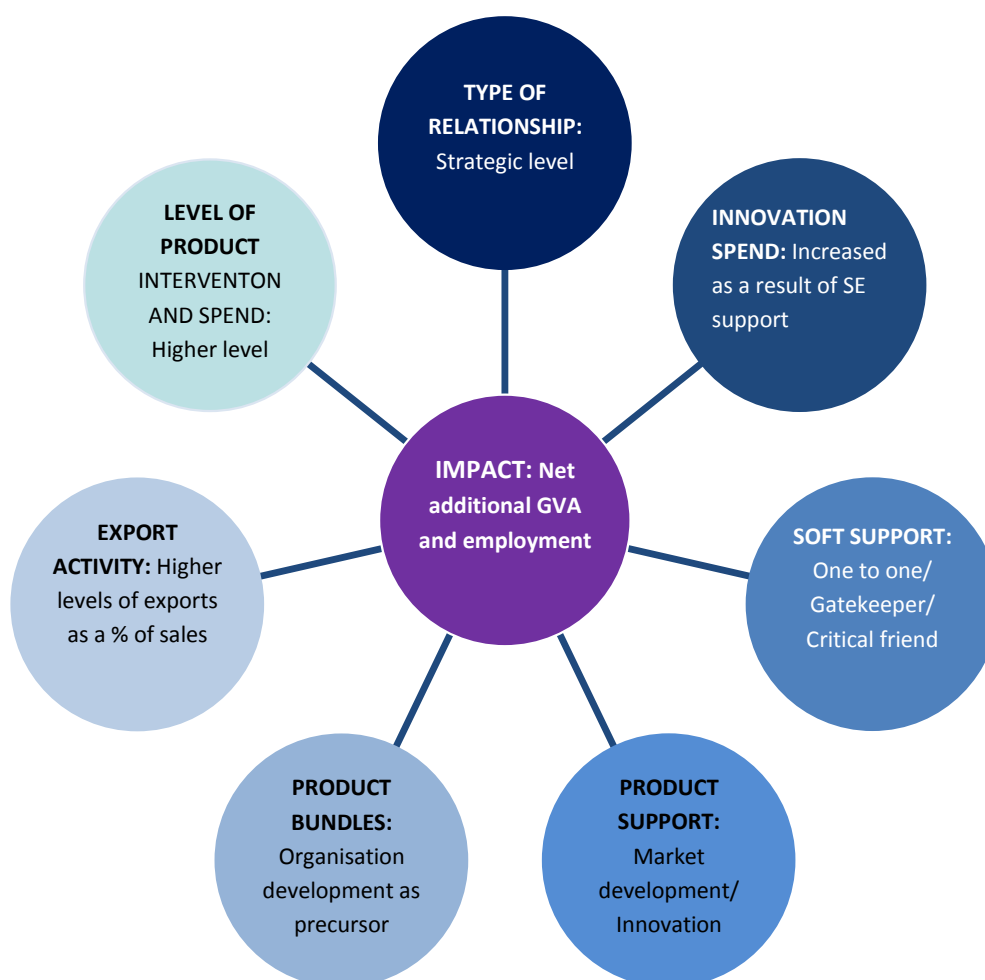
Market development related interventions are the most highly valued type of product support among survey respondents, followed by organisation development. Regarding relationships, positive correlations exist between net additional GVA and employment impact and the total number of market development and innovation products that a company has received. This highlights the importance of this type of support in generating impacts.

Qualitative evidence suggests that intervention framework areas should be viewed as complementary groups of support which act together to achieve results alongside the ‘softer’ relationship management and brokering skills of the account manager.

The exploratory analysis undertaken in the evaluation has detected a small number of key factors that consistently emerge in relation to net additional GVA benefit. Many of these factors are also evident in relation to net additional employment benefit, although the findings are less clear in this case.

This, viewed in conjunction with the qualitative evidence, enables us to discern the critical success factors associated with account management support – those features (company characteristics and characteristics of SE support) that if removed would greatly reduce the effectiveness and impact of the programme. These are presented in Figure E1 below.

Figure E1 – Account management critical success factors



Conclusions and Recommendations

Based on the evidence collected in this evaluation, the overarching conclusion is that account management is a successful programme. The data collected has shown that it provides considerable economic benefits both at the company level and for the Scottish economy as a whole. A total of 19 recommendations are provided for SE's consideration, with the emphasis on incremental improvements and a greater focus on growth companies rather than a wholesale change in delivery approach.

Recommendation 1: The programme should continue largely in its current form, with some refinements. Large scale change is not required.

Recommendation 2: SE should consider incorporating sustainability measures (including forecast CO₂ reductions (a Business Plan measure)) into the performance management framework for account management.

Recommendation 3: Identification of sustainability issues/opportunities should be an explicit focus for account managers in their initial engagement with companies and in each subsequent company annual review.

Recommendation 4: All manufacturing companies should be offered the opportunity of a SMAS review as standard. There is evidence that SMAS supports sustainability gains through improved efficiency and waste reduction. This routine involvement with manufacturing companies may therefore help drive forward SE's sustainability objectives.

Recommendation 5: In the interests of improved portfolio management and efficient use of limited resources, portfolio segmentation (particularly of 'Important to the Economy' and 'Watching Brief' account managed companies and those where recent engagement has been limited) should be reviewed with the aim of establishing the cases where the SE account manager may not be the most appropriate lead contact.

Recommendation 6: A market sizing exercise should be undertaken to determine the potential population for account management and, based on this, an appropriate portfolio target size should be determined.

Recommendation 7: If the market sizing indicates that increasing the portfolio size is merited, consideration should be given to increasing account management resources as the evaluation evidence suggests that more intensive support contributes to greater impacts.

Recommendation 8: The Business Gateway pipeline should be reviewed to ensure that BG and SE share mutual understanding and application of the pipeline's entry and exit criteria.

Recommendation 9: A review of the BG pipeline should be undertaken to consider whether pipeline companies have access to the level of support needed to progress to account management status.

Recommendation 10: SE should continue to work with team leaders and account managers to encourage the use of the Company Review Workbooks (CRWs) and Annual Reviews as strategic tools guiding the delivery of account management support.

Recommendation 11: Consideration should be given to the transfer of lead responsibility for gathering/collating data on company performance from account managers to a centralised resource.

Recommendation 12: SE should continue to develop its network of internal and external specialists to enhance the account team approach.

Recommendation 13: Account managers should receive training in project management and leading multi-disciplinary teams as standard.

Recommendation 14: SE sector teams' involvement in the account team approach is inconsistent and ways in which this can be increased should be explored.

Recommendation 15: SE should create a business peer-to-peer networking platform which links companies in sectors and supply chains, enabling them to learn from shared experiences.

Recommendation 16: The lack of workforce level skills support is a gap in the service offer of SE (as noted by a number of companies). This should be taken up with Skills Development Scotland through the SE-led account team approach in an effort to address this.

Recommendation 17: If a strategic level relationship (indirect or direct) has not developed with a company within three years of the company being in account management, save changes in personnel on either side, the company's position within the portfolio should be formally reviewed with a view to it exiting.

Recommendation 18: New account managers should continue to be recruited from relationship management backgrounds, such as sales, as this experience builds the core skills required for a successful career in account management.

Recommendation 19: If a company has not engaged with SE on issues related to market development (particularly international market development) or innovation within three years of being in account management, and where it is felt that this is affecting the ability to generate net additional benefits, the company's position with the portfolio should be formally reviewed with a view to it exiting.

1 Introduction

Introduction

Scottish Enterprise (SE) – Scotland’s national economic development agency - identifies and facilitates opportunities for economic growth by supporting companies to compete and thrive in national and international markets. SE works in partnership with other public sector agencies to support delivery of the Scottish Government Economic Strategy (GES) and bring about long term sustainable economic growth. SE can support companies at all stages of their growth and development⁵. The primary mechanism for SE support to those companies with the greatest potential for growth is account management.

Upper Quartile, in partnership with Additional Research and Research Resource, has been commissioned to undertake an evaluation of the account management approach and SE’s engagement with account managed companies over the four year period 2008/09 – 2011/12.

The overarching aim of the evaluation is to identify and better understand the net additional economic impact of account management support. The evaluation will estimate the contribution of account management to Scotland’s economic development and to GES indicators⁶.

Evaluation objectives

Unlike the previous evaluation of SE’s account management activity in 2008⁷, this current study has not sought to collect basic company metrics. Wherever possible the evaluation team has relied on data held by SE to provide company characteristics and performance metrics. The detailed methodology at Appendix A discusses the strengths and weaknesses of this approach. The focus of the field work has been on adding value to existing knowledge by exploring if, how, to what extent and in what circumstances the account management approach delivers improved business performance. The evaluation has six main objectives:

- **Objective 1:** Assess the rationale for intervention;
- **Objective 2:** Assess the impact of engagement with account managed businesses;
- **Objective 3:** Assess the contribution to sustainable economic growth;
- **Objective 4:** Assess how delivery and performance had changed since 2008;
- **Objective 5:** Consider the effects of the economic climate on supported businesses; and
- **Objective 6:** Provide recommendations for improving impact and value for money (VfM).

Methodology

There are four key components of the evaluation methodology. These are discussed in detail in the methodology at Appendix A. Research tools are provided in Appendix B. In summary, the evaluation has involved:

- **Desk based review** of SE data. This primarily involved review of Customer Relationship Management (CRM) data on account managed companies to determine the characteristics, performance and support profile of the account managed portfolio. The evaluation team also drew on SE grant and finance data, including data from the Scottish Investment Bank, Regional Selective Assistance (RSA) and SMART, and reviewed the evidence base around account management and the key policy and working documents guiding its delivery;

⁵ With the exception of volume start-ups

⁶ <http://www.scotland.gov.uk/Topics/Economy/EconomicStrategy>

⁷ Ekosgen, Hayton Consulting and Research Resource (2009) Economic Impact Evaluation of Interventions with Account Managed Companies

- **Telephone survey** of 601 account managed businesses with the aim of understanding how account management works in practice, the economic impact and wider business benefits of account management and the critical success factors associated with the approach;
- **Qualitative face-to-face interviews** with a sample of 64 account managed companies. Qualitative interviews looked in-depth at the barriers and challenges (internal and external) facing specific companies, the ways in which account management has sought to support them and the effectiveness of this support. Qualitative analysis adds depth and context to the evaluation throughout; and
- **Consultations with key individuals/groups within SE.** This involved account manager workshops and qualitative interviews with Directors of Company Growth, sector and specialist team leads, the Scottish Manufacturing Advisory Service (SMAS), Scottish Development International (SDI), the Scottish Investment Bank (SIB) and prospecting team. Externally, the evaluation also consulted with Business Gateway lead contacts to explore the effectiveness of transition processes from Business Gateway to account management. A full list of consultees is provided at Appendix C.

Report structure

The remainder of this report is structured as follows:

- **Chapter 2:** Strategic rationale and programme development;
- **Chapter 3:** Take up and satisfaction with SE support;
- **Chapter 4:** Exploring the benefits of account management support;
- **Chapter 5:** Impact of account management support;
- **Chapter 6:** The critical success factors; and
- **Chapter 7:** Conclusions and recommendations.

2 Strategic rationale and programme development

Chapter summary

- The aim of account management is to identify and facilitate development of Scotland's **growth companies** in line with strategic objectives of GES.
- *Growth potential*, rather than a specific *market failure*, is generally the most significant reason for intervention at company level. This rationale and approach is supported by consultees.
- Account management has undergone noteworthy changes since completion of the previous evaluation (2008/09) and a number of key recommendations from that study have been accepted and implemented.
- Changes have contributed to more formalised and structured processes for engaging with companies.
- Key changes include formalisation of the prospecting process; improved understanding from companies around the purpose and process of account management; introduction of tools to guide delivery and accountability of account management; and formalisation of the account team approach to facilitate access to the full spectrum of expertise available through SE.
- In spite of changes, some key challenges remain. For example:
 - There remains limited 'churn' in the portfolio. Even accounting for the impact of the recession, the number of companies exiting from account management appears very low;
 - Transition time from the Business Gateway Growth Pipeline to Account Management can be slow. More work is required to understand why companies are failing to progress within the anticipated timescale;
 - There are issues to be addressed in relation to portfolio management. This is likely to be an increasing challenge in future, especially if transition from the Business Gateway Growth Pipeline gathers pace; and
 - In spite of improvements, there remain significant gaps in SE's management and performance data for account managed companies. This restricts SE's ability to report their contribution to key GES and SE Business Plan measures – particularly in terms of innovation and exports.

Aims and objectives of Account Management

The aim of account management is to generate additional economic impact by helping supported companies achieve growth aspirations, generate and safeguard employment and improve efficiency and productivity. The account management process is facilitated by an account manager (AM) – a single point of contact who provides/coordinates one-to-one support, advice and guidance to a strategic contact(s) within the supported company.

The account manager has access to a team of Specialists⁸ (within SE and through external consultants) who provide intensive input across key areas for business growth, including access to finance and investment, innovation, market development, business improvement, organisation and strategy development⁹. Bespoke support is provided against agreed growth projects, as articulated

⁸ This team is known internally as an Account Team

⁹ Scottish Enterprise (2012) Scottish Enterprise Business Plan 2012-2015 Evidence Base

in the Company Review Workbook (CRW¹⁰), with the aim of delivering additional growth, or demonstrating another clear rationale for SE intervention (for example support to retain employment in local *Important to the Economy* companies¹¹).

Strategic context

The 2007 GES, refreshed in 2011-12, sets out the ambition of the Scottish Government to improve the growth performance and sustainability of the Scottish economy in support of its vision for a Scotland which is: **Wealthier and Fairer, Smarter, Healthier, Safer and Stronger and Greener**. Progress is being measured against the National Performance Framework (NPF) and a comprehensive set of National Indicators.

Since 2007, economic conditions in Scotland, and globally, have changed significantly spurred by the financial crisis of 2008 and subsequent global recession. The Scottish economy entered a recession in mid-2008 which lasted five quarters¹³. During this time economic output fell by around 5.6% (peak to trough)¹⁴. Economic growth rebounded in 2010, although 2011 was relatively flat. Following a decline in the first quarter of 2012, GDP has then grown for four consecutive quarters¹⁵.

The current evaluation of account management has, where appropriate, drawn comparison with the previous evaluation carried out in 2008¹⁶. The previous evaluation considered the period 2004/05 to 2006/07 – a time when account managed companies were facing a very different economic and business environment. The impact of the recession on company performance and attitudes to risk must therefore be considered as part of the analysis and interpretation of this evaluation. Key points to note from consultation with account managers and account managed businesses include:

- The challenging economic climate has seen companies increasingly focused on operational efficiencies and cost savings over the evaluation period as profit margins have contracted;
- Supply chain pressures in some industries (in terms of driving costs down and also the negative relationship this has caused further down the supply chain as costs/margins have reduced) have impacted on sector wide relationships and sales;
- It has been increasingly difficult for many companies to obtain bank loans and/or overdraft facilities to manage cash flow issues or facilitate growth. This may be less of a problem for established businesses, but more so for high growth and early stage companies and companies in sectors such as construction. The economic downturn has seen banks becoming much more cautious, risk adverse and, where still lending, demanding additional levels of security and covenants from businesses; and
- Contraction in existing markets has encouraged more businesses to look for opportunities in international markets. Internationalisation is also high on the agenda of SE (and the Scottish Government) and this has resulted in more focus on, and encouragement for, internationalisation with account managed companies.

The economic climate over the past five years has sharply highlighted the need for Government (and its agencies) to respond flexibly to the challenges facing business and the need to create an economy that is more resilient to economic shocks and national and international uncertainties.

¹⁰ The CRW is a tool used by account managers to aid understanding of the company and its growth ambitions. The CRW supports AMs to challenge this ambition. It contains a company profile, key performance metrics, forecasts and growth ambitions. It also outlines the specific development projects which the company will undertake to realise its growth ambition.

¹¹ Important to the Economy (IMPO) companies are those considered major employers in a particular locality or which are critical to the supply chain of a Key Sector (see Table 2)

¹² <http://www.scotland.gov.uk/Topics/Economy/EconomicStrategy>

¹³ The Scottish Government (2012) *Businesses in Scotland – 2012*, available at: <http://www.scotland.gov.uk/Resource/0041/00411283.pdf>

¹⁴ Scottish Government *State of the Economy March 2013* <http://www.scotland.gov.uk/Topics/Economy/state-economy/latestSofE>

¹⁵ <http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy>

¹⁶ Ekosgen, Hayton Consulting and Research Resource (2009) *Economic Impact Evaluation of Interventions with Account Managed Companies*

The revised NPF and GES, published in September 2011, focus on economic recovery with actions in six strategic priority areas. The revised GES recognises the central position of Scotland's businesses, as generators of wealth and providers of employment. As such, this framework includes the creation of a *supportive business environment* among its strategic priorities.

As the national economic development agency, SE has a central role to play supporting delivery of Government objectives in relation to the business environment, economic recovery and growth. This requires delivery of the right support to the right companies at the right time. Account management is the primary vehicle by which SE aims to achieve this.

Account management seeks to identify and support those companies with the potential to make the greatest difference to Scotland's economic performance. At its heart is the objective to identify and facilitate the development of Scotland's **growth companies**, supporting them to maximise their potential. This is based on the established evidence that employment and wealth creation is driven by a small number of businesses with growth potential¹⁷. In comparison to their counterparts, defining features of these companies include higher productivity, greater investment in innovation and activity in international markets¹⁸. With appropriate, tailored support the hope is that SE can help move companies with growth potential towards *growth* and *high growth* status, thereby maximising their impact on the economy.

Rationale for intervention – evidence of market failure and equity

An objective of this evaluation is to assess the rationale for public sector intervention through account management. Public sector intervention in the economy is generally justified on one of two counts:

- **To address an identified efficiency failure in the market (*market failure*)** - a situation in which the allocation of goods and services by a free market is not considered efficient. Intervention is intended to address the inefficiency. Market failures can be classified into four broad categories of *imperfect information, externalities, market power* and *public goods*; and
- **To address equity objectives (*distributional objectives*)** - a situation in which, although the market is considered to be operating efficiently, the consequences in terms of equity are judged sufficiently great as to justify intervention. This may include additional support to retain 'important to the economy' organisations in areas that would suffer disproportionately if the organisation was to cease trading or withdraw from the location.

Evidence informing the SE Business Plan identifies a number of market failures and challenges which are recognised as preventing businesses (particularly SMEs which account for the majority of the account managed portfolio) reaching their growth potential. Arguably these market failures justify public sector intervention, including the delivery of account management services¹⁹. These include:

- **Access to finance** – imperfect information regarding risks and returns results in risk aversion among lenders and investors to the detriment of SMEs seeking to raise finance;
- **Investing in innovation** – the high transaction costs of research and development (R&D) and securing Intellectual Property (IP) rights are a barrier to innovation for capital poor organisations. Further, knowledge spillovers can act as a deterrent to innovation while imperfect information may mean organisations do not fully appreciate the potential benefits of innovation activity;

¹⁷ NESTA (2009) The Vital 6 Per Cent, available at : http://www.nesta.org.uk/publications/reports/assets/features/the_vital_6_per_cent

¹⁸ NESTA (2009) Measuring Business Growth ; High-growth firms and their contribution to employment in the UK, available at : http://www.nesta.org.uk/library/documents/Measuring_Business_Growth_web.pdf

¹⁹ Scottish Enterprise (2012) Scottish Enterprise Business Plan 2012-15 – Evidence Base, May 2012 <http://www.evaluationsonline.org.uk/evaluations/Search.do?ui=basic&action=show&id=496>

- **Adopting business growth ‘best practice’** – businesses may be unaware of ‘best practice’ approaches, alternative business growth models or sources of information and support; and
- **Internationalisation** – there is evidence that businesses overestimate the risks and/or underestimate the benefits of internationalisation and that knowledge and skills gaps impact on their ability to develop and implement effective international strategies. This is reinforced by UK-wide research indicating that barriers to international trade and investment are most acute for innovative and high growth firms²⁰. Specific issues include:
 - Social networks, associated with historical cultural ties and common language, play a significant role in determining trade patterns. These networks can be difficult for companies to access alone;
 - Management attitudes and internationalisation capabilities are a strong determinant of export decisions;
 - Within the UK there is a small pool of business people with the skills, knowledge, and expertise relating to overseas markets which are culturally remote from the UK. This may restrict the ability of exporters to recognise and respond to opportunities; and
 - There is a lack of private sector cooperation to identify and pursue collaborative export opportunities. This is driven by the inherent competition that exists and the perception that some will free ride on the efforts of others. Centralised public sector support may galvanise efforts and create a stronger brand than a single company can achieve alone.

This evaluation explored issues of market failure qualitatively through face-to-face consultations with a sample of account managed companies. Feedback from them highlights that, in general terms, ‘access to finance’ is a concern for many firms at the current time; around half of respondents cite this as the major barrier preventing them taking forward development projects alone (without the support of SE). However, it is not clear if this is evidence of market failure or if this is indeed rational action on the part of the financial markets at a time where investment may be risky (albeit the resultant effect is damaging to business). Quotes include:

“We had problems securing adequate bank finance for growth, and probably would not have survived without SE investment” – account managed business

“The main motivation for seeking SE help is financial. We would not have gone to the financial markets to seek finance and did not know where to get strategic advice on business direction” – account managed business

A third of face-to-face interviewees cite a lack of adequate information on sources of support or business practices among their reasons for requiring SE support. This can be viewed as evidence of ‘imperfect information’ as a key market failure. Comments include:

“A good example of how SE has helped with market failure relates to the lack of market information that X had when trying to explore opportunities for the X software that it now uses” - account managed business

“Lack of information was a constraint on us entering China and Russia” – account managed business

If we also consider that *access to finance* represents a market failure in the form of ‘imperfect information’ – financial providers not realising the potential benefit of investment - then around half of the interviewees highlight some form of information issue as a barrier to growth.

That is not to say that market failures are not present in the case of other companies, even if these are not specifically articulated in case notes or conversations with account managers. SE’s focus is now firmly on company growth: the question of “what is the specific market failure at project level?”

²⁰ Department of Business Innovation and Skills (BIS) (2011) International Trade and Investment – The Economic Rationale for Government Support; BIS Economics Paper No. 13, May 2011

is seen as secondary to “What is the potential of this company to grow and why is the company not realising this itself”. SE recognises that markets (while perhaps acting rationally) may not always deliver optimal economic development outcomes. These observations have informed the development of SE’s intervention frameworks and product support. SE therefore considers that market failures are addressed up front by their service offer with the aim of achieving growth objectives. As this report goes on to show, there is certainly evidence that account management support is delivering bigger, better and faster growth than may otherwise have been possible.

At this point it is also important to stress that these are the perceptions and beliefs of interviewees. In the absence of detailed insight into the particular conditions in each sector at a given time it is very difficult to independently test the extent to which market failure exists, or indeed if this is relevant to the delivery of support which aids company growth.

The development of account management – towards a focus on growth

Evolution of account management

Account management, in its current form, has evolved over a 20 year period starting with the publication of the Business Birth Rate Strategy in 1993. Historically SE’s business development services were decentralised and led by a network of 12 autonomous Local Enterprise Companies (LECs) with a remit to deliver economic development (including skills and training, business start-up and growth services, and necessary infrastructure support) in defined geographical regions.

Account management developed in a small number of LECs as a means to improve the coordination and quality of service delivery by putting in place a single point of contact for companies at a local level. The approach was later adopted across the LEC structure²¹.

In 2001, the Scottish Executive’s *A Smart, Successful Scotland (SSS)* was put in place as the strategic framework for the Enterprise Networks (Scottish Enterprise and Highlands and Islands Enterprise (HIE))²². SSS set out to address four key challenges of *productivity* (closing the ‘productivity gap’ with leading competitor nations), *entrepreneurship* (raising the levels of business start-up and growth), *skills* (new skills and better matching of skills and opportunities) and *digital connections* (embracing digital technology to compete on the global stage). SSS defined ‘growing businesses’ as a central organising theme for the activities of the Enterprise Networks. Between 2001 and 2004 SE rolled out a number of structural and operational initiatives to support their business growth objectives²³.

In 2004, Audit Scotland conducted a review of Scottish Enterprise Account Management Services to High Growth Businesses. This review criticised the lack of consistency across the LEC structure in the selection of supported business. It also recommended actions to improve SE’s understanding of its impact by developing consistent performance measures which aligned with the strategic priorities of Government and to increase awareness among Scottish businesses of SE’s services and the potential impact of these²⁴. It is from this point that a more structured and consistent approach to account management across the SE network was adopted.

In 2005, SE began implementing its Growing Business Strategy. The Strategy committed SE to channel the majority of its business growth resources to those companies representing the greatest opportunity for economic growth. SE introduced more rigorous processes to guide service delivery and monitoring as well as standardised performance measures/growth objectives.

²¹Ekosgen, Hayton Consulting and Research Resource (2009) Economic Impact Evaluation of Interventions with Account Managed Companies

²²The Scottish Executive (2001) *A Smart, Successful, Scotland – Ambitions for the Enterprise Networks* available at: <http://www.scotland.gov.uk/Resource/Doc/158455/0042945.pdf>

²³Ekosgen., Hayton Consulting., and Research Resource (2009) Economic impact evaluation of Scottish Enterprise Interventions with Account and Client Managed Companies

²⁴Audit Scotland (2004) *Scottish Enterprise Account Management Services to high growth businesses*, June 2004

Evaluation of the Account Management Programme 2008

The first major review of account management was completed in 2008 when SE commissioned a large scale evaluation to assess the economic impact of interventions with account and client managed businesses. The evaluation looked at the impact of support over the three year period from 2004/05 to 2006/07²⁵. The evaluation involved a telephone survey of 740 account managed companies, with the sample drawn to provide statistical reliability when reporting at LEC level.

A key finding from the evaluation was the high level of deadweight associated with SE intervention in relation to all four business metrics – turnover, profit, employment and innovation – considered by the study. In each case around two thirds of respondents reported that SE support had made no difference to their performance. However, in businesses where performance had improved over the evaluation period, around a third felt that SE support had accelerated this development.

The evaluation explored statistically significant differences in the characteristics of those companies reporting a positive impact as a result of SE support compared to those reporting no impact. The study found that companies reporting no impact tended to be larger (in terms of employment and turnover), longer established and with a lower skilled workforce. However, the findings were inconclusive in terms of the most effective ways to target support to increase the additionality of SE intervention. The 2008 evaluation made a series of recommendations to improve the operation of account management and to test hypotheses on impact. These included those in Table 1.

Table 1 - Summary of recommendations from the 2008 evaluation of account management

Recommendation 1 – The programme should continue to be delivered in essentially its current form with some refinements as opposed to a wholesale overhaul of the process.

Recommendation 2 - The portfolio should be reviewed to determine the extent which companies are benefiting from support, both tangibly and intangibly.

Recommendation 3 - SE should review the ways in which potential account managed companies are identified and their suitability for support is appraised.

Recommendation 4 - Six products were associated with positive GVA impacts. It was recommended that there be further investigation of these links. The products were Leadership for Growth; E-Business Advisors; Graduates for Business; Market Development Flexible Financial Product; International Exhibitions, Missions and Learning Journey's; and International Strategy Development Workshops.

Recommendation 6 - SE should consider giving more support to smaller companies that are exporting or which have aspirations to export. This would be at the expense of larger companies.

Recommendations 7 and 8 – Account managers should work closer with Specialists in export and innovation (SDI and ITI Scotland) to ensure that these options are actively and appropriately promoted to companies.

Recommendation 9 - SE should consider setting a limit on the time that it works with companies through the account and client management process. This would imply developing an exit strategy.

Recommendations 10/11 – SE should, as a matter of urgency, review the data input to, and the use that is made of, the Customer Relationship Management (CRM)²⁶ system. SE should also ensure systems are in place to capture the support that is provided to companies. Such systems need to be used by managers and aims and objectives need to be clear.

The account management process today

Account management, while retaining all of its key defining features, has undergone some noteworthy changes and developments since completion of the previous evaluation and a number

²⁵ Ekosgen., Hayton Consulting., and Research Resource (2009) Economic impact evaluation of Scottish Enterprise Interventions with Account and Client Managed Companies

²⁶ CRM is a single SE wide database recording all interaction with companies from across the network. It is intended to deliver productivity improvements for front line and customer facing staff.

of the recommendations were accepted and implemented. This section discusses the account management process in its current form, highlighting the ways in which it has changed, to set the evaluation in context, to demonstrate its alignment with strategic priorities of Government and its development in line with the evidence base around the provision of business support services.

Towards a sector focus

The most significant internal change affecting SE (and therefore account management) since completion of the previous evaluation is the move from autonomous LEC structures to a single centralised structure with a focus on company and sector growth.

The 2007 review of the Enterprise Networks resulted in significant changes to their governance and remit, including the transfer of skills related activity to Skills Development Scotland (SDS) and the passing of responsibility for Business Gateway and local regeneration to local authorities²⁷. These changes were implemented in 2008.

Scottish Enterprise's focus is now firmly on economic growth with an emphasis on a number of key sectors identified by GES that provide opportunities to strengthen and capitalise on Scotland's comparative advantage. Key sectors are:

- Energy – renewables, oil and gas and clean technologies;
- Life sciences – stem cells, translational medicines;
- Enabling technologies – informatics, advanced manufacturing and advanced engineering;
- Tourism – key destinations, and themes;
- Food and drink – whisky, premium products, food health innovation, 'provenance';
- Financial services – asset management, insurance, banking;
- Universities – higher education institutes, research institutes; and
- Creative industries – digital media, games.

In addition, SE also engages with other sectors of importance in specific regions:

- Aerospace, defence and marine;
- Chemical sciences ;
- Construction;
- Forest industries ; and
- Textiles.

The implementation of the single national structure with a sector focus also provided impetus for change in the account management process. The aim was to adopt and embed a more consistent approach to delivery of account management, with more companies from the key industry sectors becoming account managed. Restructuring in line with national priorities has brought a more consistent challenge as to the impact of account management, thereby increasing accountability. For example, the account management process now targets resources more transparently at a national rather than regional or local level. This ensures resources are used to maximise national impact.

Further, the account management process now operates more consistently in terms of company selection and service delivery, with increasing involvement from sector teams (this will be discussed in more detail in the sections that follow).

In spite of changes to the delivery of account management, the pivotal role of the account manager in managing the relationship between a company and SE, and in facilitating access to the full spectrum of support, remains the key element of the account management process.

²⁷ <http://www.scotland.gov.uk/News/Releases/2007/09/26143846>

Segmentation

Account management is targeted at three distinct groups of companies:

- Indigenous companies with recognised growth potential;
- Overseas-owned companies with opportunities/growth potential in Scotland; and
- Companies which are important to growth sectors (those defined as priorities for the Scottish Government) or which are important to the local economy in a given location.

Within the account management portfolio, companies are segmented based on their characteristics; including their growth potential and the value that SE can add. This segmentation, and its bearing on the current evaluation, is shown in Table 2. The segments shown in Table 2 are those relating to companies considered to be 'Account Managed'²⁸. Within this account managed sub-set, those groups which are a focus for the evaluation are highlighted.

Account management, while defined as a single programme, operates differently depending on a company's segmentation. For example:

- Companies which are **Account Managed for Growth (ACMG)** are the principal segment. In these cases there is a clear rationale for SE engagement aligned to the strategic priorities of SE. The majority of SE's account management resources are targeted at this segment (see Table 2); and
- Within the **Important to the Economy (IMPO)** segment, there are two principal groupings – those companies which are important to key sectors and their supply chain and those companies which are important at a national, regional or local level (primarily due to the number of people they employ). The consultation programme undertaken for this evaluation has raised some questions around the rationale and process for SE's engagement with some IMPO companies. This will be discussed in more detail subsequently.

²⁸It should be noted that in addition to the segments shown in Table 2, SE also engages with companies in other ways and across the organisation as a whole there are further segmentations - for both relationship managed and non-relationship managed companies.

Evaluation of Scottish Enterprise Engagement with Account Managed Companies

Table 2 - Segmentation of account managed companies					
Category	Type of company	Criteria	Type of relationship	Key Output/ measure	In scope for evaluation
AM Growth	<ul style="list-style-type: none"> Companies capable of making the most significant contribution to the growth of the Scottish economy and where SE's intervention is likely to make a discernible difference to performance 	Potential to achieve £1m additional (more) sales growth over 3yrs ²⁹	<ul style="list-style-type: none"> Direct, proactive support provided through Account Managers Bespoke service to deliver additional growth 	<ul style="list-style-type: none"> Increase in turnover SE contributing significantly to additionality 	YES
Early Stage Growth	<ul style="list-style-type: none"> Start Up and early-stage companies where sales growth measure is not appropriate Includes companies that have emerged from SE's Investment Fund Particularly important to the technology-driven sectors 	Capital raised - £750k-£1m in 5 yrs Potential for £1m+ sales growth, £400K+ GVA or £2m+ valuation in 5 yrs.	<ul style="list-style-type: none"> Direct, proactive support through Account Managers and/or High Growth Start Up team Bespoke service 	<ul style="list-style-type: none"> Company starts trading and reaches £1m turnover SE contributing significantly to additionality. 	YES
Important to the Economy	<ul style="list-style-type: none"> Companies important to the national or regional economy, or to a Key Sector Clear rationale for SE intervention (i.e. need to sustain or grow the company/jobs in company; to secure additional investment; to support critical supply-chain in a Key Sectors) 	Turnover of £5m+, and/or 100 jobs ³⁰	<ul style="list-style-type: none"> Direct support provided through Account Managers Bespoke service which demonstrates clear rationale for SE intervention 	<ul style="list-style-type: none"> Safeguarding/ increasing turnover and/or jobs 	YES
AM Growth - Watching Brief	<ul style="list-style-type: none"> SE is no longer able to demonstrate that interventions are likely to make a discernible difference to growth SE must track turnover figures for period of up to 3 years to evaluate the impact SE has made 	Previously AM Growth, but agreed no further value can be added	<ul style="list-style-type: none"> A 'monitoring' relationship Annual contact to track turnover/key GVA figures Respond to requests for support, if circumstances have changed and support can make a difference 	<ul style="list-style-type: none"> Tracking turnover figures/key performance metrics to evaluate previous support 	YES
Important to the Economy – Watching Brief	<ul style="list-style-type: none"> SE no longer be able to demonstrate that there is a clear rationale for intervention Given the importance of these companies SE must maintain contact to react to future opportunities/threats 	Companies SE wish to influence if threats/ opportunities arise - whether support has been delivered or not	<ul style="list-style-type: none"> 'Watching Brief' relationship Annual contact to assess the current climate AM maintains an 'open door' approach and reacts to requests for support, if circumstances change 	<ul style="list-style-type: none"> Early notification of opportunities/ threats (e.g. mobile investment, job losses). 	NO

Source: Scottish Enterprise (2012) User Manual for Working with Growth Companies in Scottish Enterprise

²⁹Alternatively, for those companies with baseline sales of £20m and over per annum, the aim is to achieve additional growth of 10% or more net of inflation.

³⁰Recognising the fragility of rural economies, these thresholds are set at 50% for rural areas; turnover of £2.5m and/or 50 jobs.

Analysis of the account management portfolio shows that the majority (81%) of companies are segmented as Account Managed for Growth (ACMG) (active and watching brief). Table 3 provides a breakdown of the portfolio as at 1 April 2012.

Table 3 - Account Management Segmentation [1 April 2012]	Number in portfolio	Percentage of portfolio
AM Growth – Active	1268	70%
Early Stage Growth – Active	63	3%
Important to the Economy – Active	139	8%
AM Growth - Watching Brief	207	11%
Early Stage Growth – Watching Brief	12	1%
Important to the Economy – Watching Brief	120	7%
Total	1809	100%

Source: Scottish Enterprise CRM Data 2012 (Base: 1809)

Prospecting

The Prospecting Team is responsible for managing referrals to the account managed portfolio and for the rigorous commercial assessment of companies with growth potential. The team consists of four Prospecting Managers operating across Scotland.

Historically, the SE Local Enterprise Companies (LECs) had their own prospecting resource. During SE’s restructuring this resource was centralised bringing consistency in priorities and approach. While there are no set eligibility criteria for a company to be considered by the Prospecting Team, characteristics of viable account management prospects may include³¹:

- The company is in one of SE’s key sectors;
- There is a culture of innovation within the company;
- Evidence of entrepreneurial spirit and growth aspiration among the management team;
- A strong, competent management team;
- A willingness to engage with SE;
- Potential for the development of new products/services;
- Market potential outside the UK; and
- Potential for SE support to add value to the company.

For a growth prospect to be accepted into the account managed portfolio there must be clear potential to meet the growth criteria set out in Table 2. There must also be evidence or rationale to believe that SE support will contribute significantly in terms of increasing performance to a higher level than the company could achieve alone.

If, following assessment by the Prospecting Team, a company is declined entry to the portfolio they will be signposted to another more appropriate source of support, for example to Business Gateway or Scottish Enterprise’s High Growth Start Up Unit (HGSU)³².

There are a number of different channels for referral to account management. Referrals may come internally through SE (for example through the Scottish Investment Bank (SIB)³³, HGSU, SDI, sector

³¹ Adapted from the SE Account Management User Manual (2012)

³² The HGSU provides intensive support to companies with potential to meet ‘high growth’ criteria including, business planning; support to seek funders, investors, loans and grants; support to build and develop management and non-executive teams and support to protect Intellectual Assets.

³³ The Scottish Investment Bank (SIB) supports development of Scotland’s private sector SME funding market to ensure both early stage and established businesses with growth and export potential have adequate access to growth capital. SIB operates a suite of investment funds. The three equity funds use a co-investment and shared risk intervention model to encourage more private investment. SIB is also the lead investor in the privately managed Scottish Loan Fund.

leads or Specialists) or externally from Business Gateway (through the Business Gateway Growth Pipeline) or other partners (for example Higher Education Institutions (HEIs); Skills Development Scotland (SDS)) and projects (such as ProspeKT and BioQuarter³⁴).

Account Managers and Account Manager Team Leaders (as a result of their knowledge and networks) are also frequently responsible for identifying growth prospects in their locality or specialist sector. Indeed, this channel currently accounts for the highest number of referrals. In the last year (2011/12) the prospecting team assessed the potential of 258 internally referred companies for inclusion in the account managed portfolio. Of these, 183 (71%) were accepted, around 40 were signposted elsewhere and the remaining companies are at various stages in the assessment process.

Given Business Gateway's remit to work with the wider business base across Scotland, and SE's role in identifying and supporting growth potential, it is reasonable to expect that Business Gateway should be an important source of referrals to account management. Business Gateway has contracts and targets in place with local authorities for this purpose. Referrals from the Business Gateway Growth Pipeline are assessed for entry into SE's account managed portfolio with the intention that they will transition within 12 - 18 months. In the last year the Prospecting Team received 140 account management referrals from Business Gateway; significantly below the level of internal referrals. Of these:

- 101 (72%) were accepted into the Growth Pipeline;
- 26 (19%) were declined; and
- 13 (9%) are on hold.

Where businesses are declined entry to the Growth Pipeline, the main reason is 'displacement'³⁵. Other reasons for declining companies include cases where growth projections did not meet the criteria for account management; the business not having a clear business model in place; there being no evidence of a desire for strategic engagement with SE; or no desire for international growth.

Overall, the view of SE's internal consultees is that prospecting activity has improved significantly in the period since the last evaluation, with the introduction of formal referral processes and procedures for the rigorous assessment of company characteristics and growth potential. This would imply that recommendations from the previous evaluation have been taken on board in this regard (see Recommendation 3 in Table 1).

Further, the perception of account managers and SE's internal consultees is that account management is engaging with the correct companies through the Account Managed for Growth (ACMG) segment – those with the ambition and potential to contribute to economic growth in Scotland. Growth performance across the population as a whole, and within the survey sample, will be discussed later (see Chapter 3 Take up and satisfaction with SE support.)

However, consultations with Business Gateway, prospecting and other internal consultees reveal that tensions do exist in relation to referral and prospecting and that there are both real and perceived issues to be resolved. These include:

- **Communication around what is a 'good prospect'** – prospecting is the responsibility of all SE staff and partners. With a team of four, the Prospecting Team does not have the resources to identify all potential prospects alone. The formal prospecting process is detailed and time consuming and there is a perception that many companies are passed to the team that may not be solid

³⁴ **ProspeKT**: a joint partnership between the University of Edinburgh and Scottish Enterprise established in July 2006 to help commercialise research being carried out by the University of Edinburgh's School of Informatics; Edinburgh **BioQuarter** offers first-stop access to the unique combination of pre-clinical and clinical excellence in the Edinburgh Region.

³⁵ Displacement can be defined as: the proportion of project benefits accounted for by reduced benefits elsewhere in the target area. Source: Scottish Enterprise (2008) Additionality and Economic Impact Assessment Guidance Note, Appraisal and Evaluation Team, November 2008 available at: www.dpea.scotland.gov.uk/documents/qj13769/J212271.pdf

‘prospects’ as the necessary background work that may rule them out has not been done. The Prospecting Team are, however, working with account management Team Leaders, Business Gateway Advisors and contractors and others to communicate what is required of a ‘good prospect’.

With no formal documented prospecting strategy in place this is challenging and at times the process (as it is at present) has resulted in the expectations of some companies being raised only to be denied access to the account managed portfolio at a later stage. SE recognises that this should not happen, as a company should not know that they are being ‘assessed’ for account management. The fact that this has been reported shows that there are issues to be addressed to ensure mutual understanding of the prospecting process across all partners.

- **Quality of Growth Pipeline companies** – Various consultees voiced concern over the quality, or perceived quality, of companies coming through the Business Gateway Growth Pipeline. As part of the Business Gateway contract with SE, the threshold for pipeline companies to enter account management is set at a lower level. Companies in the Business Gateway Growth Pipeline must demonstrate potential to achieve a turnover increase of £400,000 over three years (as compared to £800,000-£1,000,000 for those from other referral routes).

Once in the growth pipeline, companies continue to receive support from Business Gateway advisors and are also able to access SE products and services via the web, Enquiry Fulfilment Response Service (EFRS), attending events/seminars or one-to-one support via specialists. This support is available until they make the transition to the account managed portfolio.

Given the lower thresholds for entry, there is some concern among consultees that pipeline companies are not of the same quality as those referred through other channels. This view is not, however, unanimous and others feel it is based on perception rather than reality as pipeline companies undergo the same assessment for entry to account management as other companies. The performance of companies coming through the growth pipeline in comparison to other referral routes is explored quantitatively in Chapter 6 to see if these perceptions hold true.

- **Transition from the growth pipeline to account management** – linked to the issue above is that of transition from the growth pipeline. The aim is that companies in the pipeline should progress towards account management. There are currently around 1000 companies in the pipeline. Of these, over half have been there for more than 12 months and more than 300 for longer than 18 months. This raises questions about the growth ambition and progress of companies while in the pipeline (including the quality of these companies as discussed above) and the support provided to help them achieve growth aspirations – both through Business Gateway and SE. Further work is required to understand the challenges facing these companies and what the appropriate response from account management should be. While there is no set target for conversion from the growth pipeline to AM, the current situation (with only 10-15% converting per annum) raises questions around what is the right level of conversion; what can be done to accelerate companies towards AM; and how the pipeline should be cleared to best support companies with growth aspirations.
- **Portfolio management** – once accepted into the portfolio, companies must be assigned an account manager. Consultation has shown that this is a concern at present (and may become a significant challenge for the future) with some companies waiting up to two months to be allocated an account manager. This indicates that there is a capacity management issue to be addressed. Key points to note are:

- Consultation with account managers found that in some locations (particularly Southern Scotland and Grampian) there are recognised capacity issues which present barriers to the allocation of new companies to account managers³⁶;
- While all account managers have, to some extent, a mixed portfolio efforts are made to allocate companies to an account manager with knowledge or experience in their sector – account manager resources are more limited in some sectors than others; and
- There is anecdotal evidence that it can take longer for growth pipeline companies to be assigned a permanent account manager than those referred from internal sources. There is also a perception that growth pipeline companies exit the account management portfolio faster than others. It is unclear why this is the case and if it is related to the appropriateness of these companies for account management support or a perception of quality and what can be achieved with these companies.

Overall, account manager capacity has not itself been highlighted as a significant problem; at April 2012 the average number of companies per FTE Senior Executive Graded Account Manager was 18 (ranging from 7 to 25). This is broadly in line with the target portfolio size³⁷. The key issue here appears to be one of portfolio management rather than account management resource per se.

Given the drive to increase the size of the account managed portfolio, as articulated in SE's business plan (discussed subsequently), portfolio management is likely to become an increasing challenge. Some consultees would like to see further research to understand the size, characteristics (particularly sector and geography) and needs of the potential account managed population. This should inform development of a strategic view of how to manage the portfolio in the future. Internal consultees feel this strategic view should consider:

- The need for flexibility in this challenging economic climate;
- The establishment and consistent communication of clear base eligibility for growth prospect companies;
- The process of 'churning' the portfolio (and the implications of this);
- Accelerated decision making, in particular having consistent and transparent decision points in progressing growth prospect companies through the process; and
- The potential need to increase account management resources, or individual portfolio sizes, to ensure effective allocation of companies.

Delivery of support

Once a company has been provisionally accepted into the portfolio there are four key stages in the account management process which account managers follow to ensure consistency in service delivery. These are illustrated in Figure 1.

³⁶ In spite of SEs sector focus, proximity to a company is still considered important in building and maintaining a positive working relationship. As such, SE tries to avoid cases in which account managers are allocated companies that are a considerable distance away from their base.

³⁷ A Senior Executive Graded account manager is expected to have a portfolio of between 14-22 but this will include companies segmented as 'important to the economy' and 'watching brief' where we understand the level of engagement is minimal.

Figure 1 – The account management delivery process



Source: Adapted from SE Account Management User Manual (2012)

Stage 1: Terms of engagement – the designated account manager will meet strategic leads in the company to establish their terms of engagement with SE. This involves the account manager clearly communicating the purpose and nature of support. Given that a two way relationship is being sought, the account manager must also set out what is expected from the company in terms of their engagement with SE. Following this initial meeting a Terms of Engagement Letter will be issued. The company must accept this before the relationship is formalised.

Stage 2: Company Review –To be a significant influence on a business at strategic level, it is critical that the account manager fully understands the company, its strategy and growth plans. To do this the account manager leads a review process that involves discussions around the areas the company needs to focus its efforts on in order to achieve its growth ambitions. The account manager can call on specialists and sector teams for support in identifying issues in specific areas. A ‘Company Review Workbook (CRW)’ is used to capture and record this information. An overview of the metrics contained within the CRW is shown in Table 4.

Table 4: Overview of the Company Review Workbook	
Account details	Basic company information for segmentation and portfolio analysis purposes.
Profile	Company background, history, ownership etc. as basis for company briefings.
Performance	Key metrics for monitoring performance – SE Performance Measurement Framework and GES indicators including; turnover, employment, employee costs, operating profit, R&D expenditure and value of UK and international sales.
Growth forecast	Statement of the company’s growth ambition using key performance indicators. This provides a frame of reference to assess individual opportunities.
Review themes	Capture the company’s performance against six key themes which drive business growth (strategy, investment, market development, innovation, organisational development and business improvement).

Source: SE Account Management User Manual (2012)

Due to confidentiality issues the evaluation team were not given access to CRWs for analysis purposes. The view of account managers and internal consultees, however, is that the CRW is a useful tool for delivery of targeted support as it provides insight and an on-going record for account managers.

However, the CRW is of limited value in cases where companies are less engaged in the account management process and/or are unwilling or unable to share details of their strategic plans. This scenario raises two key issues:

- How to bring about strategic level engagement; and
- Whether companies with non-strategic engagement should remain in the portfolio.

These issues will be explored and discussed in more depth and in conjunction with quantitative analysis in subsequent Chapters.

In relation to the CRW, it is the view of some internal consultees that this tool is still seen as a “box ticking” exercise and there remains work to do to before the process and purpose of completing the review is fully understood and embedded. In the longer term this will involve engendering cultural and behavioural changes in the account management approach so that partnership working, evidence of impact and accountability are always high on the agenda. Internally, it would seem that there should be more use given to the CRW as a strategic tool (for discussion and agreement of the most appropriate SE intervention for example) rather than primarily for reporting purposes. To be of value the CRW should be the cornerstone of how SE support is shaped and delivered, led by the account manager with appropriate input from relevant sector teams and specialists.

Stage 3: Delivery

Development Projects - The CRW, which is intended to be completed collaboratively by the company and their account manager/team, articulates the strategic direction, key issues and challenges for the company, and the specific ‘development projects’ that are planned to help the company realise its growth ambitions.

A development project can take different forms – a single intervention, or multiple activities with a common business growth objective. It can also comprise different elements, for example activities that the company has to undertake itself; SE grant funded interventions; input from specialists; and softer support, such as advice and guidance or networking opportunities (facilitated or delivered by the account manager) which will contribute to the overall development project. Each development project must relate to a key SE theme which supports business growth:

- Innovation;
- Business Improvement;
- Investment;
- Market development (UK and international);
- Management and organisational development (including Leadership development); and
- Strategy.

The CRW sets out the nature of support that SE will provide for each development project and the added value that it is anticipated will accrue as a result. By agreeing this at the outset of each development project, the CRW provides accountability for SE spend. In addition, failure to achieve agreed outcomes (for whatever reason) can be discussed and understood.

The move towards the *development project* approach is welcomed by internal consultees, particularly SE Specialist Teams³⁸, as this model provides a framework for delivery of joined up, multi-faceted projects as opposed to single isolated interventions. It supports collaboration and strategic thinking through a shared focus on common, overarching and longer term goals. It can also introduce companies to the wider support that is available through SE.

There is a perception from internal consultees that the *development project* approach has helped to reshape company perceptions of account managers from being simply a conduit to products/funding, towards more of a focus on the account management relationships and the way these can facilitate growth (including an account manager’s ability to access a range of support and specialist expertise). This perception will be tested in exploratory analysis presented later in this report.

Whatever the nature of a development project, it often involves delivery of one or more SE Network Products. Network products (which have been reviewed and rationalised since the time of the previous evaluation) are classified under **six intervention framework** areas (representing the business growth themes above).

³⁸ SE has Specialist Teams which can provide support in relation to innovation, ICT, intellectual assets, organisation development and sustainability.

Intervention Frameworks – Across the intervention frameworks there are 59 individual products. Products are categorised depending on their cost, delivery (e.g. one-to-one or one-to-few) and intended outcomes (e.g. less tangible outcomes, short term measurable outcomes, significant longer term outcomes measured in terms of jobs, net turnover increases, productivity gains and GVA). The intervention frameworks and their component products are summarised in Table 5.

Table 5 – SE Intervention Frameworks		
Intervention framework	No. products	Product examples
Strategy Development	10	General Strategy Workshop; International Strategy Workshop; Financial Readiness Support; Financial Health Check; Property Feasibility Study International Strategy Development; Strategy Development Project Support; RSA (Regional Selective Assistance)
Business Improvement	11	Business Improvement Events/workshops; Talent Scotland Placement ³⁹ Business Improvement Manufacturing Review (SMAS L2), Business Improvement / ICT Expert support Lean Management Thinking; SMAS Business Improvement Project Support; ICT Project Support
Market Development	12	International Business Opportunities Preparing to Export Strategy; Preparing for International Growth; Overseas Market Support; Exhibitions, Missions and Learning Journeys; International Manager for Hire; Marketing Expert Support Market Development Project Support
Organisational Development	7	Business Mentoring Scotland; Managing People for Growth; Organisational Development Review Leadership for Growth; Investors in People (IIP); Management Development Project Support; Organisational Development Project.
Investment	5	South of Scotland Loan Scheme (SOSL); Scottish Venture Fund (SVF); Scottish SEED Fund (SSF); Scottish Co-Investment Fund (SCF); Scottish Loan Fund.
Innovation	14	Winning through Innovation Workshops and Events Innovation Expert Support (various) SMART; Innovation Support; R&D Grants; SE/RSE Enterprise Fellowships; Proof of Concept (PoC) Programme

Table 6 provides a break-down of product support delivered across the account managed portfolio over the evaluation period (2008/09-2011/12). A total of 13,603 product interventions have been recorded during this time; an average of 8 product interventions per company.

The largest proportion of intervention has been delivered under the ‘market development’ theme which accounts for 37% of all delivery. It is unclear exactly why product delivery drops significantly in 2009/10 but Scottish Enterprise believe that this may be related to external economic conditions at the time and the need for many companies to focus on mitigating the impact of the recession rather than growth objectives. Further, it is also possible that internal re-structuring within SE impacted on

³⁹ **Talent Scotland** provides opportunities for Graduates to take up short term placements in Scottish Businesses. Graduates assist companies to undertake specific tasks in pursuit of growth objectives while gaining a valuable opportunity to develop their experience in the workplace.

delivery. For example, during this financial year SE was actively recruiting additional specialists and was undertaking work to rationalise and re-procure a number of products.

	2008/09	2009/10	2010/11	2011/12	Total no.	Total %
Market development	1160	633	1656	1575	5024	37
Business improvement	818	493	795	745	2851	21
Innovation	685	292	612	623	2212	16
Strategy development	1191	195	284	221	1891	14
Organisational development*	431	199	365	397	1392	10
Investment **	16	8	2	207	233	2
Overall	4,301	1,820	3,714	3,768	13,603	100

*Including workforce and skills development

** The scale of investment activity to account managed companies may not be fully captured in CRM for earlier years as the investment team had a separate database in place.

Source: Scottish Enterprise CRM Data 2012 (Base: 1809)

Annual Review – In January 2012 SE introduced an Annual Review (Figure 2) that account managers must complete in discussion with their companies. The Annual Review captures the impact of account management support in a largely qualitative way. While the rationale for the Annual Review is clear (i.e. to capture the reflections of companies in relation to the overall package of support received) the Annual Reviews appear to vary in quality and detail thereby limiting their value as a tool to identify and act upon issues affecting a company and in turn to inform strategy and policy⁴⁰.

Figure 2 – Annual Review template

Annual Company Review

Company Name:

Annual Review Date:

The purpose of this section of the Company Review is to allow a retrospective overview of the highlights and challenges associated with the last year of engagement with Scottish Enterprise through Account Management. It also allows us to capture the benefits we have helped you derive and helps us, with your support, identify areas for improvement.

Projects undertaken:

1

2

What were the business successes or challenges faced over the last 12 months?

How did Scottish Enterprise add value? This could have been in terms of financial support, advice and guidance or networking.

Of those successes, where do you believe that Scottish Enterprise made a tangible difference?

Turnover benefit achieved? YES/NO

Innovation and/or R&D spend increased? YES/NO

Export sales increased? YES/NO

Productivity/Gross margin improved? YES/NO

Company Review

Is there anything you would change about the Scottish Enterprise support you received over the past 12 months?

Overall, how do you rate your engagement with your Scottish Enterprise?

1 - Little benefit

2

3

4

5 - Outstanding

Comments?

Annual reviews are an important element of the account management process, both to monitor the relationship with each account managed company, and to reflect and learn from the support delivered and any impacts achieved over the preceding year. The annual review should also allow a more informed internal discussion about future engagement and support for each account managed company.

However, for annual reviews to be effective, it is important that accurate, detailed information and feedback is obtained consistently, and that the purpose of the annual review is communicated clearly to facilitate this. It does not appear that this is always the case at present.

⁴⁰ Annual Reviews were reviewed by the evaluation team (where possible) in advance of face to face company consultations.

Stage 4: Transitional Management

The 2008 evaluation noted that there was very little 'churn' in the account management portfolio, with 70% of those sampled having started working with SE prior to 2004. Further, analysis did not show any association between GVA impact and the length of relationship with SE. As a result, the evaluation recommended that SE should consider setting a limit on the time that it worked with companies through account management.

Although account management is still not time limited, there is now formal acknowledgement that 'churn' in the portfolio is beneficial and that an account management relationship "*is not intended to be permanent*"⁴¹. As a general rule of thumb account managers should be seeking to exit an active relationship after around three years⁴². This time limited relationship should help maintain the momentum to achieve additionality. If, after three years, there is still potential for SE support to make a significant difference to company growth, account management is flexible enough to allow for continued engagement. Length of relationship and the impact of this on company performance will be explored subsequently in relation to the survey data and qualitative company consultations.

When the decision is taken to exit a company from active involvement in account management, this does not mean that the relationship is terminated. Instead a company will be re-segmented to 'watching brief' for a period of three years before leaving the portfolio. This allows SE to continue monitoring company performance and to reactivate the relationship if a growth opportunity or threat is identified.

There are mixed views from SE internal consultees about the extent to which increased 'churn' in the account management portfolio is a). desirable and b). reality as opposed to perception.

Within the account management structure (particularly account managers and Company Growth Directors) there is some support for the view that, given the time taken to establish a trusting and productive relationship with a company, the aim should be to retain this in the longer term. Among other consultees, while there is sympathy with this view, it is often tempered by recognition that a drive to increase 'churn' will ensure the portfolio remains fresh, dynamic and with a real and objective focus on growth.

For the purpose of this current evaluation the debate around 'churn' must be viewed in the context of the recent economic climate. Over the evaluation period Scotland's businesses have had to respond to external barriers and challenges, such as the global financial crisis and subsequent economic downturn, outside of their control and that of SE. Given this unprecedented set of circumstances, it is understandable that account managers and SE as an organisation will have sought to retain contact with companies wherever possible. As a result 'churn' in the account managed portfolio may be lower than would otherwise be expected.

The evaluation team conducted analysis which considered the number of account managed companies (those 1809 with an account manager) entering and exiting the portfolio in a given year. This shows average 'churn' of around 19% across the evaluation period. It is however clear that this 'churn' (movement in the portfolio) tends to be driven by additional companies entering as opposed to existing companies leaving. There is therefore a large question mark over the extent to which there is genuinely 'churn' in the AM portfolio. This is complicated by the fact that the CRM system does not capture transitions between 'active' and 'watching brief' as status is captured at a single point in time.

Overall, across the portfolio as it currently stands, 909 (53%) companies have been in account management for five or more years. Even within the recession context this seems high and it is certainly an issue for SE to consider in the future. Analysis in Chapter 6 will look at the extent to which the length of the AM relationship is related to the scale of impact achieved.

⁴¹ Scottish Enterprise (2012) User Manual for Working with Growth Companies in Scotland V7.0

⁴² Ibid

The account team approach

A significant development since the previous evaluation is the formalisation of the ‘account team’ approach across the account managed portfolio. This was highlighted almost unanimously by account managers and internal consultees as a significant and positive change to the account management process. This approach is the result of a deliberate move by SE to lever in the full range of expertise it has at its disposal and to broaden a company’s experience beyond that of just a single account manager.

Account managers can draw on support from across SE’s resources to form an account team which complements their work by adding high-value support in specific areas that drive business growth.

Account team members may come from SE sector teams (which lead SE’s macro level sector development strategies in Scottish Government key sectors) or from SE Specialists (Figure 3).

Figure 3: Scottish Enterprise’s Specialist Teams

SE has seven Specialist Teams which can work alongside account managers as part of an account team to bring additional skills, resources, expertise and contacts to account managed businesses in addition to the core support provided by account managers. Specialist teams are:

- **Innovation and Intellectual Assets:** Specialists work with companies on specific development projects to evaluate ideas and market potential; find ways of funding high-risk and speculative projects; provide support to deal with ideas regulation and protection; and develop new approaches to processes and improve productivity.
- **Organisational Development:** Specialists help identify, design and deliver tailored support to enhance management and leadership capabilities.
- **Sustainable Development:** Expert advice, one-to-one support and training to achieve sustainable growth, maximise productivity and benefits of the low carbon economy.
- **ICT:** Review and development of tailored technological and digital solutions to increase sales and efficiency and reduce costs.
- **Scottish Manufacturing Advisory Service (SMAS):** Specialists provide support to manufacturing businesses to improve business processes. This starts with a SMAS Review to identify ways to improve productivity and competitiveness.
- **Internationalisation (through Scottish Development International (SDI):** Specialists support companies to develop opportunities for international trade. Support includes international market information, access to overseas networks and trade missions.
- **Investment Readiness (through the Scottish Investment Bank (SIB):** Specialists work with companies to review performance and processes to enhance investment readiness.

The account manager, as the main point of contact with the company, is responsible for forming an account team to meet identified company needs and for managing the inputs of this team.

The account team approach is not new and has in the past been used primarily for Inward Investors (those companies headquartered outside of Scotland). In these cases a core account team is put in place to capture the inward investment and to manage the strategic relationship and support to the company, both with its local management and international headquarters. This account team approach has now been extended across the full account managed portfolio. The purpose of establishing an account team led by an account manager is to:

- Understand and challenge company strategy and growth ambition;
- Provide additional and deeper challenge to improve company growth plans;
- Involve experts to identify better, more tailored solutions that may help a company to grow;

- Provide specialist expertise to support the account manager in delivering relevant interventions and value for money; and
- Provide a single view of the company across the scope of SE's engagement with the organisation.

The general view from internal consultees, including sector and specialist leads, is that partnership working, information sharing and general relations with account managers have improved considerably over the last few years with the introduction of a more formalised account team approach.

"Our relationship with the account managers has transformed over the last three years. It used to be very ad hoc ... in the past there was some antagonism, but now we are an integral part of the process"
[SE Internal Consultee]

However, in saying this, there is also agreement across the board that there remains room for improvement and an enhanced role for account team members. For example, at present the account manager is responsible for completion of the CRW and, while the involvement of other account team members is encouraged, it may not yet be routine. One consultee noted that greater involvement of account team members in this process may help embed the partnership approach and the coordination of service delivery.

As previously noted, greater use of the CRW as a strategic engagement tool and basis for SE's interaction with a company may encourage greater involvement of the account team in shaping the assistance provided as well as bringing about increased partnership working between account managers and wider account teams. Account teams may only consist of 2-3 individuals with support tailored to the identified needs and priorities of the company, but it is important that all are engaged and aligned with the overall strategic approach to SE's engagement with that company.

As account managers have flexibility to decide when to form an account team and decide who should be involved, the effectiveness of the process depends on an account manager's ability to identify the need for additional support⁴³. In the majority of cases internal consultees are confident that account managers make well informed decisions in this respect. However, the consultation programme has highlighted varying levels of engagement with some sector teams and specialists; indeed one sector team lead could not recall an occasion where their team had been invited to sit as part of an account team. Another consultee commented that, while the vast majority of development projects in fast moving technical areas such as ICT and innovation will be headed by a specialist, there is scope for additional specialist involvement in areas such as organisational development and sustainability (in which an account manager is more likely to define and lead the project themselves).

Further, while there is no desire to introduce unnecessary support to companies, it may be worthwhile for key specialists to be introduced at the start of the account management relationship (e.g. when a company is accepted into the portfolio) to discuss the company, its ambitions and development plans. For example, a SMAS review could be included at the start of the account management relationship for all manufacturing companies. This may avoid specialist support being called in to 'firefight' at a later date. While account management processes permit this type of early intervention it does not appear to be routine.

Overall, the formal account team approach is felt to be having a positive impact internally and externally. This will be discussed further in the survey data. From the research and analysis undertaken, the evaluation team has identified clear opportunities to increase the effectiveness of the account team approach in areas such as:

- Provision of team leadership training and approaches for account managers, many of whom have tended to work independently in the past and may have limited experience of proactively engaging and leading internal teams. This is viewed (by some consultees) as an explanation for

⁴³ Note: this is not the case for Foreign Direct Investment (FDI) core account teams

the better functioning of the account team in some cases than others. Indeed ‘personalities’ and ‘account manager skills’ were frequently cited by consultees when talking about the factors that facilitate account team working. The evaluation team is aware that this training is currently underway and that a number of account managers have already completed it;

- The opportunity to review and learn where there is good sector engagement in account teams, the benefits this has provided to the companies, and the approach to encouraging similar engagement in other sectors; and
- Greater consistency and communication in terms of the introduction of account teams, the value they provide to companies, and general guidance on when and how they should be implemented. At present the view of some consultees is that understanding and interpretation of the process varies across the account management structure.

Measuring performance

Data collection

Account management guidelines clearly articulate the need for consistency and quality of data capture to enable SE to measure the impact and effectiveness of their activity with account managed companies. This was a core recommendation of the 2008 evaluation which highlighted serious issues with the quality of data held by SE.

The Company Review Workbook (CRW) provides a framework to capture key performance metrics consistently and on an on-going basis. The CRW should capture data on:

- Turnover;
- Operating profit;
- Employee costs;
- Depreciation;
- Amortisation;
- GVA (calculated as *Scottish operating profit + employee costs + amortisation + depreciation*);
- Employee numbers;
- R&D spend; and
- The value of international sales and sales to the rest of the UK.

The CRW should also capture time series data on company growth (forecast and achieved) as well as detail on strategic direction, barriers and challenges to growth and support needs.

Data captured as part of the CRW should be used to populate the CRM system providing ready access to performance metrics for supported companies. While the process, completeness and consistency of data capture have clearly improved since the previous evaluation in 2008, there remain some significant gaps and challenges. For example:

- It is unclear whether employment data in the CRM system relates to FTEs (as it should) or if headcount is more commonly entered;
- The CRM system is not able to discern the status of an account managed company - ‘active’ or ‘watching brief’ - at any point other than the present. It is not therefore possible to look at when transitions have occurred or to accurately estimate ‘churn’ in the portfolio; and
- While current data is relatively complete in relation to key metrics of turnover and employment⁴⁴, there are significant gaps in other measures. For example:
 - Only 10% of companies have a 2011/12 R&D expenditure figure recorded in CRM; and
 - 42% and 38% have recorded the value of UK and international sales respectively in 2011/12.

⁴⁴ Employment has only been captured routinely for the past 18 months

In some cases these metrics will not be relevant (for example cost centres are not required to provide sales figures and not all companies are involved in R&D and export activity). However, even with this in mind, data deficiencies are very evident.

It is unclear whether the issue is data not being collected in the CRW or if this data is simply not being transferred to CRM. Either way this is preventing SE from accurately estimating its contribution to at least two key GES and SE Business Plan measures and this must be addressed in the future.

Appropriate measures

To maximise the value of data held by SE it is also important to consider the extent to which measures are appropriate and the extent to which data is used. Performance metrics for account management draw on SE's Business Plan measures which are in turn derived from the GES and NPF. It is not within the remit of this evaluation to comment on the value of these higher level measures, however, it is important to assess the extent to which the indicators in place for account management fully capture SE's contribution to strategic priorities.

The overarching impact sought by SE is to increase Scotland's economic growth (in terms of GVA). Key outcomes are to increase business revenues, employment and productivity while decreasing CO₂ emissions and business costs.

Various strands of this research have sought to assess the contribution of account management to these measures. The findings will be discussed subsequently in relation to the benefits of account management. However, in the absence of external evaluation evidence, it is unclear how SE's internal data collection can readily assess the organisation's contribution in some of these areas; for example efficiency and sustainability. This issue was also highlighted by a small number of internal consultees, one of whom noted:

"SE products such as LEAN Management can help to increase efficiency and maintain profitability but this doesn't contribute to the 'increased turnover' target in place for Account Management.... The focus should be on business competitiveness so that there is more recognition of the need for and credit for other achievements such as safeguarding employment, process efficiency, attracting investment etc – where is this captured?" –SE Internal Consultee

Equally, while the account management portfolio has seen an intentional increase in the number of companies in key sectors which are actively account managed, the performance measurement framework does not capture the contribution of account management support in terms of key sector growth and sustainability.

Consultees note a need to review key performance measures for account management to allow development of a performance management framework (PMF) which captures and reports on:

- A smaller number of high level measures which capture SE's contribution to economic growth and which feed into the NPF; and
- Supporting measures developed to show SE's contribution to business competitiveness and key sector growth and competitiveness. For example, the number of industry supply chain developments and the number and impact of sector/business collaborations.

This is consistent with the views of many consultees and with company feedback (reported in depth subsequently) which highlights the value of SE support in terms of facilitating introductions to supply chain partners, best practice examples, and national and international networks.

A revised PMF could support the dual strategic priorities of SE in terms of individual company growth and key sector development and growth.

Conclusions

The preceding sections have summarised the development, delivery and operating context of account management to date, highlighted key changes that have occurred and areas for continued improvement. The question now is where is account management going in future?

SE has recently launched its new Business Plan guiding activities 2013-16. The Business Plan identifies five strategic priorities to respond to the challenges posed by the current economic climate and to allocate resources where they will have the most significant economic impact. These are **growth companies, international trade and investment, innovation, renewable energy and low carbon**.

The Business Plan commits SE to prioritising support to companies with growth ambition and to tailoring this support to help companies achieve scale, stimulate trade in overseas markets and build competitiveness to support growth in key sectors. The Plan states an ambition to achieve turnover growth within AM companies of up to £1.3 billion in 2013-14⁴⁵. SE will also continue to monitor progress against the 2012-15 Business Plan target to extend account management support to a further 400 growth companies over a three year period⁴⁶.

It is within this context that account management services are currently being developed and delivered. With this in mind, the findings of this Chapter in relation to prospecting, portfolio management, performance measures, data completeness and quality become increasingly pertinent.

The evaluation report now goes on to consider the characteristics of the account managed portfolio, company engagement and satisfaction with the support received.

⁴⁵ Scottish Enterprise Business Plan 2013-16 <http://www.scottish-enterprise.com/~media/SE/Resources/Documents/ABC/Business-plan-2013.pdf>

⁴⁶ Scottish Enterprise Business Plan 2012-15 <http://www.scottish-enterprise.com/~media/SE/Resources/Documents/ABC/Business%20Plan%202012/Scottish%20Enterprise%20Business%20Plan%202012.pdf>

3 Take up and satisfaction with SE support

Chapter summary

- **Account managed company profile:** Growth sectors and companies seeking to internationalise are strongly represented in the portfolio; almost 60% of beneficiaries have been account managed for five years plus; three-quarters are small or medium sized companies; and about two-thirds of companies have experienced sales growth over the evaluation period (with around third achieving £1m of sales growth).
- **Account managed company needs:** Productivity enhancement, leadership and strategy development, internationalisation, innovation support, general skills development, networking with other AM companies.
- **Engagement with SE:** Less about 'chasing money' and more about relevant signposting, critical advice, and support for specific projects.
- **Satisfaction:** Generally there are high levels of satisfaction with account management. Among the small number of respondents with criticisms, there are consistent messages on areas for improvement including the duration and character of application procedures; inconsistencies in the quality or relevance of external providers; and frustration about identifying the range of support and products SE can offer.
- **Relationship:** Experienced, sector-aware and responsive account managers are highly valued as are their networking and brokering skills and the account managers' ability to engage with the strategic direction of the business (where required).

Introduction

The characteristics of companies in the account managed portfolio are diverse. Before any investigation of tangible impact or critical success factors it is necessary to understand the features that define the population (and the survey sample), the extent of their engagement with account management and their satisfaction with the support received. When interpreting this analysis the following should be noted:

- The term '**account managed portfolio**' refers to 1,809 companies recorded as being in account management (those segments detailed in Table 2) as at 1 April 2012;
- The decision was made by the evaluation steering group to remove those companies which had been in AM for less than one year (281) and those companies segmented as 'Important to the Economy Watching Brief' (115). This decision was made on the basis that companies with a) early stage involvement or b) limited contact with SE, would be unlikely to have accrued any significant direct benefit as a result of SE support over the period considered by the evaluation (2008/09-2011/12) so surveying them would be of limited value.
- The steering group also removed a further 290 companies where it was considered that survey would not be appropriate at the time (for example companies that were in financial difficulty) or would be of little value (for example companies where new management teams were in place or where there had been little recent active engagement). The specific justifications for these removals are discussed in Appendix D⁴⁷.

⁴⁷ In order to mitigate any potential bias in the impacts as a result of the removal of the 290 companies, SE and the evaluation team have taken a cautious approach. As such, the economic impact and value for money assessment in later Chapters includes all the costs associated with the provision of support to the 290 companies, but they are not included in the impact calculations.

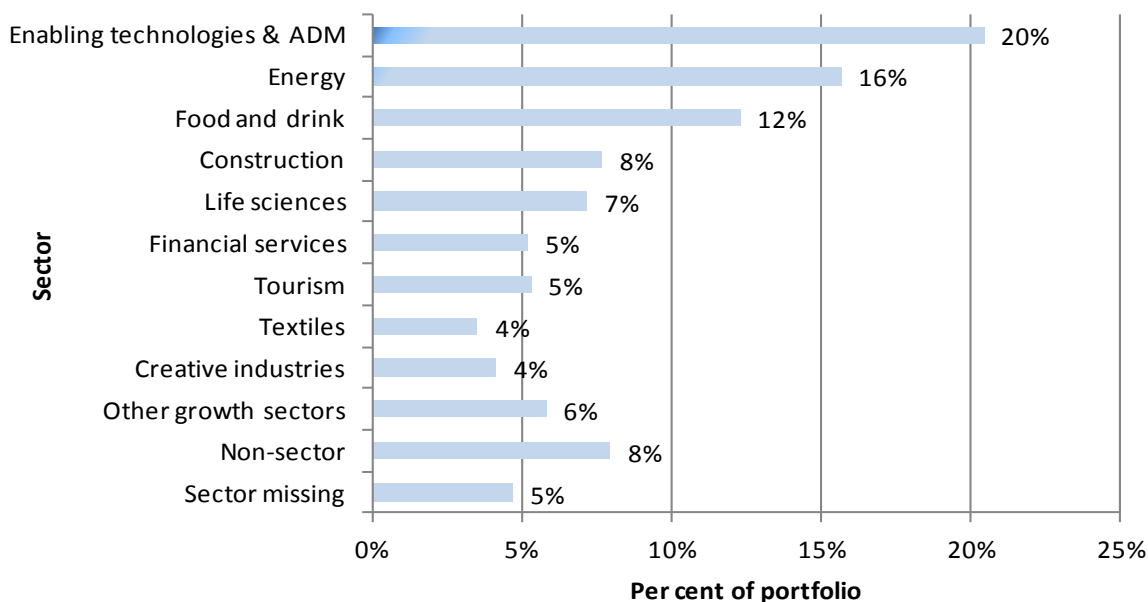
- Of the 1,123 remaining companies (referred to as **the in-scope population**) 601 were interviewed as part of the telephone survey (hereafter referred to as **‘the sample’**) and 64 as part of qualitative face-to-face consultations. These are the companies among the portfolio that Scottish Enterprise had (at the time of the survey) a mature (1 year plus) and active relationship with at the time of the evaluation.

Characteristics of the account managed portfolio – the independent variables

Sector

The account managed portfolio, as at April 2012, contained 1,809 unique companies located across the Scottish Enterprise operational area. Account management support is available to all companies – large or small, old or new, serving domestic or international markets – which demonstrate ability and aspiration for growth. However, given Scotland’s comparative advantage in a number of sectors/locations much of the focus of SE’s support is skewed towards identified *growth sectors* and *companies* seeking to internationalise. This is in line with the GES and NPF discussed previously. The sector breakdown of the account managed portfolio is shown in Figure 4.

Figure 4 – Sector breakdown of account managed portfolio [April 2012]



Source: Scottish Enterprise CRM Data 2012 (n=1,809)

Note: The base figure of 1,809 includes companies that have been in the AM system for less than one year (281) and those segmented as ‘Important to the Economy Watching Brief’ (115). These were subsequently removed from the potential survey sample. See Sampling Methodology note included at Appendix A.

Note: Other growth sectors include Chemical Sciences, Forestry/Timber and Universities.

Note: Non-sector companies are those outside of the Scottish Government Key Sectors. While the focus of SE support is on Key Sectors, companies with growth potential that are not operating in these sectors can still access account management services.

Note: Companies recorded as **‘sector missing’** are those which have not been assigned a Key Sector or non-sector tag in CRM.

Note: Enabling technologies (ET) encompasses Advanced Materials, Bioscience, Electronics, Photonics and Sensor Systems, High Value Manufacturing and Advanced Engineering and Information and Communication Technology. **Aerospace, Defence and Marine (ADM)** also encompasses security and resilience sectors.

A breakdown of the sample and its accuracy at sector level is shown in Table 7 (red and green shading refers to those above and below the +/- 10% margin of error threshold respectively). As the table shows, targets were missed in relation to two sectors; tourism and financial services. This is in spite of considerable efforts on behalf of Scottish Enterprise and the evaluation team to engage companies. The most significant gap is in Financial Services (which is also the smallest of the key sector groups that account management engages with). Caution is therefore recommended in the interpretation of findings and impact data reported at sector level. This is included subsequently in the report at the request of Scottish Enterprise.

Sector	No. in scope population	Per cent in scope population (%)	No. in sample	Per cent in sample (%)	Margin of error (+/-) at the 95% confidence level
Enabling technologies, aerospace, defence and marine	265	24	129	22	6.2
Energy	184	16	94	16	7.1
Food and drink	145	13	77	13	7.7
Other growth sectors*	121	11	71	12	7.5
Life sciences	96	9	51	8	9.4
Construction	94	8	55	9	8.6
Non-sector	79	7	45	7	9.7
Tourism	52	5	30	5	11.6
Creative industries	47	4	32	5	9.9
Financial services	40	4	17	3	18.3
Total	1,123	100	601	100	2.7

Source: Research Resource survey of AM businesses 2012/13 (n=601)

Note: Confidence intervals are calculated on the basis of the ‘in scope population’ (N=1,123) as per Sampling Methodology note included at Appendix A. The aim was to achieve a minimum +/-10% margin of error at the 95% confidence level. The sectors for which this has not been achieved are highlighted in red.

Note: In this instance ‘Other Growth Sectors’ comprise chemical sciences, forest industries, textiles and HE/FE.

Length of relationship

The majority of companies in the portfolio are well established in the account management system (Table 8) with around 58% of the ‘in scope population’ having been in active account management for five or more years. The sample is representative of the ‘in scope population’ in this regard.

	No. in portfolio	No. ‘in scope’ population	Per cent of ‘in scope’ population (%)	No. in sample	Per cent of sample (%)
1 year	197	n/a	n/a	n/a	n/a
2 years	196	140	13	73	12
3 years	229	166	16	100	17
4 years	194	144	13	81	13
5+ years	909	673	58	347	58
Missing data	84	n/a	n/a	n/a	n/a
Total	1,809	1,123	100	601	100

Source: Scottish Enterprise CRM Data 2012 (n=1,809) and Research Resource survey of AM businesses 2012/13 (n=601)

Company size

The single largest group of companies in the account managed portfolio (in scope population) can be classified as Small Businesses (under the definition in the Companies Act 2006⁴⁸ - turnover not exceeding £2.8million and employment not exceeding 50). This group account for 42% of the in-scope population⁴⁹ (Table 9).

With the exception of those businesses classified as 'large' or 'other'⁵⁰, the sample is broadly in line with the population as a whole. Forty seven percent of the sample can be classified as 'Small Businesses'.

Table 9 – Company size [in scope population and survey sample] – derived from Companies Act 2006 definition (turnover and employment)

	No. 'in scope' population	Per cent of 'in scope' population (%)	No. in sample	Per cent of sample (%)
Small business	442	42	251	47
Small/ medium business	193	19	99	18
Medium business	154	15	82	15
Medium/ large business	145	14	67	13
Large business	70	7	20	4
Other	38	4	16	3
Total	1,042*	100	535	100

Source: Scottish Enterprise CRM data 2012

*Note: n=1,042 companies with sufficient data to assess size in terms of turnover and employment in 2011/12. The evaluation team did not have sufficient data to assess size in terms of turnover and employment for the remaining companies.

Growth

SE has turnover growth aspirations for companies segmented as Account Managed for Growth (ACMG) – companies should be seeking to achieve £1million sales growth over a three year period to meet criteria for entry to account management. To examine the extent to which account managed companies are meeting the targets aspired to, the evaluation has isolated those that have been account managed for three years between 2008/09 and 2011/12.

This analysis shows that, broadly speaking, companies in the account managed portfolio are growing; 68% of those ACMG between 2008 -2012 show a positive change in turnover over the period. However, only 38% of companies have achieved turnover targets for account management and average (median) turnover growth in the portfolio has been just £612,000 (Table 10). Confounding factors such as the impact of the recession are discussed in Chapter 4).

⁴⁸ **Companies Act 2006 Definition – Small Business** = turnover not exceeding £2.8m and employment not exceeding 50; **Medium Business** = turnover not exceeding £11.2m and employment not exceeding 250; **Large Business** = Turnover £11.2+ and employment 251 +.

In coding the companies contained in the account managed portfolio there are a number of companies that do not fall neatly into these categories. Companies with a 'small turnover' and 'medium employment' (or vice versa) are therefore coded as '**small/medium**'. Companies with 'medium turnover' and 'large employment' (or vice versa) are coded as '**medium/large**'. Companies with 'large turnover' and 'small employment' (or vice versa) are coded as '**other**'.

⁴⁹ This figure is based on data from 1213 companies where SE data for the year 2011/12 was sufficient to assess size in terms of turnover and employment.

⁵⁰ In these cases the numbers sampled fall slightly outside of acceptable margins of error for the study e.g. +/-10% margin of error at the 95% confidence level.

Table 10 - Growth in ACMG companies	In-scope population		Sample	
	No.	Per cent	No.	Per cent
Positive turnover change	543	68%	291	67%
Negative turnover change	198	25%	110	25%
Insufficient data to measure change	57	7%	37	8%
Total	798	100%	437	100%
Companies achieving £1m sales growth	305	38%	163	37%
Average (median) turnover change ⁵¹	£612,000	n/a	£550,000	n/a

* 'In scope' is defined as ACMG segmentation and in active account management 2008/09 and 2011/12

Source: Scottish Enterprise CRM Data 2012 (n=1,123) and Research Resource survey of AM businesses 2012/13 (n=601)

* Note: These figures refer to companies segmented as ACMG that have been actively managed over the relevant three year period.

Age of business

In addition to data held in SE's CRM system, the evaluation has gathered data on other company characteristics (independent variables) which may affect their relationship with SE and the level of impact that SE activity is able to achieve. One of these is the age of the business.

The majority of organisations included in the sample can be described as *mature*; 71% have been established for 11+ years. In the 2008 evaluation of account management support, company age was highlighted as a significant factor influencing the nature and level of impact achieved by SE. This will be investigated further in Chapter 6.

Autonomy

The management structure of account managed companies can vary – from family businesses and those wholly owned and managed in Scotland, to cost centres, branch plants and subsidiaries of multinational organisations. Autonomy in decision making afforded to SE's key contact(s) within a business therefore varies depending on the management and ownership structures.

All businesses taking part in the evaluation were asked to report on autonomy in decision making. Within the telephone survey sample (n=601) the majority of respondents reported high levels of autonomy in decision making with *all* or *most* decisions regarding the strategic direction of the company being made in Scotland; 78% and 15% of respondents respectively.

Similarly, within the qualitative face-to-face sample, some 98% of responses came from businesses where *all* or *most* decisions regarding the strategic direction of the company were made in Scotland.

This suggests that, across the account managed portfolio as a whole, the basic foundations are in place for Scottish Enterprise to engage with companies on a strategic level as desired by account management. This will be investigated in detail in the sections that follow.

Growth opportunities and challenges

Companies were asked in-depth about the growth opportunities and challenges facing their organisation and their associated support needs. Two areas in particular stand out (Figure 5)^{52/53}. The

⁵¹ This is calculated over a three year period 2008/09-2011/12 for ACMG companies in account management during this period and where there is sufficient data to calculate change.

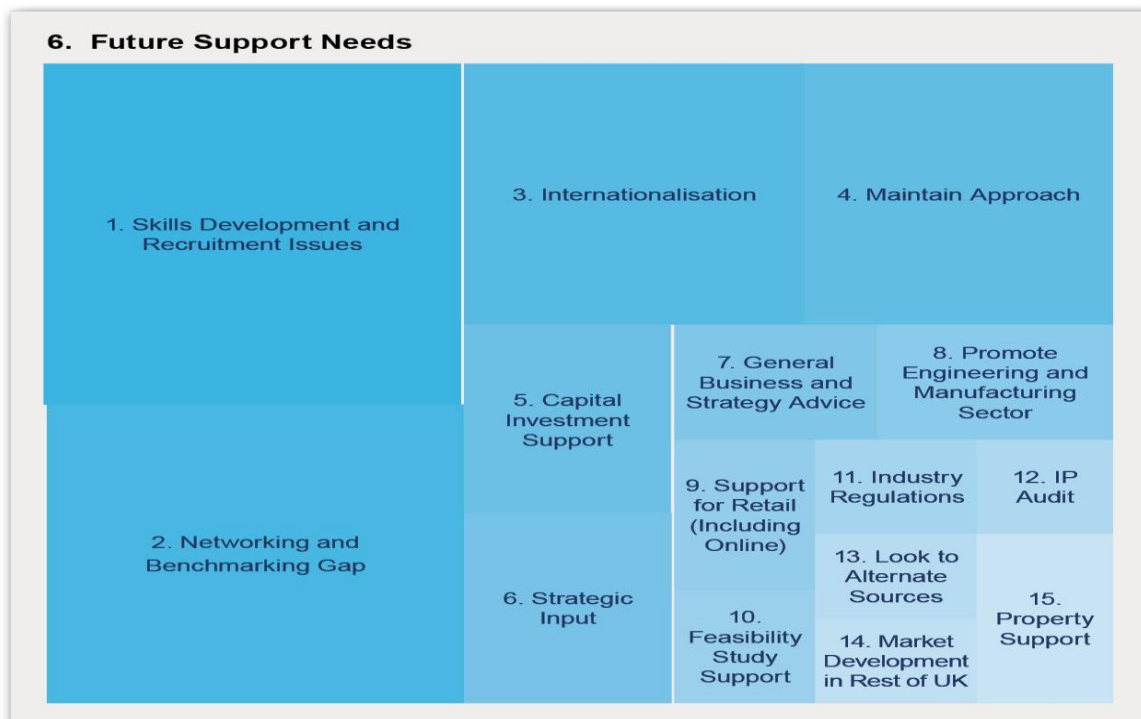
⁵² Summaries of the qualitative coding are represented graphically throughout the report by 'Tree Map' diagrams. The tree maps illustrate the relative frequency of different thematic issues. The thematic issues are themselves labelled by a 'code', i.e. a word or phrase that seeks to encapsulate the issue. The issue summarised by the code may have been expressed by the respondents in a variety of ways. The diagrams are intended to convey a sense of the relative importance of the issues as described by respondents. The keys beneath the tree maps provide a more detailed description of the particular thematic issues.

⁵³ In descending order Figure 5 shows the prevalence of qualitative responses in relation to:

first of these is a range of support needs around skills development issues not within the scope of leadership and strategic growth activities, e.g. improving the basic skills of entry level recruits or developing the competencies of existing staff across the business. There is a sense that SE’s coverage of these issues is not as strong as desired, and that other sources of support are not being signposted or delivered through the account team as effectively as they could be.

Figure 5 – Future support needs - qualitative coding

Nodes compared by number of items coded



Key: In descending order this figure shows the prevalence of qualitative responses in relation to:

- 1. Skills development and recruitment issues;
- 2. Networking and benchmarking gap;
- 3. Internationalisation;
- 4. Maintain approach;
- 5. Capital investment support;
- 6. Strategic input;
- 7. General business and strategy advice;
- 8. Promote engineering and manufacturing sector;
- 9. Support for retail (including online);
- 10. Financial planning for growth;
- 11. Industry regulations;
- 12. IP Audit;
- 13. Look to alternate sources;
- 14. Market development in rest of UK;
- 15. Property support.

1 Skills development and recruitment issues (Demand for measures to address skills development and recruitment needs within the general workforce, excluding management and leadership development activities. A number of respondents highlighted issues with recruitment of appropriate skills or numbers at the junior or apprentice level); 2 Networking and benchmarking gap (Interest in opportunities to network with other account managed firms to learn from, share experiences, develop business, or to benchmark performance with other supported firms in similar growth phases or circumstances); 3 Internationalisation (specific support desired to help internationalisation activities in the business); 4 Maintain approach (firms that expressed a desire to see the current approach to account management maintained); 5. Capital investment support (specific interest in support for capital investment requirements); 6 Strategic input (businesses who saw future support needs as primarily in the area of strategic advice for the business rather than related to any particular project or development activity); 7 General business and strategy advice (businesses who saw future support needs as primarily in the area of general business and strategic advice for the business); 8 Promote engineering and manufacturing sector (companies identifying a need for more visible or prominent support for engineering and manufacturing activities, often in connection with recruitment of sufficient skills); 9 Support for retail (including online) (companies identifying a desire for a higher degree of support for projects focused on or involving a retail element); 10 Financial planning for growth (a specific need for financial planning support); 11 Industry regulations (assistance with overcoming or adapting to new or changing industry regulations); 12 IP Audit (specific support for harnessing intellectual property assets); 13 Look to alternate sources (advice on identifying alternate sources of support- particular via business networks); 14 Market development in rest of UK; 15 Property support.

Secondly, a strong theme to emerge is the desire on the part of account managed companies to engage with and learn from other companies within the account managed pool, i.e. companies within their own supply chain, or companies experiencing similar growth issues (although not those who might be direct competitors). This is viewed as a gap in the SE offer by a number of respondents who feel this would bring dual benefits of deepening commercial relationships, but also sharing best practice and experience. Aside from these two strong messages, other future support needs include continued support for internationalisation (a key focus for SE activity in the recently launched 2013-16 Business Plan), capital investment and strategic advice (Figure 5).

The issues raised in Figure 5 are set against a backdrop of an economic environment which continues to present challenges for many companies, particularly in gaining access to appropriate sources of finance. Interestingly, just under a third of respondents interviewed in the qualitative research strand also commented on the fact that the economic environment is creating new opportunities at home and abroad - with a number of companies diversifying and looking overseas to new markets in response to challenging conditions (Figure 6⁵⁴).

Figure 6 - The external business environment - qualitative coding

Nodes compared by number of items coded



Key: In descending order this figure shows the prevalence of qualitative responses in relation to:

- 1. Challenging economic environment including finance;
- 2. Silver linings or broader horizons (i.e. firms have found opportunities in new circumstances created by economic downturn, or have been encouraged to seek opportunities overseas);
- 3. Sector Not Experiencing Difficulties;
- 4. Diversification;
- 5. Trade Barrier.

⁵⁴ In descending order Figure 6 shows the prevalence of 1. Challenging economic environment including finance (respondents identifying continuing difficult trading conditions including access to finance at an affordable rate); 2. Silver linings or broader horizons (i.e. firms have found opportunities in new circumstances created by economic downturn, or have been encouraged to seek opportunities overseas); 3. Sector not experiencing difficulties; 4. Diversification necessary (firms indicating that the downturn has necessitated a greater degree of business diversification than otherwise might have been the case); 5. Trade barriers remain in EU (specific concerns about accessing overseas markets or overcoming perceived competition barriers within other EU markets).

Engagement with Scottish Enterprise

Rationale for involvement in account management

To assess the effectiveness of account management support it is first important to understand companies' rationale for engagement, their expectations of SE support and their satisfaction with that received.

The 2008 evaluation of account management support found that the main reason companies chose to engage with SE was to gain access to funding (54%). This was followed by the perceived quality of SE services (20%) and support to grow/develop the business (16%)⁵⁵. At this time account management support, while positively received, was seen largely as a conduit to funding and/or products.

A number of changes have since taken place in account management processes and delivery mechanisms, particularly the introduction of CRWs to identify the need for and outcomes sought from support to companies, upskilling/development activity for account managers and formal engagement processes between SE and companies to ensure mutual understanding and commitment.

Evidence from qualitative consultations is that these changes have been fairly effective in bringing about a change in perception of what account management is and why companies choose to engage.

Only 9% of those involved in qualitative company interviews cited 'access to finance' as the sole or primary reason for engagement. The great majority of respondents cite other reasons for engagement; ones where funding might play a part but the focus is on achieving results around a specific objective, or accessing other forms of advice, guidance or knowledge (Figure 7⁵⁶).

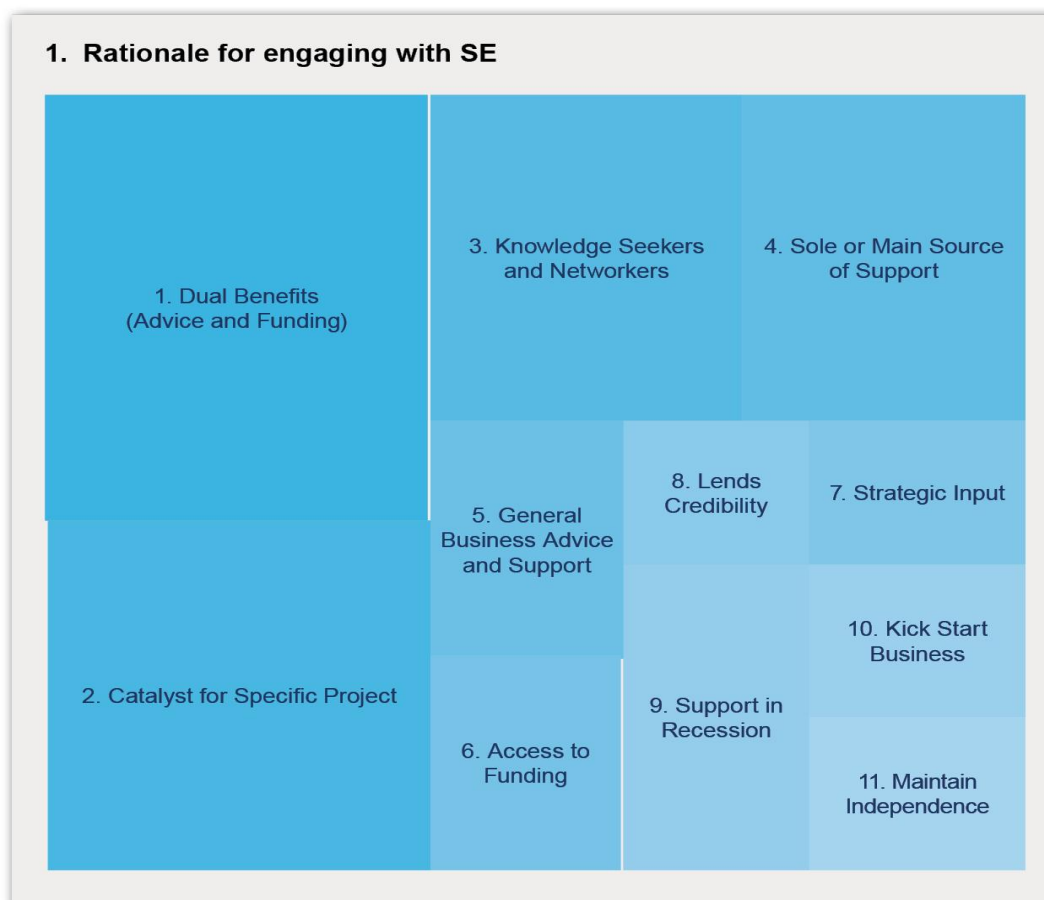
Nonetheless, it is clear that a minority are still 'chasing money'. This suggests there is a need to persist in making routine the challenge and questioning by account managers around the rationale for SE engagement with specific projects.

⁵⁵ Ekosgen., Hayton Consulting., and Research Resource (2009) Economic impact evaluation of Scottish Enterprise Interventions with Account and Client Managed Companies

⁵⁶ In descending order Figure 7 shows the prevalence of qualitative responses relating to themes of: **1.** Dual Benefits (Advice and Funding) (businesses commenting that an important rationale for engaging is the availability of combined support of advice as well as finance); **2.** Catalyst for Specific Project (firms citing a key factor for engagement as support for a specific development activity); **3.** Knowledge Seekers and Networkers (companies whose primary interest is the information and signposting available from the Account Team); **4.** Sole or Main Source of Support (firms who view SE as their first or only port of call in terms of business development and where SE is essentially the default option); **5.** General Business Advice and Support; **6.** Access to Funding; **7.** Strategic Input (firms whose primary rationale for engagement is the strategic advice available from the Account Team); **8.** Lends Credibility (responses which highlighted the added business credibility conferred by Account Managed status); **9.** Support in Recession (firms noting the importance of engagement as a specific measure to combat the business effects of the recession); **10.** Kick Start Business (respondents who viewed SE support as a means to gain rapid advancement for their business development ambitions); **11.** Maintain Independence (rationale primarily relates to SE and associated funding as a means to maintain control over the business rather than cede this to others).

Figure 7 - Rationale for engaging with SE - Qualitative Coding

Nodes compared by number of items coded



Key: In descending order this figure shows the prevalence of qualitative responses in relation to:

- 1. Dual Benefits (Advice and Funding);
- 2. Catalyst for Specific Project;
- 3. Knowledge Seekers and Networkers;
- 4. Sole or Main Source of Support;
- 5. General Business Advice and Support;
- 6. Access to Funding;
- 7. Strategic Input;
- 8. Lends Credibility;
- 9. Support in Recession;
- 10. Kick Start Business;
- 11. Maintain Independence.

Qualitative evidence also suggests that the rationale for engaging with SE through account management changes as the relationship develops. The majority of companies included in the face to face sample have longstanding relationships with SE; 64% have been account managed for 5+ years. In many cases the relationship with SE even outdates the key contact within the company.

When asked to comment on early stage engagement, many companies highlight access to funding and expertise to support general business growth objectives as their primary rationale for engagement. This may be especially true for start-ups and young companies which are seeking funding as a catalyst for development and growth in a range of different areas.

As account management progresses, there is evidence that (among those companies most engaged) the relationship can develop to a point where the account manager themselves – their advice, networks and contacts, and role as a ‘critical friend’ or ‘sounding board’ – is valued in equal measure,

or perhaps even more so, than the grant support that SE is able to provide. This is illustrated in Case Study 1.

Case Study 1 - The changing rationale for engagement with SE

This energy sector business has been account managed since 2009 and was initially focused on working with SE and SDI to develop overseas markets in the Middle East, North Africa and Sub-Saharan Africa through attendance at trade events.

In the last couple of years the business has engaged in a wider range of development activities including business improvement actions (via SMAS), and most recently, business strategy development, with the account manager acting as a single point of contact and ‘gatekeeper’ to specialist expertise.

The company notes that the key reason for engaging with SE now is the fact that the account manager is close to the business, has spent time with them to really understand the business, and knows what they want to achieve. This has allowed the manager to provide more focus on strategic support. The business representative commented that the manager has provided support and reassurance that their strategy development work was the right thing to meet the changing demands of the market. The business now considered this form of account manager input more important than the funding support.

The interviewee also stated how important it has been for them to establish a trusting relationship with the account manager and that this was *“critical in order to feel comfortable and confident to lay the cards on the table and discuss sensitive strategic issues in confidence with the account manager”*.

Overall the interviewee is confident that there have been tangible benefits in relation to turnover (including international sales) as a result of SE support from individual interventions/funding support and also as a result of ‘softer/relationship management’ support from the account manager.

Intervention summary

As previously discussed, account managers have access to a range of network products to support their work with companies. Across the evaluation period (2008/09 to 2011/12) the most frequently delivered network products have been in the market development category. This accounts for 36% of all product delivery to the in-scope population (N=1,123). This is followed by business improvement (20%), innovation (16%) and strategy development (14%) (Table 11).

Table 11 – Interventions delivered	Product delivery within the in scope population		Product delivery within the sample	
	No.	Per cent	No.	Per cent
Market development	4,055	36	2,185	37
Business improvement	2,304	20	1,237	21
Innovation	1,777	16	1,017	17
Strategy development	1,527	14	820	14
Organisational development	1,391	12	537	9
Investment	200	2	93	2
Total	11,254	100	5,889	100

Source: Scottish Enterprise CRM Data 2012 (n=1,123) and Research Resource survey of AM businesses 2012/13 (n=601)

The average (median) number of product interventions per company (‘in scope population’) is nine, with intervention levels ranging from no products (273 companies) to a high of 65 product interventions (129 companies have received 20 or more product interventions). The sample is broadly representative of the in-scope population in terms of product delivery (the median number of products per company is eight, with the scale of product intervention ranging from 0 to 55).

Companies have been categorised as receiving high, medium or low level intervention based on the number of products delivered over the evaluation period⁵⁷. Using this classification the breakdown is as follows:

- **HIGH INTERVENTION** (11+ product interventions) – this accounts for 37% of the sample and 33% of the in-scope population;
- **MEDIUM INTERVENTION** (6-10 product interventions) – this accounts for 31% of the sample and 28% of the in-scope population; and
- **LOW INTERVENTION** (0-5 product interventions) – this accounts for 32% of the sample and 38% of the in-scope population.

The sample is therefore slightly skewed towards those companies receiving higher level intervention (in terms of the number of products received). Given the self-selection bias inherent in this type of research this is not unexpected, i.e. those who have received higher levels of assistance may be more likely to respond to the survey as they have had greater engagement with account management.

Satisfaction with account management support

In keeping with findings of the previous evaluation, survey respondents report very high levels of satisfaction with account management support; 91% of the survey sample is either “satisfied” or “very satisfied” with the support provided. Further, 80% of the sample are not confident that they would be able to source comparable support from anywhere other than Scottish Enterprise – an important finding which lends weight to the counterfactual position developed in Chapter 4.

Only 20 respondents (3%) indicated that they are “unsatisfied”⁵⁸ with SE support. In these cases dissatisfaction tends to relate to the time taken to process applications and make funding decisions, a perceived lack of proactivity from the account manager, and a mismatch between support available through SE and the support businesses feel they need. In the interests of key learning some comments from unsatisfied clients are provided below.

“We just don't get any help with the manufacturing and production side of the business. I am not knocking the support we have had...we get a little bit of help for innovation support but £30,000 into that area of our business is not the area where we really want help and support. We need help with the infrastructure and capital side of the business and we don't get that.” – Account managed business

“It has taken us about 18 months to get funding and they behaved inconsistently and the impact of that delay could well have been detrimental to the business.” – Account managed business

“I don't think that we get access to all of the opportunities that are available to us. Whenever we have asked for money they have put barriers in front of us.” – Account managed business

“It has always been that they are not proactive. I have had to go and ask if there are any grants and how can we deal better with the banks and if there is any way of getting funding, and what about international exports? Apart from the occasional e-mail they were not proactive.” – Account managed business

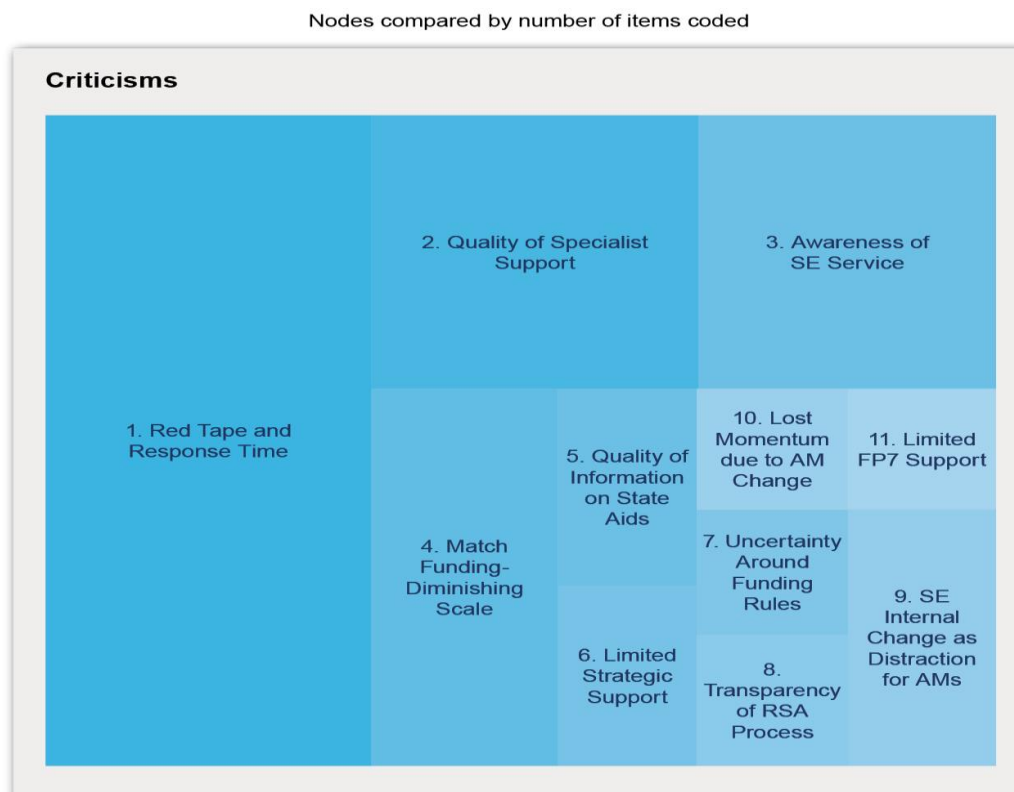
Similarly, of those expressing a view through qualitative face to face interviews, some 86% were overwhelmingly positive about the account management support or feel that there has been a positive change in account management support over the period.

⁵⁷ It should be noted that this analysis does not differentiate between the scale or intensity of individual products. This is addressed in subsequently (see Chapter 6) in relation to the level of SE spend per company.

⁵⁸ This includes 6 respondents (1%) who are ‘very unsatisfied’

Where criticism was raised in qualitative interviews⁵⁹, this was broadly in line with the findings of the wider survey, with the most common criticisms being perceived bureaucracy in project applications and the associated speed of decision making for funding (53% of those who had criticisms); the quality or relevance of referred support (mainly external) (34% of those who had criticisms), and a lack of awareness among business of the full range of potential SE services (19% of those who had criticisms). Once again it is important to state that these criticisms (while from a minority of respondents) are included here in the interest of key learning.

Figure 8 - Criticisms of account management - qualitative coding



Key: In descending order this figure shows the prevalence of qualitative responses in relation to:

- 1. Red tape and response time (i.e. dissatisfaction with the duration and character of application procedures);
- 2. Quality of Specialist support (mainly external);
- 3. Awareness of SE service (i.e. unsatisfied about having a clear understanding of the potential areas of support);
- 4. Match Funding- diminishing scale (i.e. perception that success is not rewarded- levels of award often reduce over time);
- 5. Quality of information on State Aids;
- 6. Limited strategic support;
- 7. Uncertainty around funding rules;
- 8. Transparency of RSA process;
- 9. SE internal change as distraction for AMs;
- 10. Lost momentum due to AM change;
- 11. Limited FP7 support.

⁵⁹ In descending order Figure 8 shows the prevalence of qualitative responses related to the themes of: **1.** Red tape and response time (i.e. dissatisfaction with the duration and character of application procedures); **2.** Quality of Specialist support (mainly external); **3.** Awareness of SE service (i.e. unsatisfied about having a clear understanding of the potential areas of support); **4.** Match Funding- diminishing scale (i.e. perception that success is not rewarded- levels of award often reduce over time); **5.** Quality of information on State Aids; **6.** Limited strategic support (firms where there was a perceived lack of advice at the strategic level); **7.** Uncertainty around funding rules; **8.** Transparency of Regional Selective Assistance process (specific criticism regarding openness of award process). **9.** SE internal change as distraction for AMs (perception that a high degree of internal change disrupted focus of Account Team); **10.** Lost momentum due to AM change (specific criticism relating to handling of personnel change); **11.** Limited FP7 support (specific criticism over quality and relevance of the FP7 (EU R&D related support through the Seventh Framework Programme) support available through SE).

The account manager/company relationship

Previous studies⁶⁰ have suggested that the nature and strength of the relationship between an account manager and company contact(s) is a key determinant of both satisfaction and (flowing from this) impact. This is an understandable hypothesis given that engagement with account management will likely be higher if personalities can work well together. Qualitative research carried out following the 2008 evaluation of account management support reported that key variables associated with positive account manager/company relations included:

- The length of time a company had worked with the account manager (continuity of support);
- Perceived proactivity and interest on the part of the account manager;
- Perceived level of business acumen possessed by the account manager; and
- Company openness and willingness to engage in a two way relationship (including willingness to share barriers, challenges and aspirations).

Qualitative consultations undertaken for this current evaluation reinforce findings that continuity in account manager is a good basis for a positive working relationship. However, this is not always the case and personal attributes, more so than length of relationship, may in fact be of higher value to many companies.

Among those participating in qualitative interviews, change of account manager has been experienced by a significant number (18 chose to speak about this). In half of these cases, even where multiple account managers have been in place, no particular disruption was experienced and the change was handled well (Case Study 2). In about half of cases where continuity was an issue, this was a focus of criticism, due to, for example, loss of momentum on project development.

Case Study 2 - The value of continuity in account manager

This chemical sciences company has had a long term relationship (15 years plus) with SE. In that time they have worked with a number of different AMs. However, the business is happy at how the change process has been managed and stated that both the AMs and specialists have the business and sector knowledge to support their organisation and that the current AM is always active in trying to help find new customers or suppliers.

The significance of account manager continuity can be assessed quantitatively by comparing the survey responses of those whose account manager has changed in the past three years with those who have had a single account manager over this period.

Within the survey sample, 27% of respondents (164 companies) have experienced a change in account manager over the evaluation period 2008/09 to 2011/12.

Of these, 10% feel it is still too early to comment on the impact of this change for their relationship with SE. Almost half (48%) of respondents report that the change has not had a major impact on their relationship with SE. Within this group a number of respondents do however comment on a different dynamic in the relationship, a need to adapt to the working style of a new account manager and the time taken for a new account manager to get up to speed with the business, its challenges and direction. In most cases this is not considered overly detrimental. Comments include:

“Takes time to get up to date filling in information on the business and to build a relationship, it's not a massive impact but can slow things down a bit.” – Account managed business

“Our first account manager was really quite keen and visited regularly. [XXX] was at the beginning just finding their feet...the change never really affected our relationship with SE although we now need to get used to a new person and what we are doing which takes time.” – Account managed business

⁶⁰ SLIMS Consulting (2009) Case Study Analysis of Scottish Enterprise Account Management Support

“It takes a while to build a relationship up again and it helps to have an account manager who can develop a working relationship so the less it turns over the better. It did take a wee while to get to know the new account manager but it has not had a big impact.” – Account managed business

In 26% of cases, respondents to the telephone survey (who have experienced a change in account manager) report that the change has been positive for the company and relations with SE. There are various reasons for this including improved proactivity, enthusiasm and engagement of the new account manager, better industry or sector understanding and general business acumen. Quotes include:

“I don't think we could get a much better account manager than the current guy. He has gone a step further than the previous guy and is very proactive in the business. Because of his commercial background he understands our pain points and does what he can at every opportunity to get us over the hurdles we face.” – Account managed business

“It was night and day. Our previous account manager did a lot of talking but didn't move the needle for us. [XXX] is very much more interested in the business and understands us better, we now have a more personal relationship.” – Account managed business

“We have a better relationship now than what we had before and that is down to the individual. Projects were not necessarily strategically aligned with where we thought the business is going. So it has improved.” – Account managed business

“When the change happened there was renewed energy in the relationship. Someone new always has new ideas and enthusiasm.” – Account managed business

For 15% of respondents to the telephone survey (who have experienced a change in account manager), the change has had a negative impact on relations with SE. This is the case where businesses have previously had a very strong working relationships with an account manager or where the change is perceived to have been poorly handled – for example a delay in getting a replacement account manager or where the change has hampered progress on a specific project. Comments include:

“I had a closer relationship with my previous account manager but we try to get on with the current one as best as we can. I have no personal issues with the current one.” – Account managed business

“Our account manager retired and he was not replaced. We had remote contact without any hands on support until recently when we were assigned a new account manager and began to become more engaged with SE.” – Account managed business

“Some account managers we have had have had more knowledge of the support Scottish Enterprise provide, so knowing sometimes we are not always getting all information on what support we could be accessing can be frustrating.” – Account managed business

“We have fewer dealings with them now. The two account managers we have had before were much more proactive.” – Account managed business

“We've had three in the last three years. It did affect our relationship for a period. We lost contact for an intermediate period and the handover did not work out well.” – Account managed business

“They have changed our account manager at a key time which I think was a bit short sighted.” – Account managed business

Despite these different views and opinions, the evaluation analysis shows no statistically significant relationship between satisfaction with account management and changes in account manager.

What does however emerge is the value that businesses place on the personal attributes of their account manager – their working style, enthusiasm, proactivity and drive to understand the needs of the business. While change of account managers should be avoided in order to maintain momentum,

where a change is necessary, the key point seems to be that the change is managed quickly (with a handover period if at all possible) and that a process for ‘matching’ account managers to companies as appropriately as possible is in place. At present it would appear that this matching process is relatively ad hoc and resource driven (see Chapter 2 discussion on prospecting). This may be an area for SE to consider going forward (this is discussed further in relation to ‘portfolio management’ in the Conclusions and Recommendations at Chapter 7).

Working with the account manager

Once an account manager is in place the evaluation has found that they engage with companies in a range of different ways. This is both necessary and appropriate given the different characteristics and needs of account managed companies.

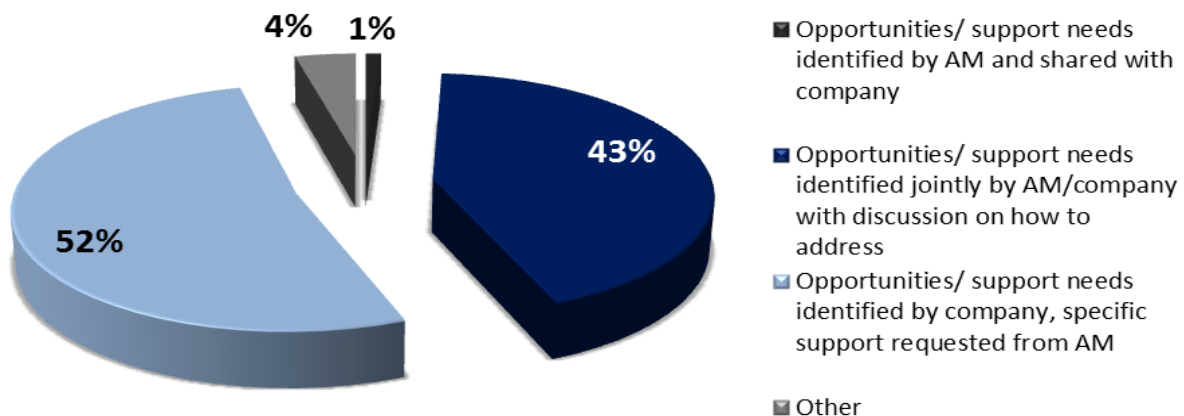
Process for identifying need

On the whole companies see themselves as the generators of ideas (Figure 9). In 52% of cases respondents report that business growth opportunities and support needs are identified by the company before seeking support from their account manager. In some cases this support may be purely financial or product related. In others this may involve discussion with, and input from, the account manager.

Within the survey sample there is also considerable evidence of partnership working/‘two way relationships’ between companies and account managers. Forty three per cent of respondents stated that, in general, opportunities and support needs are identified jointly with the account manager and this is followed by discussion around the most appropriate way to address identified needs (Figure9).

Subsequent analysis will explore the nature of any relationship between the process of identifying need and the impact attributed to account management support.

Figure 9 - Process for identifying need



Research Resource survey of AM businesses 2012/13 (n=601)

Type of relationship

To maximise the potential benefit of account management support, internal consultees (including senior staff across SE directorates) and account managers unanimously report that a desire on behalf of the company to engage (at a higher level than simply seeking and accepting financial support) is key. This is in line with findings of previous research around the impact of strategic account manager/ company relationships⁶¹.

⁶¹ SLIMS Consulting (2009) Case Study Analysis of Scottish Enterprise Account Management Support

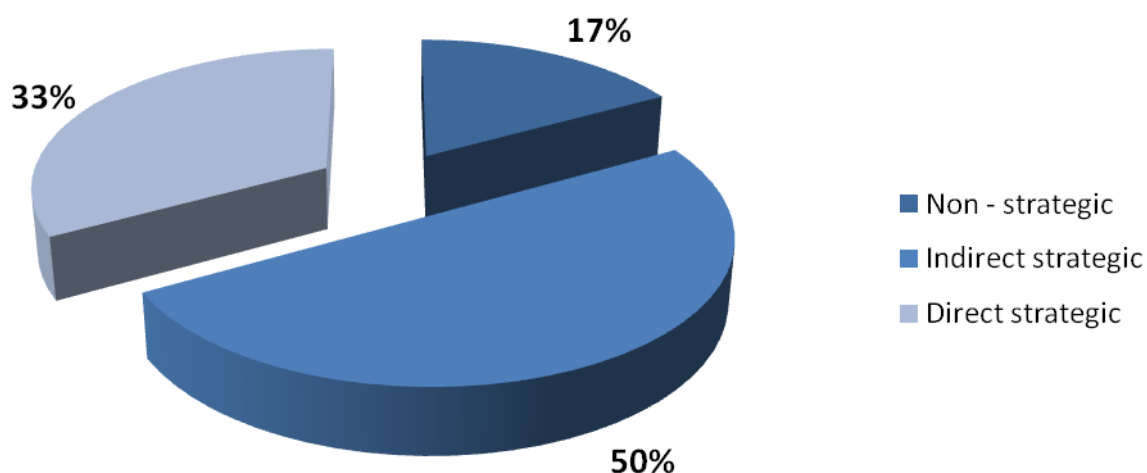
All businesses taking part in this research (qualitative and quantitative strands) were asked to comment on the type of relationship they have with their account manager. The relationship typologies build on those previously identified in qualitative case study research⁶² undertaken following the 2008 evaluation of account management support. These are:

- **Non-strategic relationship** - Scottish Enterprise's support does not influence/challenge the future plans and/or strategy of the company;
- **Indirect strategic relationship** - Scottish Enterprise's support has influenced the company to bring in outside external expertise to support strategy development but SE representatives themselves have not provided input to the strategy development process; and
- **Direct strategic relationship** - Scottish Enterprise support regularly provides strategic challenge and feedback on the plans of the company and the company's capacity to deliver these.

The survey shows strong evidence that Scottish Enterprise is achieving strategic level relationships with a large proportion of account managed businesses (83% of those taking part in the telephone survey report direct or indirect strategic relationships) (Figure 10).

Evidence from qualitative face to face business consultations is broadly consistent with 76% indicating a direct or indirect strategic relationship. Twenty four per cent feel that their relationship is non-strategic.

Figure 10 – Type of relationship



Source: Research Resource survey of AM businesses 2012/ 13 (n=601)

Case study examples 3 to 5 illustrate these different relationship typologies using examples from qualitative company consultations.

⁶² Ibid ⁴⁹

Case Study 3 - A Direct Strategic Relationship [Textiles sector business]

This business has been account managed for at least five years and received support in a range of areas including strategy development, management and marketing support. The interviewee clearly highlights the role of the account manager in strategy development - helping them to take a view on the long term direction of the business and providing a structured approach to support this.

This role is supported by the account manager's detailed insight into the operation and culture of the business and the management team's views and aspirations for the business. Having one point of contact with whom to communicate this insight is viewed as very important to the account management process as is the development of a trusting relationship and partnership approach.

The business points to positive outcomes as a result of their relationship with SE, particularly in the area of organisational development - with a big impact from new structures on staff performance.

Case Study 4 – An Indirect Strategic Relationship [Enabling Technologies/ ICT Business]

The business has been account managed for almost five years and has received support for product and market development, particularly the development of international markets.

The interviewee noted a good and trusted relationship with the account manager, built up over the period, and the responsiveness of the account manager to requests for support. Nonetheless, the company feels that the role of the account manager in their organisation is in responding to requests for assistance and facilitating access to assistance by signposting to specialists as required.

As a result of this role significant tangible benefits have accrued. For example, a SMAS review of workflows led to significant productivity improvements (10% productivity improvement cited) and marketing support led to improved sales performance (£0.5m, or 20% of volume cited). Thus, significant benefits are achieved, but this is mainly a result of indirect signposting by the account manager, rather than direct one-to-one engagement in overall business strategy.

Case Study 5 – Non- Strategic Relationship [Food and Drink sector]

This established business has been account managed for over five years and has received support across a number of intervention framework areas.

While the business has received 'Strategy Development' support, to consolidate the business, and SMAS support leading to improved efficiency, it does not consider the account manager as having meaningful involvement in the strategy development of the company and classified the relationship as non-strategic. The role of the account manager is seen very much as reactive to the needs of the company.

This case highlights the difficulty of determining what a strategic or non-strategic relationship is. The interviewee comments that *"ultimately it's your own business, so no-one will know it as well as you should, but people can bring expertise in new areas"*. In this instance the account manager plays a supportive role to support business growth and channel support (sought by the business) at the right time.

While, as previously stated, the vast majority of respondents are satisfied with the support provided through account management, analysis indicates that there is a statistically significant difference in satisfaction ratings among companies displaying different relationship typologies⁶³, with satisfaction being higher among those with indirect and direct strategic relationships (Table 12).

⁶³ Significance score (asymptotic sig) is .000 indicating a highly significant relationship.

Table 12 – Satisfaction by relationship type	Percentage of respondents			
	Satisfied	Neutral	Dissatisfied	
Direct strategic	97%	3%	0%	198
Indirect strategic	93%	4%	3%	300
Non-strategic	72%	16%	12%	103

Source: Research Resource survey of AM businesses 2012/ 13 (n=601)

Further investigation has not been able to identify any features that are directly associated with strategic level relationships. The matrix below (Table 13) shows the results of cross tabulations exploring a range of independent variables and no significant relationships are detected.

It must therefore be concluded that it is possible for account managers to achieve strategic level relationships with **all types of company**. The skills and attributes of the account manager themselves in nurturing these relationships are paramount.

Table 13 - Cross tabulations -Type of relationship *	Significant relationship	Significance*	No. respondents
Sector (CRM sector definitions)	NO	.948	601
Organisation size (Companies Act 2006 definition)	NO	.468	491
Age of organisations	NO	.446	598
No. of years in account management (1yr-5+yrs)	NO	.218	601
Operating in international markets vs. domestic only	NO	.476	601

Source: Research Resource survey of AM businesses 2012/ 13 (n=601)

Note: A statistically significant relationship is indicated by a significance score (Asymp.sig) of less than .05

Core skills of an account manager

Qualitative analysis has sought to identify the account manager's core skills and attributes which are most highly valued by companies. The beliefs of respondents around the key attributes for account managers and their relative prevalence in qualitative responses are illustrated in Figure 11. The feature most commonly cited reflects a desire that account managers possess a good understanding of the individual business (and sector) and that they have the skills to ensure solutions are tailored, flexible and based upon the individual circumstances of the business.

Alongside this, interviewees value the one-to-one link with a trusted individual who is committed to the relationship. Other aspects which are highlighted include:

- Competence of the account manager as a broker who can identify and deploy a range of wider resources;
- Provision of a responsive, timely service;
- An individual who will question and challenge businesses' thinking; and
- An individual with the capacity to provide effective advice or guidance on business issues, including at the strategic level.

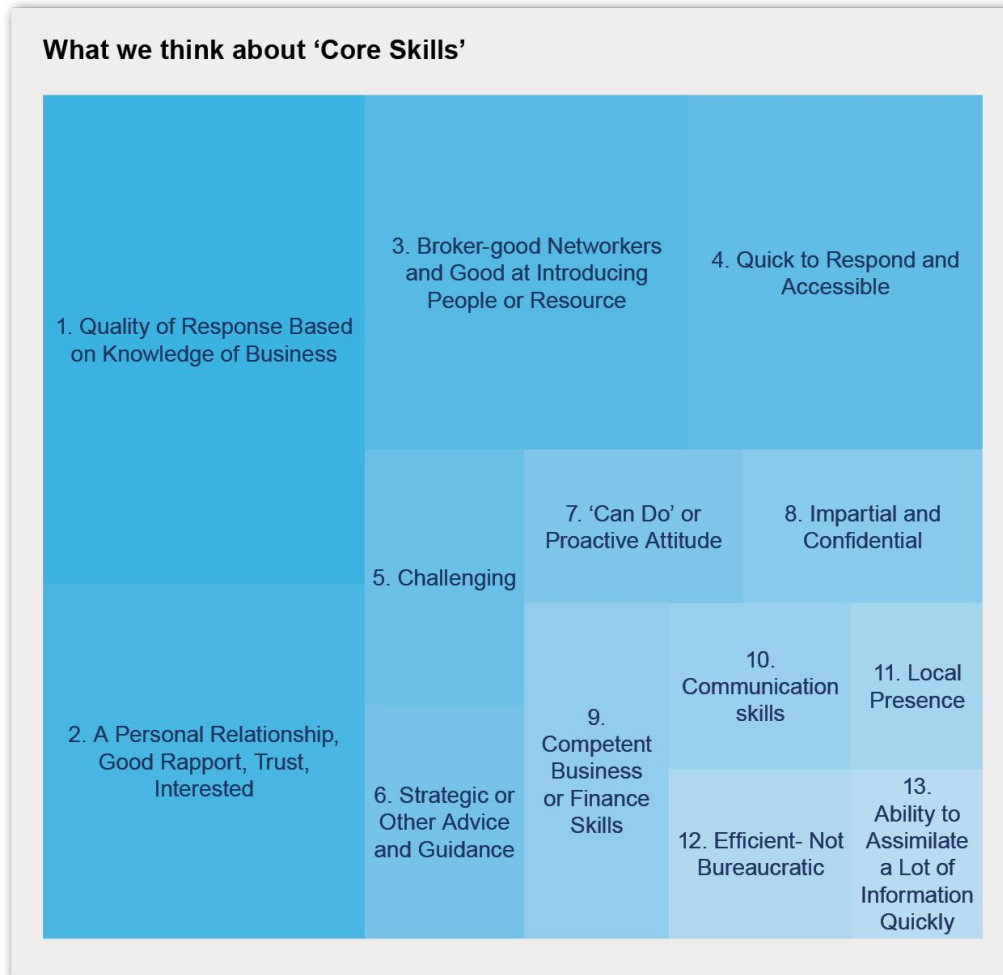
Interviewees were also asked about the key behaviours of account managers in practice and which of these they valued most highly (Figure 12, ⁶⁴). The most prominent remarks relate to the actions of account managers in signposting to helpful specialist or other resources. This reflects the view that account managers support effective networking (including commercial opportunities or partnerships).

⁶⁴ In Figure 12 **Spin Off PR Benefits** refers to examples of cases in which the account manager helped supported businesses by raising awareness amongst potential clients through word of mouth.

The role of the account manager as a source of motivation or confidence to undertake development actions is also apparent in the qualitative analysis.

Figure 11 - Account manager core skills - qualitative coding

Nodes compared by number of items coded

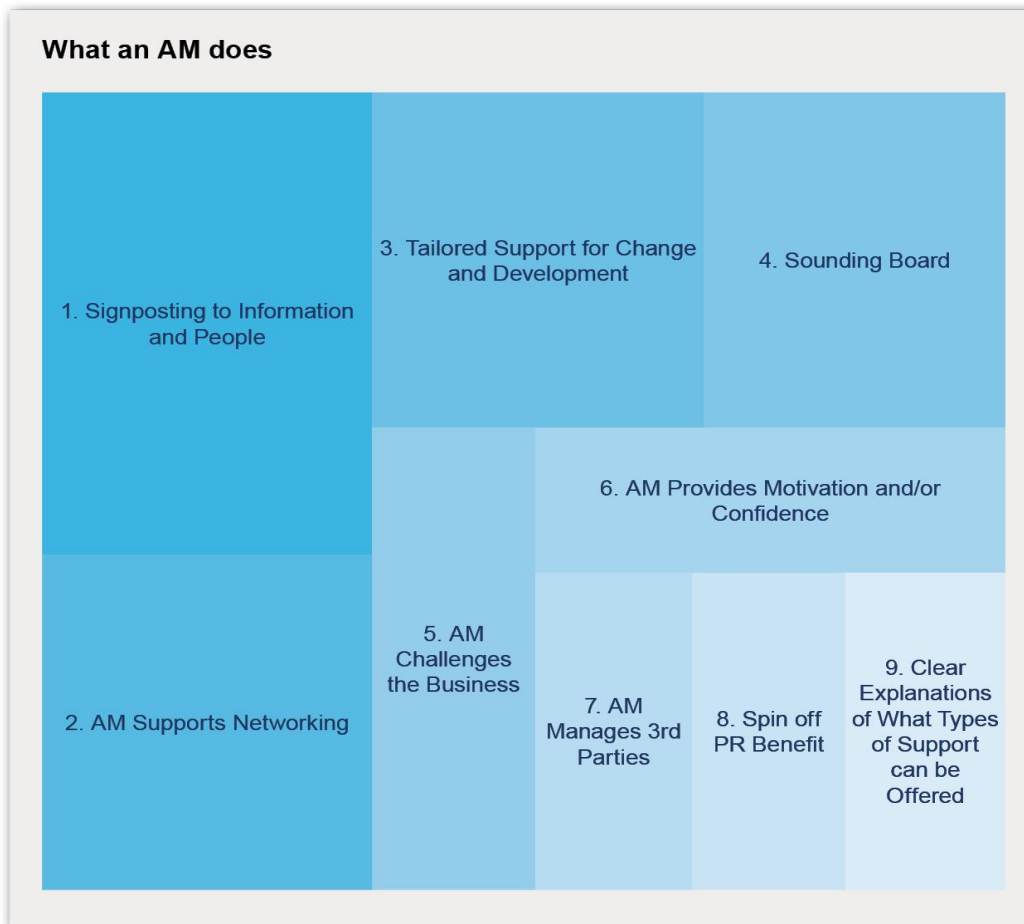


Key: In descending order this figure shows the prevalence of qualitative responses in relation to:

- 1. Quality of response based on knowledge of business;
- 2. A personal relationship, good rapport, trust, interested;
- 3. Broker- good networkers and good at introducing people or resource;
- 4. Quick to respond and accessible;
- 5. Challenging;
- 6. Strategic or other advice and guidance;
- 7. 'Can do' or Proactive Attitude;
- 8. Impartial and confidential;
- 9. Competent business or finance skills;
- 10. Communication skills;
- 11. Local presence;
- 12. Efficient- not bureaucratic;
- 13. Ability to assimilate a lot of information quickly.

Figure 12 - Account Manager Function, Qualitative Coding

Nodes compared by number of items coded



Key: In descending order this figure shows the prevalence of qualitative responses in relation to:

- 1. Signposting to information and people;
- 2. AM supports networking;
- 3. Tailored support for change and development;
- 4. Sounding board;
- 5. AM challenges the business;
- 6. AM provides motivation and/or confidence;
- 7. AM manages 3rd Parties;
- 8. Spin off PR benefit;
- 9. Clear explanations of what types of support can be offered.

Working with the account team

While the ability of account managers to draw on specialist support (internal and external) in the delivery of account management services is not new, stakeholders and account managers have highlighted the formalisation of this process and improved partnership working as a positive change in the account management approach (see Chapter 2). Findings (qualitative and quantitative) from account managed companies would appear to back this assumption.

Within the survey sample 88% (526 respondents) report that they have worked with other SE staff or external support brokered by SE during the period in which they have been account managed.

Of this group, the vast majority (99%) recognise the role of the account manager in sourcing/introducing or facilitating this support. In essence companies are aware of an account team

coordinated by the account manager to support their business growth needs (although the terminology ‘account team’ it is not always known to companies).

As further evidence of this awareness, the survey also found that 98% of this group could describe the ways in which members of the account team have supported the company and 77% could name specific individuals who had been brought in to support them.

Findings from the qualitative research strands add further depth about the value of the account team approach, as reflected in Figure 11 and Figure 12 above, where the perceived core skills and functions of the account manager have a lot to do with their role as brokers, filtering the needs of the business and channelling them towards sources of support (either internal specialist or external providers) or making links with the wider business environment. An example is outlined in Case Study 6.

Case Study 6 – Account Team Approach [Life Sciences Sector]

This established business has been account managed for five years and has worked on a number of development projects with SE to improve productivity, develop international markets and promote leadership and strategic growth. The respondent has noticed a change in SE through the duration of their account managed relationship noting that “before it was more fragmented, without one single point of contact, but now... the account manager... acts as a *funnel*”. The interviewee now feels that he has a better chance of finding out about the spectrum of support that is available to him.

The interviewee commented that without SE they could still find people to provide the support they required to develop the business, but that this would not be as efficient or timely as it is when they work through SE. SE can make recommendations and act as a ‘sounding board’ when the company is sourcing suppliers. The involvement of SE shortcuts and quality assures the whole process, which is highly valued by the business. The interviewee commented that:

“SE has helped us get to where we want to be quicker than we could have without them.”

In terms of the account team approach, the organisation feels this is a positive change as the whole account management process now appears to work much better than it used to. By way of example the interviewee spoke about migration to a new technology in the business:

“An IT expert from SE was brought in and this was very useful as he really knew what he was talking about. He could provide examples of companies which have made the same transition, which was very valuable....and he helped to hire a local company to advise on the change”.

The interviewee concluded that *“the account manager being able to go off into the SE organisation and source the right person for X is the critical part of the relationship”.*

In summary

This Chapter has established the characteristics of the account managed portfolio, a diverse and largely autonomous group of companies in which, while many have seen growth during the evaluation period, growth has been slower than anticipated and many are still facing challenges associated with wider economic conditions.

Companies are generally highly satisfied with the support provided through account management and a large proportion have formed strategic level relationships with SE through their account manager.

Account managed companies value the one-to-one, tailored nature of account management support and, while funding and product support is important, the skills and personal attributes of the account manager are also key; particularly their role in brokering the right support at the right time to meet company needs and acting as a ‘sounding board’ and ‘critical friend’ supporting the company’s growth aspirations.

The next Chapter moves on to look at the tangible and intangible business benefits of account management support.

4 Exploring the benefits of account management support

Chapter summary

- Ninety seven per cent of survey respondents report that account management has resulted in business benefits for their organisation.
- The proportion of companies reporting no sales or jobs benefit is markedly lower than in the 2008/09 evaluation of account management - a positive trend which is supported by direct feedback from qualitative interviews.
- Other business benefits as a result of account management are varied in nature, with 'improved strategic and operational planning', 'improved business processes', and 'improved skills/confidence of the management team' being highlighted.
- Among the minority (3%) of companies reporting 'no benefits', criticisms of account management included a perceived slow speed of response and lack of pro-activity shown by the account manager. Factors such as the quality of external consultants and excessive bureaucracy were also highlighted.
- The economic environment remains an important factor constraining the potential benefits of account management. However, many companies also cite a drive to exploit opportunities created by the changed market conditions, including more focus on new or existing overseas markets, as an opportunity for future growth.
- In many cases SE is supporting important efforts to enter new or expand in existing international markets (49% and 41% of survey respondents respectively).
- Innovation spend is also a major area of influence stemming from SE support; 73% of survey respondents attribute an increase in innovation spend to SE support.
- The influence of SE support in relation to the low carbon economy, for example environmental awareness and sustainability, shows a lower level of achievement. Twenty two per cent of survey respondents attribute improvements to account management support.

Introduction

Chapter Three presented detail on take-up of, and satisfaction with, SE's support. This Chapter examines the wide range of business benefits brought about by account management, exploring differences by sector, company characteristics and examining the counterfactual position (i.e. what would have been different in the absence of SE support). Following this, discussion turns to the alignment and contribution of account management to the SE Business Plan and wider GES measures.

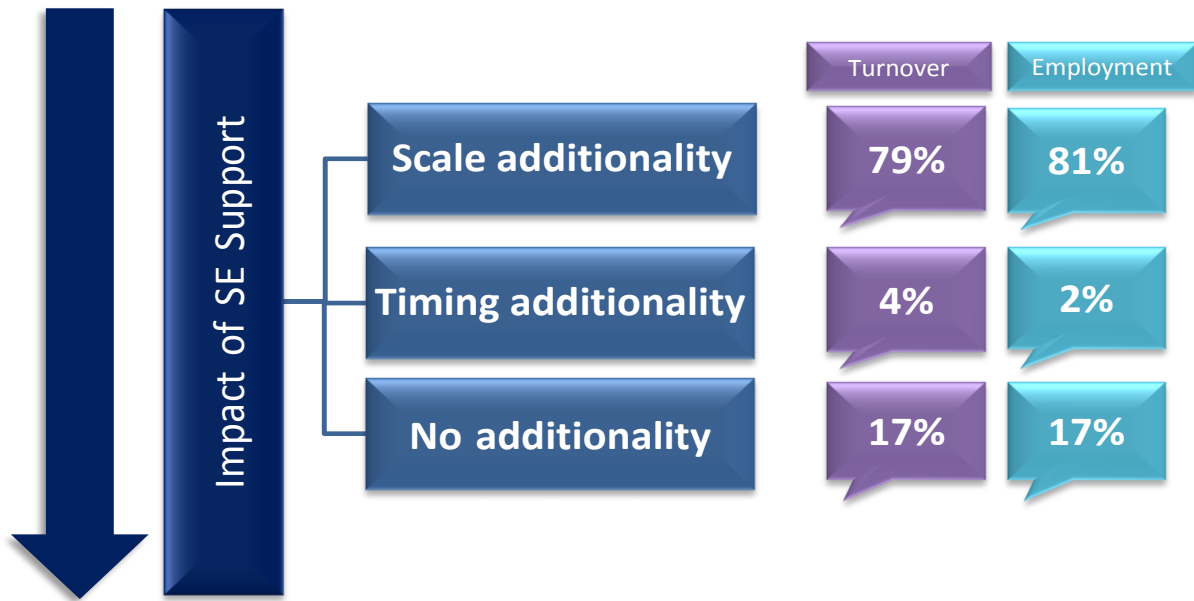
Business benefits

The vast majority of businesses which took part in the telephone survey are confident that account management support has brought benefits (tangible and less tangible) to their organisation.

Overall, approximately 80% of respondents report scale additionality on turnover and employment during the period they have been account managed. That is, SE support has had a positive impact by increasing or sustaining turnover/employment at a higher level that would have been achieved without support.

Figure 13 summarises survey results showing the percentage of companies which report scale additionality, timing additionality (SE support helped increase the speed with which the company has grown) and no additionality as a result of support.

Figure 13 – Additionality of SE support



Source: Research resource survey of AM businesses 2012/13 (N=601)

While the following Chapter considers the impact of account management in terms of key performance metrics (net additional GVA and employment), this Chapter considers the wider business benefits of account management. These can be considered as the *outcomes* of support which may directly or indirectly link to the generation of sales and employment.

Table 14 presents the top 15 outcomes reported by telephone survey respondents. This was asked as an unprompted ‘open question’. Responses have been coded post survey completion and grouped to reflect SE’s service offer.

The most frequently cited business benefits as a result of SE’s support relate to *improved strategic and operational planning* (28% of companies), *improved business processes* (17%) and *management capability* (16%); three highly interrelated areas. We note that these imply improvement in the core capability/competence of companies, features that are likely to support medium to longer term business competitiveness.

Table 14 - Top 15 business benefits as a result of account management (all that apply) (top 3 benefits highlighted)	No. in sample	Per cent in sample
Market development/market entry benefits		
• Entered new geographic markets	75	13%
• Enhanced market intelligence/understanding	70	12%
• New/improved online marketing	32	5%
Benefits for strategic and business operations		
• Improved strategic and operational planning	167	28%
• Improved business processes	102	17%
• Improved productivity and/or quality (inc. ISO accreditation)	96	16%
• New improved relationships with purchasers/ suppliers or collaborators	52	7%
Organisation, workforce and leadership benefits		
• Improved skills/confidence of management team	99	16%
• Workforce/ skills development	90	15%
• Ambition for growth	34	6%
• Improved contacts and networking	30	5%
• Improved strategic leadership	32	5%
Innovation benefits		
• Development of new products/services	58	10%
• Increase R&D/innovation activity	34	6%
Longer term sustainability	51	9%
No benefits	16	3%

Note: Responses do not sum to 100% due to multiple responses.

Source: Research Resource survey of AM businesses (n=601)

Taking the top three business benefits reported by survey respondents, statistically there is very little difference, in terms of company characteristics or support profile, between those organisations reporting these benefits compared to those which do not. Analysis found no evidence of a significant difference in terms of:

- **Company characteristics** - sector, size, turnover growth, company age, autonomy in decision making, international presence (e.g. company is operating in international markets); or
- **Support profile** – process for identifying needs supported through account management, change in account manager in the last three years, referral route (e.g. through Business Gateway Growth Pipeline or an alternative route), number of years in account management.

Analysis did however detect a relationship with regard to:

- **Employment trends** over the duration of the account managed relationship (increasing, decreasing, or staying the same) – there is a significant relationship between employment trends and the likelihood of a company reporting ‘*improved skills and confidence of the management team*’ as a result of SE support, with those reporting this benefit more likely to have seen growth or decline in employment over the account managed period as opposed to remaining stable;

This perhaps reflects the impact of targeted support in this area with these organisations (which have experienced changing employment patterns) seeking support from SE to adjust management style/approach in line with the changing profile of the organisation;

- **Level of product intervention** – companies receiving higher levels of product intervention over the duration of their account management relationship are statistically more likely to report benefits in terms of *'improved strategic and operational planning'*; and
- **Type of relationship** – there is a significant relationship between the type of relationship that companies have with their account manager and the likelihood of achieving *'improved strategic and operational planning'* and *'improved skills and confidence of the management team'*. These benefits are more prevalent among those companies with strategic level relationships (direct or indirect) with their account manager.

Qualitative evidence also highlights these types of benefits and provides some further insight into the circumstances under which they occur (see Case Study 7).

Case Study 7– Wider business benefits of account management [Food and Drink sector]

This Scottish owned business has been account managed for more than 10 years with the same account manager for much of this period. As a result of SE support the business reports benefits in terms of both turnover and profitability over the evaluation period. In addition, the company has grown its international profile and management capacity.

The business particularly highlights the contribution of SE in its forward strategic planning as a result of participation in International Strategy Development Support. This led to the development of action plans, development plans and leadership capability – *'developing a more capable and comfortable leader'*. This support has been tailored and flexible to meet the particular needs of the business. Development has been undertaken alongside a range of other support including market, product and process development.

Continuity of support is flagged as a core component in generating impact, as well as the expertise, access to resources and networking capacity of the account manager and wider account team.

Companies reporting no benefits

A minority respondents report that SE support has made no difference to their organisation at all over the duration of their account managed relationship. In terms of turnover or employment benefit specifically, this group accounts for 17% of the total sample (see Figure 13). The scale of turnover/GVA and employment benefit is discussed in detail in Chapter 5.

Where companies report zero impact on turnover and/or employment as a result of SE support, the most frequently cited reasons for this are:

- It is still too early to see the impact of SE support;
- Contact from/engagement with SE has been minimal;
- SE support has not focused on sales or employment. In these cases the focus of support tends to be on increased productivity or efficiency (impacting on profitability) or skills development;
- Wider economic and sector specific challenges outweigh the benefits of SE support (i.e. these factors serve to confound any benefits to be gained from SE. It is noted that the company survey asked specifically about 'safeguarded' sales, employment, and ultimately GVA. Companies reporting safeguarded benefits are described elsewhere); and
- Companies are pre-revenue or non-revenue generating e.g. cost centres or research establishments.

These themes are illustrated in quotes from account managed companies below:

“We are still in the early days of the programme and the benefits will still be 3-5 years away from being tangible.” – account managed business

“The work we have done this year will have a direct impact on our sales to Europe and we will see the benefits of that this [coming] year.” - account managed business

“Basically there has been no connection with SE at all. I don't feel we are account managed.” - account managed business

“The turnover growth has been internally led through marketing. We never asked for support in this area as it wasn't where we felt we needed support. We have not yet seen the effects of the strategic review which may well lead to impacts on turnover.” - account managed business

“Projects we've undertaken with SE are efficiency related and training rather than product or market related.” - account managed business

“There are so many very powerful factors on competitiveness. Raw material price increases have been a very big factor for us and there is really nothing that organisations such as SE can do - I wouldn't expect them to be able to do anything.” - account managed business

While not reporting impacts in terms of turnover and employment, many of these companies do report wider business benefits as a result of SE support.

Only 3% of the sample (16 respondents) report that there has been ‘no benefit’ to their company as a result of account management. Of these, 13 respondents criticised the support that was available through SE, commenting negatively on the skills and quality of external consultants, lack of proactivity of account managers, speed of response, excessive bureaucracy across the organisation and a misalignment of available support with business needs. The remaining three respondents felt it was too early to comment.

The criticisms noted above are echoed in qualitative face to face interviews (although based on a lower number of responses), along with a degree of frustration around understanding, or getting information about, the full range of support available from SE (as noted in Chapter 3).

In spite of this criticism it would appear that deadweight associated with account management has reduced when compared to findings of the 2008 evaluation. In comparison, the number reporting ‘no benefit’ in relation to the key metrics of turnover, profit, employment and innovation in the previous study of SE account management was around two-thirds in each case⁶⁵. Notwithstanding some differences in question set-up, the results point to a marked shift in client beliefs about SE's benefits.

The counterfactual

To fully assess the impact of account management it is essential to understand the counterfactual position, i.e. what businesses feel would be different in the absence of SE's support. At this point it is also important to note that (as previously stated) 80% of the survey sample are not confident that they would be able to source comparable support from anywhere other than Scottish Enterprise.

The counterfactual position was explored in depth through qualitative face-to-face consultations. It has emerged that, in the majority of cases, the support received through account management is not considered ‘business critical’. Many of the projects taken forward by businesses are intended to enhance business operations or develop a presence in new geographic markets or product areas outside of the core business.

Qualitative discussions indicate that SE support provides the additional space, time, resource and impetus to develop new ideas and to implement ‘bigger, better and faster’ change than would otherwise have been possible (i.e. the support provides benefits in terms of scale, quality and timing

⁶⁵ Ekosgen, Hayton Consulting, and Research Resource (2009) Economic impact evaluation of Scottish Enterprise Interventions with Account and Client Managed Companies.

additionality). In many cases, individual projects supported by SE represent absolute additionality, i.e. the project would not have proceeded at all without SE support. This is illustrated in Case Study 8 provided by an energy company speaking about its entry into the Australian market.

Case Study 8 - The counterfactual [Energy sector]

For this business, overseas developments in general would not have happened to the same degree, or as fast, in the absence of SE support. The interviewee commented that they would be carrying out only half of the business they are currently doing, or would be only half way through the development plan (i.e. scale and timing additionality). However, the interviewee does not feel that the company would have moved into the Australian market at all without the support of SDI (i.e. absolute additionality).

Comments from other businesses include:

“The business has the ability to fund development, and we would have gone ahead anyway. Support makes things happen quicker and it has helped generate jobs now.” – **Account managed business [tourism sector]**

A food and drink sector business received capital from SE to invest in equipment. It commented that if this had not been available it would only have been able to purchase one machine rather than two. This would have reduced the scale of efficiency savings and the company would not have been able to tender for new business. – **Account managed business [food and drink sector]**

“We would have undertaken activities but not as quickly. SE support helped to build the business in a more structured way.” – **Account managed business [transport sector]**

The impact of the recession

Companies included in the research (quantitative and qualitative strands) vary in terms of their growth profile over the last three years. In some cases companies have been very badly affected by the recession as a result of losing key customers, increased competition, increased commodity prices or a general reduction in sales.

SE mitigating the impact of the recession and facilitating opportunities

Around a quarter (24%) of respondents to the telephone survey experienced a decline in turnover over the period they have been account managed and just under a fifth (18%) have reduced their employee numbers. Over half of respondents (52%) report that market conditions in their sector have declined strongly or moderately over the last three years. Comments include:

“Things have got tougher but we are continuing to hold our own in a market which is dominated by large multi-nationals.” – **Account managed business [Life sciences sector]**

“The contract side of business has suffered badly due to the construction downturn.” – **Account managed business [Construction sector]**

“It is not a good business environment at the current time, particularly with banks. It seems little funding is genuinely available to help businesses tap into new opportunities.” – **Account managed business [Non sector]**

“We have certainly noticed change in consumer behaviour, with orders now on monthly instalments rather than full upfront sale.” – **Account managed business [Life sciences sector]**

For some of these companies account management support has been instrumental in safeguarding turnover and/or employment and supporting companies to ‘fire fight’ significant business challenges. These findings are consistent with those from qualitative interviews where around half of respondents commented on a continuing challenging economic environment (particularly in terms of access to finance).

For other companies, the recession has brought considerable opportunities. This may be particularly true for those with a large export market (which may have benefited as a result of exchange rate changes, from moving into new markets with greater ease and from reduced competition). SE support has been instrumental in facilitating this growth in many cases. Comments include:

A construction sector firm received... *“Very useful and valuable support for a European Development Manager (50% funded)”* – Europe will bring in £600,000 sales in 2012 from a zero starting point in 2010. Market conditions have actually helped COMPANY X over last 2-3 years as consumer spending patterns have changed. – **Account managed business [Construction sector]**

“The recession has been a strange time for the company – while domestic sales have contracted significantly, the industrial/commercial part of the business has had its best three years ever. This is particularly driven by access to new overseas markets. SE has provided valuable support to help move into new markets and harness opportunities. Restructuring the company – also supported by the account manager - has placed us in a good position to respond to opportunities and the changing market.” – **Account managed business [Engineering sector]**

An energy sector firm received support from SDI to attend a number of trade shows two years ago. It has seen real value in this and has developed new overseas markets in the Middle East (including Qatar and Dubai) and in Africa (Nigeria) as a result. Last year the company attended four trade shows on its own (financed 100% by the company). This provides an example of SE support addressing an information market failure at the project level by allowing a company to see the value of the trade show attendance that it might not otherwise have realised. – **Account managed business [Energy sector]**

A key finding from the face-to-face consultations (although highlighted in a small number of cases) concerns the role of SE in encouraging strong, resilient and resourceful companies to continue to strive for growth throughout the recession and to take a longer term strategic view when the tendency could be to become ‘risk averse’ and respond in a reactive or negative way to the external environment. This point is illustrated in Case Study 9.

Case Study 9 – Striving for growth through the recession [Food and drink sector]

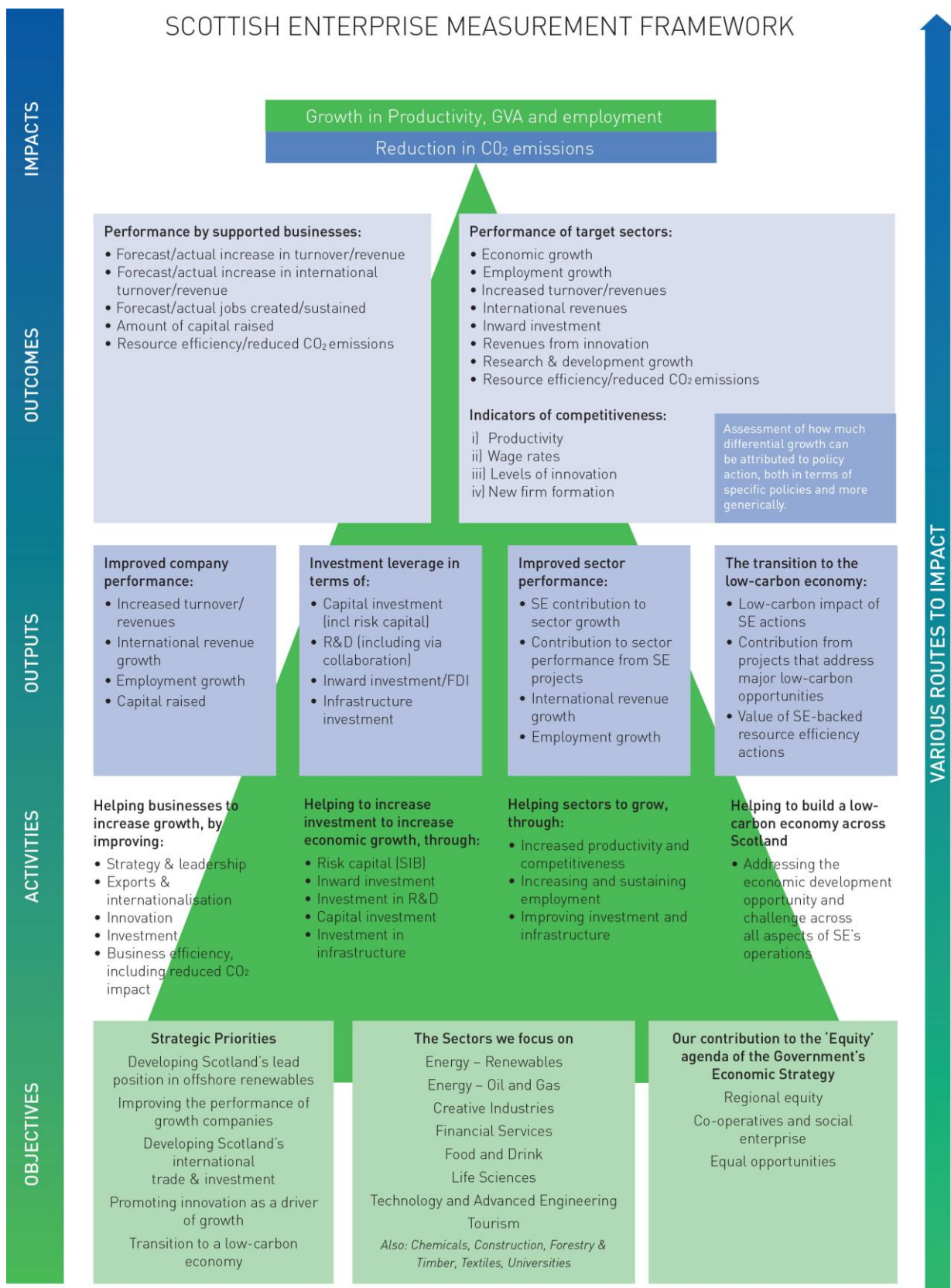
This food and drink sector company has been account managed for more than 10 years. The interviewee commented that SE had been a great help through the recession by providing encouragement and confidence to keep going and be proactive in seeking opportunities for development and growth.

Without Scottish Enterprise the company would have been more reactive – reacting to the market negatively and being more risk averse. Encouragement and support from SE has meant the company has just purchased some expensive market data and is about to embark on a large scale advertising programme which they would never have done without support. This has coincided with marketing strategy workshops which have encouraged them to keep promoting their brand, knowing where to focus their marketing efforts. The interviewee commented that *“SE support has provided courage to say ‘things aren’t that bad’ and ensure we remain proactive”*.

Contribution of account management to GES and SE business plan measures

SE has a central role to play in supporting the achievement of Scottish Government GES targets around growth, productivity and sustainability. These national targets are articulated in SE’s measurement framework as outcomes and impacts for supported companies and sectors (see Figure 14). The contribution of account management in terms of Gross Value Added (GVA) and employment is reported in Chapter five. The remainder of this Chapter considers the contribution of account management across the Strategic Priorities of international revenues, innovation, sustainability and productivity gains.

Figure 14 – SE Measurement Framework⁶⁶



⁶⁶ Source: Scottish Enterprise Business Plan 2013-16 available at: http://www.scottish-enterprise.com/~/_media/SE/Resources/Documents/ABC/Business-plan-2013.pdf

International revenues

Within the sample of account managed companies (those included in the telephone survey), 72% are currently active in international markets. International sales account for an average (median) of 15% of total sales. Increasing the value of export sales is an explicit aim of the GES; the target is to increase the value of Scottish exports by 50% by 2017. Key government priorities to achieve this include:

- SDI to support more businesses to develop the skills to go international by 2015;
- Supporting growth companies to increase their exports, particularly into fast growing markets;
- Enabling SMEs with international ambition to access finance from SIB;
- Delivering advice and support to SMEs with significant export potential; and
- A focus on attracting strategic inward investment which enhances the competitiveness of growth sectors.

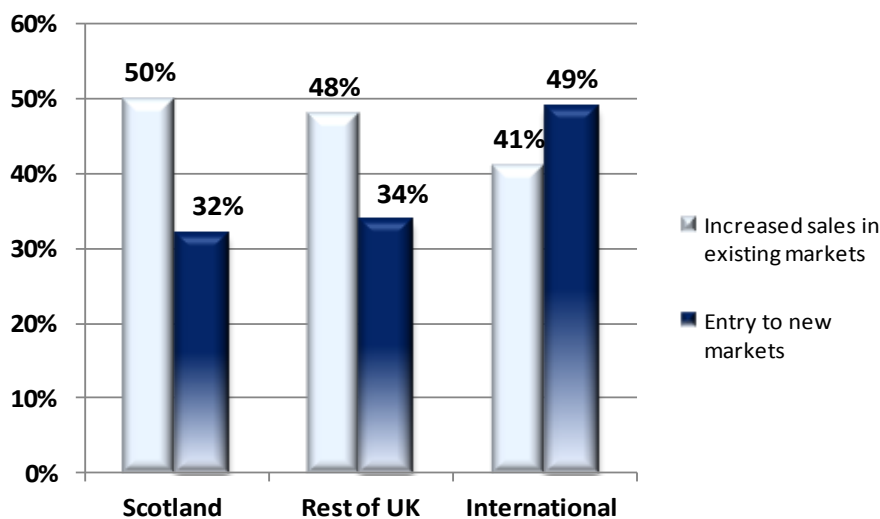
There is a clear and explicit role for SE to play in achieving GES measures. To assess the contribution of account management to international sales growth, respondents to the telephone survey were asked to specify the source of additional international sales that are attributable to SE support.

As Figure 15 shows, SE support has helped 41% of companies to increase sales in existing international markets. Some 49% of companies also stated that they have entered new international markets with the support of SE. Feedback from qualitative interviews indicates that around 40% of respondents are receiving support through account management to internationalise. Comments include:

An enabling technologies/ICT firm indicated that market development activity... *‘Allowed market knowledge to be gained rapidly, through Globalscot connections, International Manager for Hire; and market information on other markets such as Turkey.’* – **Account managed business [Enabling technologies sector]**

An early stage growth life sciences firm commented on how internationalisation support has enabled them to take on a European Manager through the International Manager for Hire scheme. They have subsequently retained this manager in position - the support has enabled them to make progress in selling outside the UK. The interviewee commented on SE’s added value saying... *“Support via SDI for international marketing is essential since almost all of our customers are not in the UK ...and... we feel that we can rely on SE and SDI to bend over backwards to help us with any support that is available.”* – **Account managed business [life sciences sector]**

Figure 15 – Location of new/ increased sales as a result of SE support



Source: Research Resource survey of AM businesses (n=601)

Innovation, research and development

The Scottish Government has targets in place to reduce the gap in total research and development (R&D) spending compared with the EU average. This is a strategic priority because studies have shown a strong correlation between higher spending on innovation and R&D (particularly business expenditure) and high rates of economic growth⁶⁷.

Almost three quarters of respondents (73%) to the telephone survey report that company level innovation spend⁶⁸ has increased as a result of SE support. Unsurprisingly there is a relationship between sector and the extent to which SE is believed to influence innovation spend, with companies in high tech sectors (such as creative industries, which includes digital media, and enabling technologies) more likely to report this impact. **Table 15** shows the percentage of companies reporting increased innovation spend by sector. Those sectors which are above average for the population as a whole are highlighted. These differences are statistically significant.

Table 15 – SE's impact on innovation spend		
Sector	SE support has impacted on innovation spend	SE support has not impacted on innovation spend
Creative industries	84%	16%
Enabling technologies, aerospace, defence and marine	83%	17%
Life sciences	80%	20%
Other growth sector - Chemical Sciences, Forest Industries, HE/FE	77%	23%
Construction	73%	27%
Non-sector	73%	27%
Energy	70%	30%
Textiles	67%	33%
Food and drink	66%	34%
Tourism	63%	37%
Financial services	35%	65%
Total	73%	27%

Source: Research Resource Survey of AM businesses (n=599)

With the exception of sector, the analysis shows no statistically significant relationships between increased innovation spend and general company characteristics (i.e. size, growth, age, international presence). However, there is evidence of a statistically significant relationship between SE's influence on innovation spend and:

- **The process of identifying a need for support** – companies reporting an impact on innovation spend as a result of SE support are more likely to identify needs in partnership with the AM and engage in collaborative discussion to decide the most appropriate course of action. Forty seven per cent of those reporting impact in relation to innovation stated that this was the norm in their organisation. This is in comparison to 30% of those who report no impact on innovation spend. However, a large number of respondents in both groups (those highlighting

⁶⁷ Scottish Government National Indicators:

<http://www.scotland.gov.uk/About/Performance/scotPerforms/indicator/research>

⁶⁸ Defined as major changes aimed at enhancing competitive position, performance, know-how or capabilities for future enhancements. These can be new or significantly improved goods, services or processes for making or providing them. It includes spending on innovation activities, for example on machinery and equipment, R&D, training, goods and service design or marketing.

an impact on innovation spend and those who do not), report that needs are generally identified internally with the account manager subsequently approached for advice/support. The key point therefore seems to be that account management support is tailored to suit individual needs and company styles;

- **Type of relationship** – a higher than average percentage of those with strategic level relationships (direct or indirect) report increased innovation spend as a result of SE support (88% of the group reporting benefits compared to 68% in the group stating no benefit); and
- **Level of product intervention** – within the group reporting benefits of SE support on innovation spend, 71% of respondents have received medium or high levels of product intervention over the course of their account managed relationship. This is compared to 58% in the groups reporting no benefit.

Considering all of these factors, it may be concluded that in those sectors most suited to high levels of product and process innovation, SE support has potential to achieve higher levels of impact in cases where the account manager/company relationship is strategic and forward looking, and where companies are open to discussing possibilities with account managers. An example is provided by an engineering company in Case Study 10.

Case Study 10 - The impact of innovation support

This engineering company identified one of the key benefits of account management as being assistance for new product development which has allowed it to enter new markets and sustain the business. The wider context for this business has been a sustained period of account management (circa 10 years), where a good relationship and level of engagement has been established with the account manager. As a result the account manager has a thorough understanding of the business. While the account manager plays an indirect strategic role, the company feels that the account manager has assisted and facilitated progress in key strategic areas such as diversification into new markets.

Sustainability and contribution to the low carbon economy

Respondents to the telephone survey were asked whether or not SE support has helped their business to improve its environmental awareness/sustainability e.g. by being more efficient with energy, water, waste or raw materials or by helping to introduce renewable energy technologies or new processes such as ISO 14001.

Of the survey respondents, 22% indicated that sustainability has improved as a result of SE support. In contrast to earlier analysis, the ability of SE to impact on sustainability appears more directly related to company characteristics (particularly sector, size, and age) than to the nature of support from SE (in terms of such factors as relationship type or the level of intervention).

This is perhaps understandable given that much of SE's sustainability activity is delivered in the form of isolated, targeted interventions with clear and tangible outcomes, for example grant and consultancy support to achieve ISO 14001 accreditation, SMAS review and associated projects, and targeted projects delivered in conjunction with the Carbon Trust or Zero Waste Scotland.

Among those companies reporting a positive impact in relation to sustainability as a result of SE support, there are statistically significant differences in relation to company age, employment profile and sector. A higher than average percentage are likely to be longer established (21+ years old (see Table 16)) and have experienced declining employment over the duration of the account management relationship (Table 17)⁶⁹; in essence those companies where change has been needed to remain

⁶⁹ Although the majority of organisations in both the positive and no impact groups have grown employment over the duration of the account management relationship

competitive. Companies in the food and drink, textiles and other growth sectors are also more likely than average to report an impact on sustainability as a result of SE support (Table 18). It is possible that this is related to the prevalence of SMAS support in these sectors. However, caution is advised in the interpretation of these findings due to the small sample size at sector level.

Company age	SE support has impacted on sustainability (% of respondents)	SE support has not impacted on sustainability (% of respondents)	Total
Less than 3yrs	0%	0%	0
3-6 years	15%	85%	68
7-10 years	10%	90%	93
11-20 years	20%	80%	176
21 + years	31%	69%	234
Total	22%	78%	571

Source: Research Resource Survey of AM businesses (n=571)

Employment trend	SE support has impacted on sustainability (% of respondents)	SE support has not impacted on sustainability (% of respondents)	Total
Increased	24%	76%	305
Stayed the same	12%	88%	87
Decreased	32%	68%	106
Total	23%	77%	498

Source: Research Resource Survey of AM businesses (n=498)

Sector	SE support has impacted on sustainability (% of respondents)	SE support has not impacted on sustainability (% of respondents)	Total
Food and drink	32%	68%	71
Energy	20%	80%	94
Enabling technologies, ADM	13%	87%	123
(Other growth sector) Chemical sciences, Forest industries, HE/FE	36%	64%	42
(Other growth sector) Construction	26%	74%	54
Non-sector	30%	70%	43
Life sciences	16%	84%	48
Textiles	30%	70%	26
Creative industries	16%	84%	32
Tourism	15%	85%	26
Financial services	16%	84%	16
Total	22%	78%	574

Source: Research Resource Survey of AM businesses (n=574)

An example demonstrating SE’s contribution to the sustainability agenda at company level is shown in Case Study 11.

Case Study 11 – Improving sustainability through account management

SE, along with Zero Waste Scotland, has supported this food and drink company in efforts to increase sustainability. This has included investment in solar panels and a pilot study conducted by Zero Waste Scotland to report on waste reduction. The company is now going ahead with a waste improvement programme and is planning to employ someone for six months through Zero Waste Scotland to support its implementation.

Improving the sustainability profile of the business has been a key factor in demonstrating appropriate credentials to major purchasers/supermarkets. It comments ... *"(the firm's) rationale for continued involvement is the AM's industry knowledge, encouragement for growth and ability to put in touch/direct the company to additional support and knowledge that can help, including support for sustainability and efficiency."* – **Account managed business [food and drink sector]**

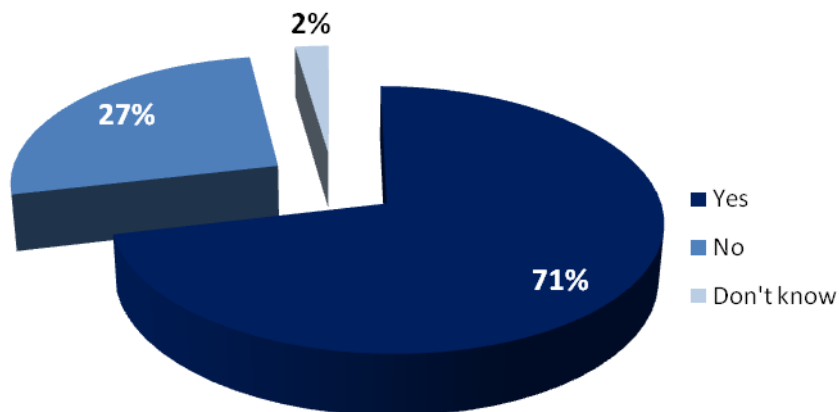
Productivity gains

Companies reporting a scale or timing additionality as a result of SE support (Figure 13) were asked about the extent to which SE had helped to boost productivity in their business. Increased productivity was defined to respondents as:

"Support that helped them to produce or achieve more (increased output) with the same or reduced inputs."

Overall, 71% of those who reported a positive impact as a result of SE support also reported that that support had been instrumental in boosting productivity Figure 16.

Figure 16 – Increased productivity as a result of SE support



Source: Research Resource survey of AM businesses n=478

In Summary

This Chapter explored the business benefits of SE account management support and demonstrates high levels of benefit in the important metrics of turnover and employment. The level of benefits identified in the evaluation survey, reinforced by feedback from qualitative face to face interviews with beneficiary companies, is notably better in comparison with that identified in the 2008 evaluation. Notwithstanding some differences in methodology, the results point to a significant shift in the effectiveness of account management.

Some suggestion of potential causal factors are outlined in examination of the wider, intermediary outcomes identified by the fieldwork, including a positive influence on intangible areas such as, 'strategic and operational planning', 'business processes', and 'skills/confidence of management team'. Account management is identified as making an effective contribution to the strategic capacity of companies in addition to the provision of solutions to discrete operational challenges.

The character of the business benefit is also encouraging in that it is associated with a strong international trading dimension as well as a positive influence on innovation spend. One area where SE influence appears to lag, and may warrant further examination, is the influence on company environmental awareness and sustainability.

The next Chapter moves on to look at the tangible impact of account management in terms of the key performance measures of net additional GVA and net additional employment 2008/09 – 2011/12.

5 Impact of account management support

Chapter summary

- The support provided by SE to companies through account management has generated an estimated £1.11bn of net additional GVA impact to the Scottish economy in the four year period between 2008/09 and 2011/12.
- Average additionality on GVA was found to be 12% over the evaluation period. Additionality has steadily increased in every year under evaluation, from a starting point of 10% in 2008/09 to a high of 15% in 2011/12. By this measure, SE's ability to tangibly impact on the companies it works with has improved over the evaluation period.
- The proportion of companies in the sample reporting that SE had made a positive impact on their performance reached 73% in 2011/12. The proportions were slightly lower in the earlier years of 2010/11 and 2009/10, but the second highest year was 2008/09 at 70% of the survey sample. **The key message here is that SE has the ability to positively impact on the majority of companies it engages with through account management.**
- GVA impacts increased year-on-year from £220m in 2008/09 to £332m in 2011/12 as the number of companies account managed increased, although the average impact per company also increased.
- Analysis of the concentration of impacts in the portfolio shows that the top 10% of companies account for over half of the GVA impacts produced.
- The support provided by SE to companies through account management has created and/or safeguarded an estimated 15,130 jobs over the evaluation period 2008/09 to 2011/12.
- The average change in headcount per company gradually increased over the evaluation period from five jobs in 2008/09 to eight jobs in 2011/12.
- The proportion of companies in the sample reporting that SE had made a positive impact on their employment ranged from 46% in 2008/09 to 70% in 2011/12. Across the sample SE had a positive impact on the employment levels of 72% of companies in at least one year of the evaluation period.
- Analysis of the concentration of impacts in the portfolio shows that the top 10% of companies account for nearly 60% of the employment impacts produced.
- When the costs of running the programme are compared to the impacts generated it shows that for every £1 spent by SE £5.30 of net additional GVA impact was generated over the period.
- In absolute terms, the largest contributions to overall GVA impact are derived from five sectors: Energy, Enabling Technologies, Construction, Life Sciences and Food & Drink; each contributing 11-18% of impacts and together accounting for 71% of total reported GVA impacts.
- In relative terms, four sectors make a disproportionately large contribution: Chemical Sciences, Life Sciences, Construction, and Energy.

Introduction

As with the previous evaluation in 2008, the central objective of this evaluation has been to assess the estimated economic impact of SE's account management interventions over the evaluation period. The period of activity under evaluation has been four years, covering financial years 2008/09 to 2011/12. The previous evaluation covered the three year period from 2004/05 to 2006/07.

This Chapter presents the economic impacts in the two main areas of interest for the evaluation: Gross Value Added (GVA) and employment. Quantitative and qualitative data on SE's impact on company performance was gathered through a telephone survey of 601 account managed companies. This represents 54% of the 1,123 companies available to for inclusion in the research.⁷⁰

In calculating the economic impacts, quantitative data gathered through the telephone survey has been applied to company turnover and employment information already held by SE on its database of account managed companies. This was a departure from the 2008 evaluation methodology where turnover and employment information was collected during the telephone interview with each company. SE has since improved data collection systems and now holds key company information for the majority of companies it engages with through account management. However, the information held by SE on the account managed companies is by no means complete which has led to a small number of gaps in the data available for the economic impact calculation. In the current evaluation, the level of missing data is not at a level which impacts on the robustness of the findings.

This improvement in SE's own data collection enabled the survey to focus more time on exploring the 'value added' of SE support to companies, and how support benefits companies, and less on gathering business metrics which should have been already known to SE. The economic impact assessment has been undertaken in accordance with the principles set out in SE's impact assessment guidelines⁷¹ and complies with UK national practice as set out in HM Treasury Green Book.

Table 19 summarises the data relating to turnover, GVA and employment that is used in the analysis.⁷² This is based only on those companies in each year where there was sufficient data to undertake the analysis. Before reviewing the Table it is useful to draw out a couple of points related to the data presented. First, the arithmetic mean and the median are both provided as measures of central tendency. The higher value of the mean than the median in each year shows that the distributions are positively skewed, with a number of high turnover, GVA and employment firms inflating the mean of the sample. In this sense, the mean, although interesting, is misleading as a measure of centrality in the data set with the median being a better measure.

Second, it can be seen that although there were 601 companies in the telephone survey, this total does not feature in any of the years surveyed. This is due to:

- All companies not being account managed in each year under evaluation. For example, the lower numbers reported on in 2008/09 are due in part to a lower number of companies being account managed in that year; and

⁷⁰ Appendix A provides further detail on how the sample was derived. In summary, the active account management population was 1,809 companies in 2011/12. From this 281 companies which had been in the portfolio for less than one year and 115 'Important to the Economy' companies were removed, leaving a total of 1,413 companies. From this, 290 further companies were categorised as companies where survey was not appropriate for various reasons (this is discussed in more detail in Appendix A). At the end of this process, 1,123 companies were available to survey.

⁷¹ http://www.scottish-enterprise.com/publications/economic_impact_assessment.pdf

⁷² It should be noted that there may be minor discrepancies between some of the data shown in Table 4.1 and the later Tables in this Chapter as some establishments were excluded from the analysis as there was insufficient information to calculate net impacts i.e. additionality or displacement values were missing and the gaps were unable to be filled using interpolated or trend data.

- Turnover, GVA or employment data not being available for companies in a given year. This can be due to turnover data simply not being available as the company is a cost centre, a start up or an early stage growth company. In these cases SE does not collect turnover data.

A number of steps were taken to populate data gaps using secondary data and interpolation. These are explained in further detail in Appendix A.2. This appendix also provides a step-by-step by guide on the methodology used in the economic impact calculation clearly outlining the assumptions which underpin the figures provided here. This Chapter focuses on discussing the quantitative impacts only and is structured as follows:

- Additionality concepts;
- Gross Value Added (GVA) impacts;
- Employment impacts;
- Contribution to the low carbon economy;
- Comparison with the 2008 AM Evaluation;
- Value-for-money; and
- Summary.

Table 19 – Basic Company Characteristics				
Turnover	2008/09	2009/10	20010/11	2011/12
Total	£3,803,892,000	£4,431,470,000	£4,849,254,000	£5,227,786,000
Maximum	£187,000,000	£220,400,000	£213,631,000	£227,723,000
Minimum	£12,000	£5,000	£3,000	£10,000
Mean	£9,558,000	£9,100,000	£8,706,000	£8,881,000
Median	£3,276,000	£3,000,000	£2,600,000	£2,981,000
n=	398	487	557	563
GROSS GVA	2008/09	2009/10	20010/11	2011/12
Total	£1,468,615,000	£1,729,879,000	£1,909,093,000	£2,011,295,000
Maximum	£61,983,000	£65,960,000	£73,931,000	£77,180,000
Minimum	£6,000	£3,000	£1,000	£5,000
Mean	£3,690,000	£3,552,000	£3,427,000	£3,435,000
Median	£1,304,000	£1,163,000	£1,083,000	£1,198,000
n=	398	487	557	563
Employment	2008/09	2009/10	20010/11	2011/12
Total	33,563	39,312	39,865	41,790
Maximum	2,469	2,910	1,624	1,750
Minimum	1	1	1	1
Mean	85	82	74	76
Median	23	26	28	29
n=	395	493	573	588

Source: Research Resource survey of AM businesses 2012/13 (n=601)

Note: All turnover and GVA figures rounded to the nearest thousand.

Additionality concepts

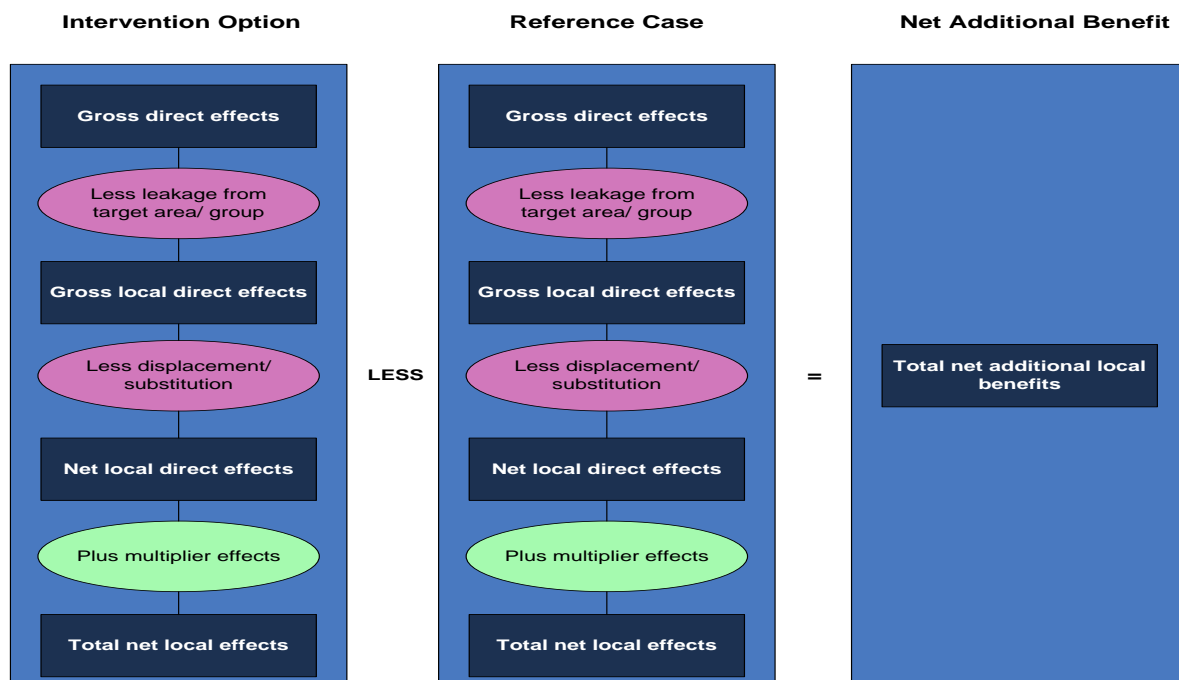
Before proceeding to full presentation of the economic impact of account management, it is useful to briefly define the methodology adopted and the concepts used. In evaluations, the net additional impact of a project or programme is obtained through assessing the difference between the intervention option and the reference case.

According to SE’s guidance:

‘The reference case is the situation, in terms of impacts, that would occur if the intervention was not implemented. In other words, what would have happened anyway without the intervention?’⁷³

The intervention option is the impact which accrues as a result of the intervention implemented, in this case SE’s interventions with account managed companies. Initial assessment of the reference case and intervention option leads to the identification of the gross direct impacts. These impacts are then adjusted using the additionality logic chain which adjusts for factors such as displacement, substitution, leakage and multipliers. The process followed is outlined in Figure 17.

Figure 17 – Approach to Assessing Project Level Additionality – Key Components



Source: Scottish Enterprise Economic Impact Assessment Guidance Note, p.7

The key terms in the additionality logic chain are defined as follows in this evaluation:

- **Deadweight** – the extent to which the impact reported by account managed companies would have happened anyway i.e. if there had been no support from SE;
- **Leakage** – the proportion of economic impact which is likely to take place outside of Scotland. In this evaluation leakage has been assumed to be zero. This is based on evidence from the 2008 evaluation which found that leakage was low at 2%;⁷⁴
- **Displacement** – the extent to which companies supported through account management take market share from other existing companies or organisations in the Scottish economy

⁷³ http://www.scottish-enterprise.com/publications/economic_impact_assessment.pdf. p4

⁷⁴ It should also be noted that the evaluation focused on examining Scottish generated turnover and Scottish based employees, which also removed the scope for leakage. This supports the treatment of leakage as zero.

thereby reducing the economic impact of interventions within Scotland. In this evaluation displacement relates to product market displacement, as opposed to factor market displacement (i.e. inputs), which was not considered;

- **Substitution** – where a company substitutes one activity for a similar one to take advantage of public sector assistance. This can be thought of as ‘within firm’ displacement. This has also been assumed to be zero based on evidence from the 64 face-to-face company consultations undertaken as part of this evaluation;
- **Economic multiplier effects** – the additional impacts which will occur through purchases through Scottish supply chains, employee spending rounds and longer term effects as a result of account management interventions. Scottish Government sector multipliers have been used; and
- **Grossing up the net results (GVA and employment)** to the in-scope population. This was done on an annual basis as the in-scope population varied year by year as did the number of companies for which impact data could be calculated (see Tables A2.5 and A2.6 in Appendix 2 for details).

Further information on how exact values were formulated for each of the above components can be found in Appendix A.2. The economic impact figures presented in this Chapter are shown in real terms at 2012 basic prices, the final year of the period under evaluation. The conversion to real terms prices adjusts for the effects of inflation, allowing a like-for-like comparison of impacts across different time periods. This approach is consistent with HM Treasury Green Book principles and that taken in evaluations of other SE programmes. The economic impact figures are presented at both the survey sample and the ‘in scope population’ level, which is specified for each year under evaluation.

Comparing the survey sample and the AM population

Table 20 compares the median turnover values for the evaluation telephone survey sample and the ‘in-scope’ AM population of 1,123.⁷⁵ The key message here is that in each year under evaluation the median turnover values in the survey sample and the wider AM population are within +/- 11% of each other. This suggests that the distribution of companies in the survey sample is broadly representative of the AM population. Indeed, the AM population was found to have a higher **mean** turnover value than the survey sample leading us to conclude that the economic impact figures presented here are likely to be an underestimate of the overall economic impact when extrapolated to the population level. This is on the basis that a number of high turnover companies were in the population but were not randomly selected for interview.

Table 20 – Sample and Population Median Turnover Comparison (Nominal Prices)				
	2008/09	2009/10	2010/11	2011/12
Establishments where gross t/o info available (sample n=601)	398	487	557	563
Median establishment turnover (sample n=601)	£3,276,000	£3,000,000	£2,600,000	£2,981,000
Median establishment turnover (in-scope population (n=1213))	£3,055,000	£2,854,000	£2,898,000	£3,293,000
Variance	-7%	-5%	11	10

Source: Scottish Enterprise CRM Data 2012 (n=1,123) and Research Resource survey of AM businesses 2012/13 (n=601)

Note: All turnover figures rounded to the nearest thousand.

⁷⁵ Due to the skewed nature of the distributions in both the survey sample and the wider account managed population only the medians have been presented here. Both the sample and AM population means are inflated by a small number of high turnover/GVA companies, which makes comparison of the means of limited value in assessing distribution across the two.

Further analysis of turnover shows that over the period 2008/09 to 2011/12, the 1,123 eligible in-scope companies achieved a cumulative net additional increase in turnover of £1.45bn.

GVA impact

Tables 21 to 25 show the net GVA impact figures for each of the four years explored in the survey. GVA for each company has been derived using GVA to turnover ratios which have been taken from Scottish Government sources.⁷⁶ In considering the figures, the following should be borne in mind:

- The additionality factors presented are the average of the values gathered during the survey and are included for illustrative purposes only. Net GVA impact figures have been constructed using a 'bottom-up' approach which has used additionality factors specific to each of the 601 establishments surveyed; and
- Additionality has been calculated based on SE's impact on the level of GVA in each of the years under evaluation, **not on SE's impact on GVA change between each of the years.**

The methodology used in these calculations can be found in Appendix A.2. Table 21 highlights the cumulative net additional GVA impact of account management over the four year evaluation period from 2008/09 to 2011/12. The key messages are:

- Average (or mean) additionality on GVA was 12% over the four years, meaning that in the absence of SE intervention, total GVA would have been 12% lower across the portfolio;
- The median additionality over the period was 10%;
- Net direct GVA impact from the sample (before estimation of multiplier effects) was £195m, which is estimated to be £577m at the account managed population level; and
- Net GVA impact, including multiplier effects, is £385m at the sample level and an estimated £1.11bn at the in-scope account managed population level.⁷⁷

Table 21 – GVA Impact Figures – Overall: 2008/09 – 2011/12 (2012 Prices)

Additionality Factors (Intervention option)	Mean additionality on GVA	12%
	Median additionality on GVA	10%
	Substitution	0%
	Leakage	0%
	Displacement	34%
Direct GVA Impacts only	Net Direct GVA Impact from Sample	£194,837,000
	Sample-to-Population Gross-Up Factor (mean)	2.89
	Net Direct Impact - Grossed Up to Population Level	£576,950,000
Direct & Indirect GVA Impacts	Net GVA Impact from Sample	£385,158,000
	Sample-to-Population Gross-Up Factor (mean)	2.89
	Net Impact - Grossed Up to Population Level	£1,107,131,000
	Type II GVA multiplier (mean)	2.00

Source: Scottish Enterprise CRM Data 2012 (n=1,123) and Research Resource survey of AM businesses 2012/13 (n=601)

Note: All figures are rounded to the nearest thousand. Rounding applied to end product of calculations only.

⁷⁶ For the 6 Growth Sectors (Food and Drink, Creative Industries, Sustainable Tourism, Energy (including renewables) Financial and Business Services and Life Sciences) The Government Economic Strategy Growth Sector Statistics database has been used. The source is:- <http://www.scotland.gov.uk/Resource/0041/00412990.xls>

Turnover and GVA for the other sectors in the Table (Enabling Technologies, Aerospace, Defence and Marine, Construction, Chemical Sciences, Forest Industries, HE/FE (in fact Education) and Textiles have been derived from the Scottish Annual Business Survey. When deciding which SIC Divisions were to be allocated to each sector the SE Sector Definitions were used. . The sources are:- <http://www.scotland.gov.uk/Resource/0039/00399467.xls>

⁷⁷ The £1.11bn figure represents the total of the individual grossed-up figures for 2008/09, 2009/10, 2010/11 and 2011/12.

Table 22 sets out the net additional GVA impact of account management in 2011/12. The average additionality of SE interventions on the GVA generated by establishments in 2011/12 was 15%. It is again important to emphasise that this is an average additionality figure, derived from the company level additionality figures provided by each company in the 2011/12 telephone survey. The median additionality on GVA is 10%, due to the average figure being pulled up by a number of high impact companies in the sample.

To look at it another way, 409 (73%) of the 563 establishments in the 2011/12 sample reported that SE support had made a positive impact on the turnover, and by extension, GVA of the company. When these gross figures are converted to net additional estimates using the additionality factors, it translates into a net additional GVA impact in 320 (77%) of the 414 establishments where there was sufficient data to assess impact. This means that SE interventions made a quantifiable GVA impact on over three quarters of the companies it engaged with in 2011/12.

The net additional GVA impact found among the sample was £123m in 2011/12. Grossed up to the 2011/12 account managed population level of 1,117 it can be estimated that SE account management interventions delivered a net additional GVA impact of £332m to the Scottish economy in this year.⁷⁸

Table 22 – GVA Impact Figures – 2011/12 (2012 Prices)		
Additionality Factors (Intervention option)	Mean additionality on GVA	15%
	Median additionality on GVA	10%
	Substitution	0%
	Leakage	0%
	Displacement	34%
Proportion of companies reporting +ve GVA impact		73%
Direct GVA Impacts only	Net Direct GVA Impact from Sample	£61,621,000
	Sample-to-Population Gross-Up Factor	2.70
	Net Direct Impact - Grossed Up to Population Level	£166,258,000
Direct & Indirect GVA Impacts	Net GVA Impact from Sample	£122,970,000
	Sample-to-Population Gross-Up Factor	2.70
	Net Impact - Grossed Up to Population Level	£331,782,000
	Type II GVA multiplier	2.00

Source: Scottish Enterprise CRM Data 2012 (n=1,117) and Research Resource survey of AM businesses 2012/13 (N=563)
 Note: All figures are rounded to the nearest thousand. Rounding applied to end product of calculations only.

The net additional GVA impacts for 2010/11 are set out in Table 23. Average additionality declined by 2% on 2011/12 to 13%. In terms of the proportions, 369 (66%) of the 557 companies in the 2010/11 sample reported GVA additionality due to the interventions of SE. This translated into a net additional GVA benefit in 279 (75%) of the 372 establishments on which there was sufficient data to assess impact. Therefore, the proportion of the sample reporting impact as a result of SE interventions in 2010/11 is broadly similar to 2011/12, albeit slightly lower.

⁷⁸ The eligible in-scope population in 2011/12 was 1,117. The 414 companies where impact could be assessed in 2011/12 have been grossed up to this figures using the grossing factor of 2.7 (1,117/414) (see Table A2.5).

The net additional GVA impact found among the sample was also lower in 2010/11 than 2011/12 at £97m in real terms. This equates to an impact of £290m when grossed up to the 2010/11 population level of 1,108.⁷⁹

Additionality Factors (Intervention option)	Mean additionality on GVA	13%
	Median additionality on GVA	10%
	Substitution	0%
	Leakage	0%
	Displacement	34%
	Proportion of companies reporting +ve GVA impact	66%
Direct GVA Impacts only	Net Direct GVA Impact from Sample	£49,297,000
	Sample-to-Population Gross-Up Factor	2.98
	Net Direct Impact - Grossed Up to Population Level	£149,861,000
Direct & Indirect GVA Impacts	Net GVA Impact from Sample	£97,216,000
	Sample-to-Population Gross-Up Factor	2.98
	Net Impact - Grossed Up to Population Level	£289,557,000
	Type II GVA multiplier	2.00

Source: Scottish Enterprise CRM Data 2012 (n=1,108) and Research Resource survey of AM businesses 2012/13 (n=557)

Note: All figures are rounded to the nearest thousand. Rounding applied to end product of calculations only.

Table 24 shows the GVA impacts for 2009/10. This shows that average additionality is down by 1% on 2010/11 at 12%. In terms of the proportion of establishments reporting that SE had a positive impact on performance, 332 (68%) of the 487 sample in 2009/10 reported this – a higher proportion than in 2010/11 but lower than in 2011/12. This filtered through into a net additional GVA impact in 240 (71%) of the 336 establishments where impact could be calculated, a marginally lower proportion than in later years. **The net additional GVA impact among the sample was £91m in 2009/10. Grossed up to the AM population level in 2009/10 of 982 it was estimated to be £265m in real terms.**⁸⁰

⁷⁹ The eligible in-scope population in 2010/11 was 1,108. The 372 companies where impact could be assessed in 2010/11 have been grossed up to this figure using a grossing factor of 2.98 (1,108/372), (see Table A2.5).

⁸⁰ The eligible in-scope population in 2009/10 was 982. The 336 companies where impact could be assessed in 2010/11 have been grossed up to this figure using a grossing factor of 2.92 (982/336), (see Table A2.5).

Table 24 – GVA Impact Figures – 2009/10 (2012 Prices)		
Additionality Factors (Intervention option)	Mean additionality on GVA	12%
	Median additionality on GVA	10%
	Substitution	0%
	Leakage	0%
	Displacement	35%
	Proportion of companies reporting +ve GVA impact	68%
Direct GVA Impacts only	Net Direct GVA Impact from Sample	£46,182,000
	Sample-to-Population Gross-Up Factor	2.92
	Net Direct Impact - Grossed Up to Population Level	£141,497,000
Direct & Indirect GVA Impacts	Net GVA Impact from Sample	£90,827,000
	Sample-to-Population Gross-Up Factor	2.92
	Net Impact - Grossed Up to Population Level	£265,452,000
	Type II GVA multiplier	2.00

Source: Scottish Enterprise CRM Data 2012 (n=982) and Research Resource survey of AM businesses 2012/13 (N=487)

Note: All figures are rounded to the nearest thousand. Rounding applied to end product of calculations only.

Table 25 presents the net additional GVA impacts for the final year under evaluation, 2008/09. **The net additional GVA impact found among the sample was £74m. Grossed up to the 2008/09 account managed population level of 841, SE account management interventions delivered an estimated net additional GVA impact of £220m to the Scottish economy in this year.**⁸¹

There are a number of interesting findings in this year. First, average additionality in this year is the lowest of all the years presented at 10%. Second, the median additionality of 5% shows the distribution of impacts tends towards single figures in this year, with the mean being pulled up by a number of high impact companies. The third point of interest is that 70% of companies in 2008/09 reported that SE had made a positive impact on turnover. After the most recent year, 2011/12, this is the second highest proportion in any year under evaluation.

Why this is the case is unclear. Reducing scale additionality the further one goes back in time is a common feature in evaluations of business support programmes, but it is unusual for the proportion of respondents citing an impact to rise again. The most logical conclusion is that SE was beginning to sow the seed for the impacts observed in the later years of evaluation, with companies reporting modest impacts as the relationship and projects evolve in the early years. This is an area worthy of further investigation.

⁸¹ The eligible in-scope population in 2008/09 was 841. The 283 companies where impact could be assessed in 2008/09 have been grossed up to this figure using a grossing factor of 2.97 (841/283), (see Table A2.5).

Table 25 – GVA Impact Figures – 2008/09 (2012 Prices)		
Additionality Factors (Intervention option)	Mean additionality on GVA	10%
	Median additionality on GVA	5%
	Substitution	0%
	Leakage	0%
	Displacement	34%
Proportion of companies reporting +ve GVA impact		70%
Direct GVA Impacts only	Net Direct GVA Impact from Sample	£37,737,000
	Sample-to-Population Gross-Up Factor	2.97
	Net Direct Impact - Grossed Up to Population Level	£119,334,000
Direct & Indirect GVA Impacts	Net GVA Impact from Sample	£74,145,000
	Sample-to-Population Gross-Up Factor	2.97
	Net Impact - Grossed Up to Population Level	£220,340,000
	Type II GVA multiplier	2.00

Source: Scottish Enterprise CRM Data 2012 (n=841) and Research Resource survey of AM businesses 2012/13 (n=398)

Note: All figures are rounded to the nearest thousand. Rounding applied to end product of calculations only.

Concentration of GVA impact

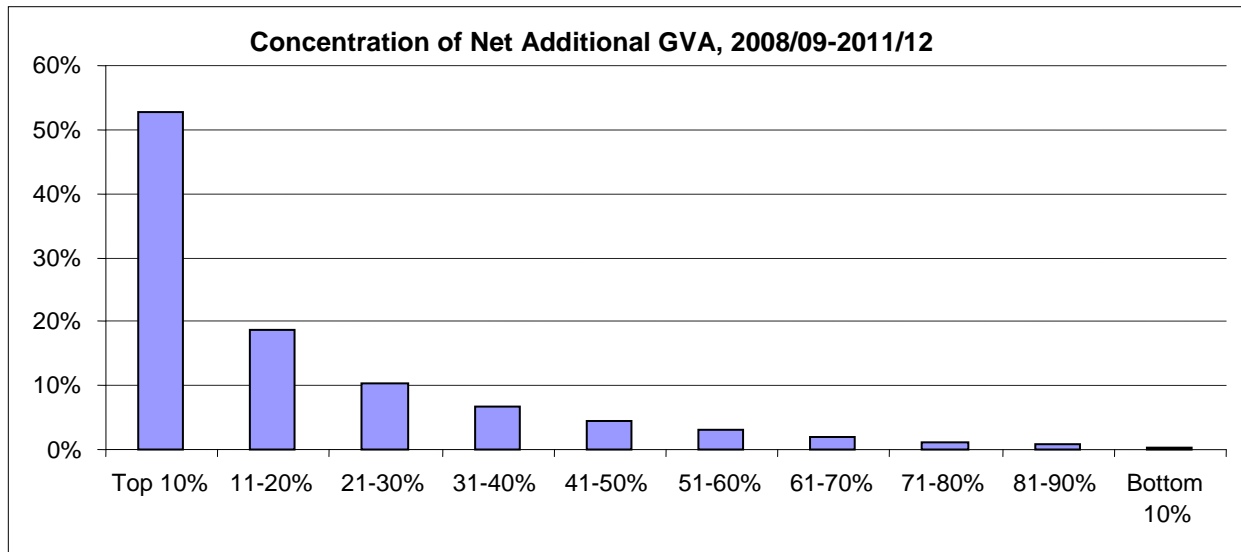
Further analysis has been undertaken on the distribution of impacts across the account managed population. Over the evaluation period the top 10% of performing companies, in terms of GVA, account for just over half of all benefits (53%) (Table 26 and Figure 18).

Nonetheless, distribution of GVA benefits has improved over the evaluation period, with the benefit becoming more widely distributed among the population. While a long ‘tail’ persists, with 90% of firms collectively producing only 52% of reported benefits in 2011/12, this compares with just 37% of reported benefits in 2008/09.

Table 26 – Concentration of Direct and Indirect GVA Impacts		
Year	Total companies with data in the year	Top 10% of companies account for ...% of impact
2008/09	398	63%
2009/10	487	53%
2010/11	557	46%
2011/12	564	48%
4yr Period	578	53%

Source: Scottish Enterprise CRM Data 2012 (n=1,123) and Research Resource survey of AM businesses 2012/13

Figure 18 – Concentration of Net Additional GVA Impacts



Source: Scottish Enterprise CRM Data 2012 (n=601) and Research Resource survey of AM businesses 2012/13

The top 10% performing companies are in a range of sectors, with a distribution very similar to the remaining surveyed companies. The top performing companies also cut across company sizebands, although the medium/large category accounts for the greatest proportion (24%) and is over represented relative to the remaining surveyed companies (where this category accounts for 13% of companies).

In terms of product interventions received, there are some slight differences between the types of products received by the top 10% and the remaining surveyed companies. For example, the top 10% received on average more product interventions (12) than the wider population (10) and 30% of the top 10% companies received RSA support compared to 9% of the remaining surveyed companies.

This suggests that in terms of company characteristics, it is very difficult to ‘pre-select’ companies that could deliver the greatest impact. The analysis does however suggest that RSA can have a particularly high influence on net additional company growth.

GVA Impacts Summary

- The support provided by SE to companies through account management has generated an estimated **£1.11bn of net additional GVA impact** to establishments in the four year period between 2008/09 and 2011/12.
- Average additionality on GVA was found to be 12% over the evaluation period. Additionality has steadily increased in every year under evaluation, from a starting point of 10% in 2008/09 to 15% in 2011/12. By this measure, SE's ability to tangibly impact on the companies it works with has improved over the evaluation period.
- The proportion of companies in the sample reporting that SE had made a positive impact on their performance reached 73% in 2011/12. The proportions dropped slightly in the earlier years of 2010/11 and 2009/10, but the second highest year was 2008/09 at 70% of the survey sample. **The key message here is that SE has the ability to positively impact on the majority of companies it engages with through account management.**
- GVA impacts increased year-on-year from £220m in 2008/09 to £332m in 2011/12 as the number of companies account managed increased. However, the average net impact per company has also increased.

GVA Impacts - 2012 Constant Prices

Year	Survey Sample	Account Management Population	Average Net Impact Per Company
2008/09	£74,145,000	£220,340,000	£246,213
2009/10	£90,827,000	£265,452,000	£257,853
2010/11	£97,216,000	£289,557,000	£256,049
2011/12	£122,970,000	£331,782,000	£297,030
Total	£385,158,000	£1,107,131,000	N/A

- Analysis of the concentration of impacts in the portfolio shows that the top 10% of companies account for over half of the GVA impacts produced.

Employment impact

As with turnover and GVA, the employment impacts presented in this section are based on the application of the telephone survey data to the employment data SE already holds on its database of account managed companies. Unlike the 2008 evaluation which presented full-time and part-time employment numbers, here the figures are based on headcount and do not differentiate by employment type. This reflects the way employment data is recorded by SE.

It should also be stressed that in light of recent economic conditions companies were asked the extent to which SE had created new or safeguarded existing jobs. This allowed companies which had downsized to be able to comment on SE's influence in protecting jobs. The figures presented in this section therefore represent SE's combined employment impact.

Table 27 presents the median employment values for the survey sample and the 'in-scope' population of 1,123.⁸² It should be noted that the employment data held by SE on its account management database was not as complete as that for turnover, particularly in the earlier years. This is due to the

⁸² As with GVA, due to the skewed nature of the distributions, in both the survey sample and the wider AM population, only the medians have been presented here. Both the sample and AM population means are inflated by a small number of high employment companies, which makes comparison of the means of limited value in assessing distribution across the two.

fact that account managers have only been required to capture employment data for the past year or so.

Due to this a number of steps were taken to impute missing data including estimation of employment figures using turnover-to-employment ratios for Key Sectors and estimation of employment based on trends.⁸³ Further details on this are presented in the economic impact methodology Appendix (Appendix A.2). For this reason, some caution should be exercised in comparing the distribution of the sample and the in-scope population. For example, it can be seen that there is a 91% difference between the median employment of establishments in the sample and the wider in-scope population (n=1,123) in 2008/09. However, this variance decreases in later years as the quality of employment data held by SE improves.

The main conclusion from the comparison of medians in Table 27 is that the sample contained smaller companies than the in-scope population as a whole. This means that, as with GVA, extrapolation of the figures from the sample to the population is likely to result in a slight underestimate of employment impacts.

Table 27 – Sample and Population Median Employment Comparison (Headcount)				
	2008/09	2009/10	2010/11	2011/12
Establishments where gross emp. info available (sample n=601)	395	493	573	588
Median establishment employment (sample n=601)	23	26	28	29
Median establishment employment (in-scope population (n=1123))	44	35	35	37
Variance	91%	35%	25%	28%

Source: Scottish Enterprise CRM Data 2012 (n=1,123) and Research Resource survey of AM businesses 2012/13 (n=601)

Net additional employment impact

This section presents the net employment impacts attributable to account management. Figures are presented in headcount terms and do not differentiate between full and part-time employment. A description of the method used in constructing these figures can be found in Appendix A.2

Jobs, unlike turnover or GVA which are generally reported annually, often last more than a single year. For example, one job that lasts four years is still only a single job. Therefore, caution has to be exercised when interpreting employment figures as there is a risk of double-counting. For this reason, we have opted to present the employment figures based only on the peak year employment impact reported by companies in the telephone survey. To explain further, suppose that a company reports a net employment impact of five in year one, six in year two and seven in year three. In this case the peak year figure of seven in year three would be selected as the company's overall net employment impact figure, not the three year total of 20 jobs. This is on the basis that the totals in years two and three are assumed to contain the five jobs reported in year one in the hypothetical example given above. This approach is consistent with SE's standard approach to reporting employment impacts.

Review of the employment impact data from the survey suggests that the majority of companies have answered the employment impact questions in a way which supports the adoption of the peak year approach. For example, in some cases, totalling of the employment impacts reported in each year leads to a figure greater than the overall employment of the company itself. In cases such as this it is clear that a company is reporting the same jobs in successive years. The peak year approach is a way to account for this.

⁸³ This is based on some workings using standard SIC codes undertaken jointly by SE and the consultant team.

Table 28 presents the direct only, direct and indirect and peak year employment impacts. The employment impacts are also broken down by year, but these are for reference only. Focusing on the peak year figures it can be seen that:

- The sample reported a total of 3,266 direct jobs (based on 541 companies);
- This translates into an estimated 7,289 direct and indirect jobs once employment multiplier effects are included; and
- At the in-scope population level it can be estimated that 15,129 jobs have been created or safeguarded by SE over the four year evaluation period.

Year	Direct employment impacts (sample)	N=	Direct & indirect employment impacts (sample)	Sample-to-pop. gross-up factor ⁸⁴	Grossed to in-scope population	N=
2008/09	1,262	325	2,754	2.59	7,128	841
2009/10	1,667	432	3,719	2.27	8,455	982
2010/11	2,402	521	5,379	2.13	11,440	1108
2011/12	2,900	527	6,512	2.12	13,803	1117
PEAK YEAR	3,266	541	7,289	2.08	15,129	1123

Source: Scottish Enterprise CRM Data 2012 (n=1,123) and Research Resource survey of AM businesses 2012/13

Table 29 summarises the average positive headcount change reported by establishments in each of the years surveyed and also the proportion of companies which reported a positive impact on employment as a result SE support. This shows that the average number of jobs safeguarded or created by SE gradually increased over the course of the evaluation period from five per company in 2008/09 to eight in 2011/12. In addition, the proportion of companies in the survey sample reporting that SE had made a positive impact on employment increased from 46% in 2008/09 to 70% in 2011/12. **Looking at the peak year figure this shows that across the sample, SE interventions made a positive impact on 72% of companies in at least one year in the evaluation period.**

Year	Average +ve headcount change per co.	% +ve impact on employment
2008/09	5	46%
2009/10	5	47%
2010/11	7	57%
2011/12	8	70%
PEAK YEAR	n/a	72%

Source: Scottish Enterprise CRM Data 2012 (n=1,123) and Research Resource survey of AM businesses 2012/13

Concentration of employment impact

A similar picture emerges for employment impacts to that of GVA impacts when concentration is considered, although the concentration of benefits is somewhat higher. Ten percent of account

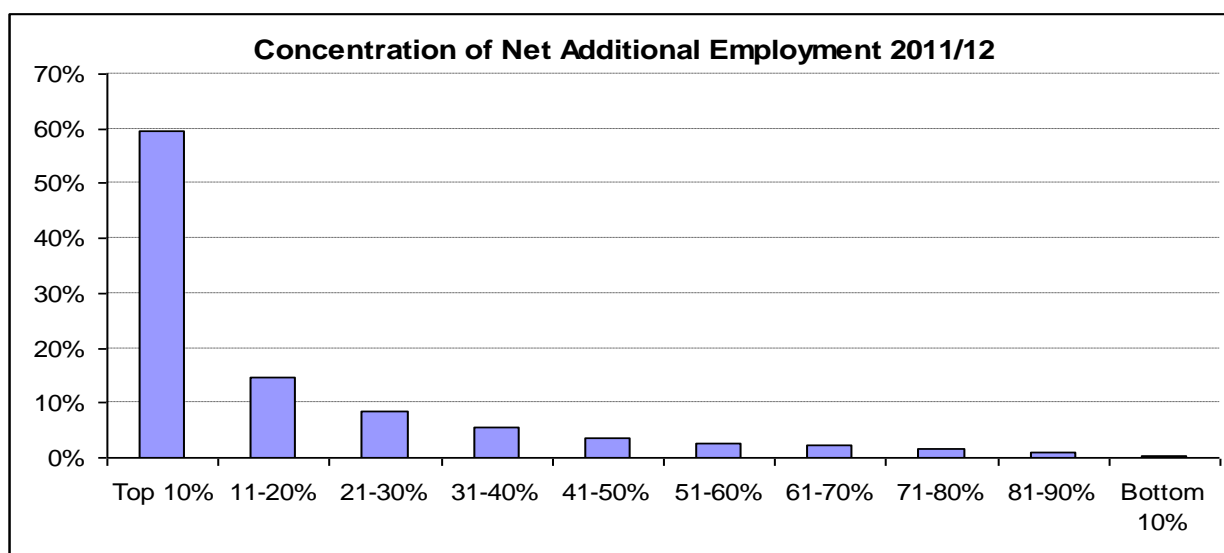
⁸⁴ The employment grossing factors were calculated in the same way as for GVA. Thus in 2008/09 there were 841 companies in the eligible in-scope population and employment impacts were assessed for 325 of these. This gives a grossing factor of 2.59 (841/325). Further details are given in Appendix A.2 Table A2.6.

managed companies account for 59% of employment impacts in 2011/12 (Table 30 and Figure 19). Also, improvement in the distribution of benefits is less marked than for GVA, with the amount of employment benefit accounted for by the top 10% performing firms dropping from 66% in 2008/09 to 59% in 2011/12.

Table 30 – Concentration of Direct and Indirect Employment Impacts		
Year	Total companies with data in the year	Top 10% of companies accounts for ...% of impact
2008/09	439	66%
2009/10	526	61%
2010/11	593	61%
2011/12	600	59%

Source: Scottish Enterprise CRM Data 2012 (n=1,123 and Research Resource survey of AM businesses 2012/13

Figure 19 – Concentration of Net Additional Employment Impacts



Source: Scottish Enterprise CRM Data 2012 ((n=601) and Research Resource survey of AM businesses 2012/13

Further analysis shows that the top 10% performing companies for employment impact are generally different from the top 10% contributors to GVA impact. Just one quarter of the top decile of GVA companies are also in the top decile of employment companies.

The top 10% performing companies are in a range of sectors, with a similar distribution to the remaining surveyed companies, though energy companies are over represented in the top 10%. The top 10% of companies are also in all of the different company sizebands, although the medium size category accounts for the greatest proportion (24%) and is over represented relative to the remaining surveyed companies (where this category accounts for 15% of companies).

In terms of product interventions received, there are some differences between the top 10% and the remaining surveyed companies, with business improvement and innovation intervention frameworks being over represented and market development under represented, relative to the remaining surveyed companies. On average there is little difference in the number of products accessed: 10 each. In relation to funding support, RSA again is over represented in the top 10% (24% of companies accessing against 10% in the remaining surveyed companies).

Again, this analysis highlights that it is not possible to ‘pre select’ companies that will deliver the biggest impacts according to company characteristics. The characteristics of the companies showing the biggest employment impacts are different from those which contribute the biggest GVA impacts. The analysis does reinforce the earlier view that RSA can have a particularly strong influence on net additional company growth (both GVA and employment). The type and mix of SE interventions which drive impacts will be investigated further in Chapter 6 - ‘Critical Success Factors’.

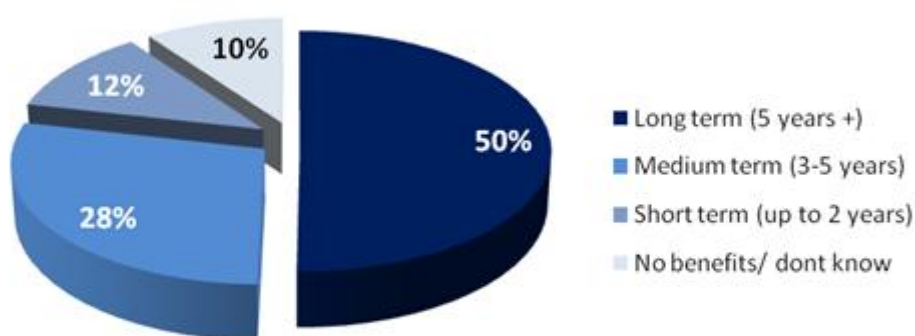
Net Additional Employment Impacts Summary

- The support provided by SE to companies through account management has created and/or safeguarded an estimated 15,129 net jobs over the evaluation period 2008/09 to 2011/12.
- The average change in headcount per company gradually increased over the evaluation period from five jobs in 2008/09 to eight jobs in 2011/12.
- The proportion of companies in the sample reporting that SE had made a positive impact on their employment ranged from 46% in 2008/09 to 70% in 2011/12. Across the sample SE made a positive impact on the employment levels of 72% of companies in at least one year of the evaluation period.
- Analysis of the concentration of impacts in the portfolio shows that the top 10% of companies account for nearly 60% of the employment impacts produced.

Persistence of impact

In the telephone survey, respondent companies were also asked a general question on how long they expected the benefits of SE’s support to last. This was not related specifically to turnover, GVA or employment but more to the totality of benefit that SE had brought to the business. As Figure 20 shows, half of businesses felt that the benefits they had gained were long term and would last for more than 5 years.

Figure 20 - Persistence of benefits



Source: Research Resource survey of AM businesses 2012/13 (n=601)

Value for money

Table 31 presents a comparison of the account management evaluation in 2008 and the current 2013 evaluation. An important point to note before reviewing this analysis is that the 2008 evaluation covered a three year period (2004/05 to 2006/07) while the current 2013 evaluation spanned four years (2008/09 to 2011/12). Due to this, only the economic impacts for the most recent three years of the current evaluation, 2009/10 to 2011/12, are presented when comparing the two evaluations. This ensures a greater degree of comparability with the 2008 evaluation in that both sets of impact figures are compared over a three year period.

Looking at Table 31 the main finding is that SE's ability to impact on the companies it engages through account management has increased in the period between this evaluation and the last. This is evidenced by the eligible in-scope population impacts which show:

- The GVA impact attributable to SE interventions increasing by just under a quarter in real terms on the last evaluation, from £722m to £887m;
- Average additionality on performance has almost tripled from 5% in 2008 to 13% in 2013; and
- SE's employment impact in the 2013 evaluation has increased by 16% on the 2008 figure.⁸⁵⁸⁶

Evaluation	2008	2013	Variance
GVA (2012 Prices)	£721,632,000	£886,791,000	23%
Average additionality	5%	13%	8%
Employment	13,064	15,129	16%

Sources: Scottish Enterprise CRM Data 2012 (n=1,123) and Research Resource survey of AM businesses 2012/13; Evaluation of Scottish Enterprise's Interventions with Account Managed Companies, 2008

Note: 2013 figures only cover the three most recent years of the evaluation

A number of key value-for-money metrics are presented in Table 32. The costs and GVA impacts presented in this Table have been discounted to 2008 before being converted to 2012 constant prices. This accounts for the fact that SE spend took place in different years and ensures like-for-like comparability. It also explains why the GVA impacts presented in this table differ from those presented earlier in the Chapter.

This shows that a total of £196m was spent on account management staff, grant/equity and proxy product costs over the four year evaluation period (2012 prices).⁸⁷ With the exception of those in the portfolio less than one year, this figure includes the costs of supporting all companies removed from the survey sample i.e. Important to the Economy Watching Brief and those 290 companies that were removed from the survey for various reasons (see Appendix D for further information).⁸⁸ This represents the costs of supporting 1,528 companies, or 84% of the 1,809 account management population. This compares with the inclusion of the impacts from only 62% of companies (1,123 of 1,809 – where 1,123 is the in-scope population).

The key message here is that a conservative approach to calculating value-for-money has been adopted. The costs of all companies (minus only those in account management for less than one year)

⁸⁵ As with the GVA grossing factors

⁸⁶ It should be noted that the 2008 evaluation did not use the peak year approach when assessing total employment impact. Rather, it summed the employment impacts in each of the years under evaluation to arrive at a three year total. If a peak year approach had been taken the 2008 total employment impact is likely to have been lower than presented. Therefore, it can be concluded with a high degree of certainty that the employment impact in 2013 is greater than 2008 despite these methodological differences.

⁸⁷ Product costs are estimated based on median costs for products multiplied by the number of products accessed across the portfolio, it is therefore only a guide.

⁸⁸ Companies in the portfolio for less than 1 year were excluded on the basis that: a) given their recent entry to the portfolio, comparatively limited intervention activity is likely to have taken place; and b) 1 year was considered to be insufficient time for economic impacts to emerge.

have been factored in to the analysis, but the impacts from all companies have not (i.e. excluding impacts of those in for less than a year, Important to the Economy Watching Brief and companies where surveying was not considered appropriate at the time - on the basis that no impact data was collected on the groups which did not feature in the survey and therefore cannot be reported in the final impact figures presented).

When the costs of running the programme are compared to the impacts generated it shows that for every £1 spent £5.30 of net additional GVA impact was generated over the period. Return on investment peaked in 2009/10 when an estimated £5.90 was generated for every £1 spent. Table 32 also shows that the cost per job created or safeguarded was £12,950 over the evaluation period.

Year	Total staff and product costs	GVA impacts	£ Impact per £ spent	Employment	Cost per job
2008/09	£52,412,000	£220,340,000	£4.20	-	-
2009/10	£43,440,000	£256,479,000	£5.90	-	-
2010/11	£48,464,000	£270,302,000	£5.60	-	-
2011/12	£51,675,000	£299,235,000	£5.80	-	-
Total	£195,991,000	£1,046,356,000	£5.30	15,130	£12,950

Source: Scottish Enterprise CRM Data 2012 (cost n=1,528) and Research Resource survey of AM businesses 2012/13

Note 1: Cost and impact figures are rounded to the nearest thousand. Rounding applied to end product of calculations only.

Note 2: Peak year employment total shown only which shows total employment impact over the four years.

Note 3: This includes costs for IMPO Watching Brief and those companies that were removed from the survey population (See Appendix D).

Impacts by sector

Table 33 below presents the distribution of impacts in terms of GVA by sector. In absolute terms, the largest contributions to overall GVA impact are derived from five sectors: Energy, Enabling Technologies, Construction, Life Sciences and Food & Drink; each contributing 11-18% of impacts and together accounting for 71% of total reported GVA impacts.

In relative terms, four sectors make a disproportionately large contribution: Chemical Sciences, Life Sciences, Construction, and Energy. A larger number of sectors make a contribution that is disproportionately small relative to their numbers: Tourism, Financial Services, Creative Industries, Textiles, Non-sector categories, and Food & Drink.

When cost of intervention is also taken into account, the net additional GVA is greater than the cost of intervention for all sectors. The most cost effective interventions relate to those within the Food & Drink, Textiles and Construction sectors with a £10 or higher GVA return for every £1 spent. The least is to those within Aerospace, Defence and Marine (ADM), Forest Industries, Life Sciences and Tourism (£3.70 or less for every £1 spent). An average cost to impact ratio of 1:6 is identified, ranging from 1:3.0 (ADM) to 1:13.8 (Food & Drink).

When interpreting this information, we caution against drawing mechanistic conclusions as to which sectors SE should support based on this analysis. SE purposefully adopts a balanced portfolio approach to account management with the objective of supporting growth in all Scotland’s Key Sectors as defined in the GES. In sectors such as Life Sciences and Enabling Technologies impacts can take longer to emerge due to the technological nature of the businesses and the long lead time to market for new products and services. Therefore, this analysis should be taken as a snapshot of impacts by sector over the 2008/09 to 2011/12 period. A similar exercise in future may return different ratios driven by the company mix in the portfolio and the maturity of companies therein.

Table 33 – Distribution of Direct and Indirect GVA Impacts by Sector						
Sector	No. companies	% companies	Net Additional GVA, 2008/09-2011/12	Net GVA as a % of total	Cost of intervention	Impact Ratio
Tourism	29	5%	£3,162,750	1%	£843,614	3.7
Financial Services	11	2%	£3,077,911	1%	£494,285	6.2
Forest Industries	12	2%	£7,128,200	2%	£2,183,485	3.3
ADM	19	3%	£9,574,467	3%	£3,197,081	3.0
Creative Industries	30	5%	£15,563,650	4%	£2,168,474	7.2
Textiles	27	5%	£14,551,982	4%	£1,113,540	13.1
Non Sector	44	8%	£21,888,365	6%	£2,222,949	9.8
Chemical Sciences	30	5%	£32,270,120	9%	£3,764,040	8.6
Food & Drink	75	13%	£41,673,202	11%	£3,023,134	13.8
Life Sciences	48	8%	£45,025,552	12%	£13,265,106	3.4
Construction	55	10%	£47,333,744	13%	£4,623,463	10.2
Enabling Technologies	106	18%	£64,024,248	17%	£12,036,805	5.3
Energy	91	16%	£69,036,069	18%	£13,051,235	5.3
Total	578	100%	£374,537,515	100%	£62,258,677	6.0

Source: Scottish Enterprise CRM Data 2012 (n=601) and Research Resource survey of AM businesses 2012/13

Note: Net additional GVA and cost of intervention data refers just to the surveyed companies and has not been grossed to the in scope population. This is why figures are different to those in Table 32.

Table 34 presents a comparison of the cost/impact and cost per job ratios for the 2008 and 2013 evaluations. As above, the 2013 figures have been adjusted to cover only the three most recent years of the evaluation to allow a comparison between the two studies. Although this provides an interesting comparison, caution should be exercised in interpreting the results for a number of reasons:

- Robust cost data was only available for two of the years covered by the 2008 evaluation. This meant that it was not possible to derive an overall return on investment figure for the three years; and
- The differences in the way employment impacts have been presented in both evaluations (total vs. peak year) means that the cost-per-job figures are not directly comparable.

On this basis it is best to view the data in the Table below as further indicative evidence of the improvement in the performance of account management rather than to place too much emphasis on the magnitude of the variance between the two ratios.

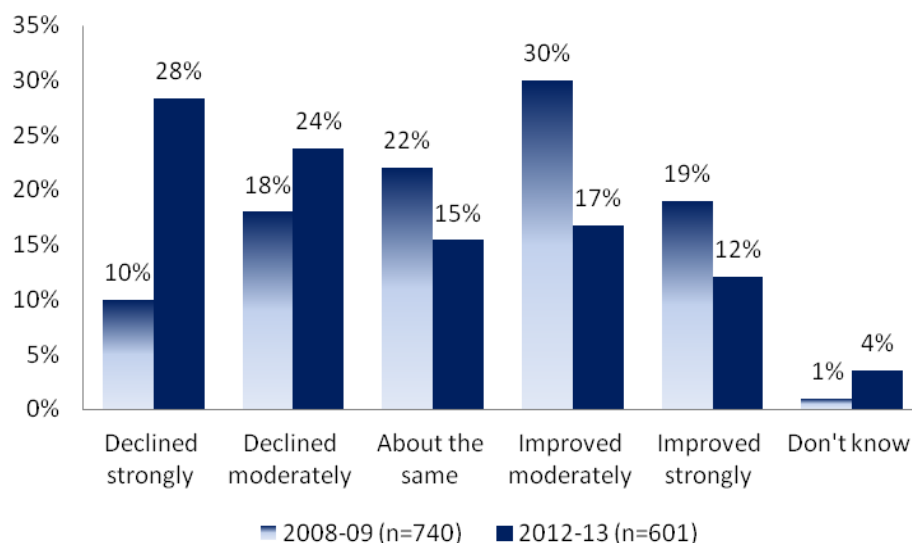
Evaluation	2008	2013	Variance
Impact ratio (£1 SE spend per £ net GVA)	4.99	5.75	15%
Cost per job	£9,557	£9,490	-1%

Sources: Scottish Enterprise CRM Data 2012 (n=1,123) and Research Resource survey of AM businesses 2012/13; Evaluation of Scottish Enterprise’s Interventions with Account Managed Companies, 2008

It should also be noted that the two time periods over which the 2008 and 2013 evaluations were conducted were starkly different in terms of the prevailing economic conditions. The period 2004/05 to 2006/07 fell within the longest period of sustained economic growth in the UK since 1945, whereas in contrast, the three years from 2008/09 to 2011/12 sat within a period of the greatest economic contraction since the Great Depression of the 1930s. **This suggests that the impacts of SE’s support over the 2013 evaluation period compared to the 2008 evaluation period have increased, despite the wider economic environment being far less favourable, with companies now attributing more of their changes in performance to the interventions of SE.**

This is further evidenced by Figure 21 below which illustrates the response of survey respondents in relation to market conditions over the evaluation period as compared to the 2008 evaluation. As can be seen, the majority of respondents (52%) in the 2013 evaluation felt that market conditions had deteriorated over the current evaluation period.

Figure 21 – Companies’ view of market conditions.



Source: Research Resource survey of AM businesses 2008/09 and 2012/13

In summary

This Chapter has estimated the economic impact of account management on the two key metrics of GVA and employment. It has shown that on both measures SE’s ability to positively impact on the companies it engages through account management has improved over the evaluation period. In terms of GVA, not only has the scale of GVA reported year-on-year increased in real terms, but also the proportion of companies in the sample reporting a positive impact. In the most recent year under evaluation, 2011/12, around three quarters of companies reported a GVA impact as a result of the interventions of SE. The proportion of positive impact companies on employment is slightly lower, yet follows the same improving trend.

The evidence also suggests that account management represents good value-for-money with every £1 spent on delivering interventions returning £5.34 for the Scottish economy. Comparison with the last evaluation shows that account management has improved its performance with regards to additionality, and indeed, value for money.

The following Chapter builds on the largely quantitative analysis presented in this Chapter to further explore the critical success factors which influence SE's ability to impact on the companies it works with.

6 The critical success factors

Chapter summary

- There is no clear single set of company characteristics associated with the successful performance of account managed companies. Companies reporting positive and zero impact as a result of SE support are characterised by as many similarities as differences.
- **GVA impact:** Nonetheless, three factors in particular are associated with statistically significant differences in the responses of positive vs. zero impact companies; *type of relationship*; *SE's influence on innovation spend* and the *level of SE product intervention*. Strategic level relationships, increased innovation spend as a result of SE support and higher levels of product intervention are all associated with positive GVA impact.
- **Employment impact:** The same three variables (with the addition of company size and sector) display significant positive differences in relation to employment impact.
- **Scale of impact:** Higher levels of impact are generally evident among companies which report:
 - Strategic level relationships;
 - Increased innovation spend as a result of SE support;
 - Higher levels of product intervention;
 - Higher levels of SE spend; and
 - Higher levels of export sales.
- **'Soft support' from account managers:** The most frequently cited and highly valued elements of 'soft' support include:
 - The account manager as a single point of contact and source of one-to-one support;
 - The account manager as a 'gatekeeper' to SE support, networks and contacts; and
 - The account manager at strategic level, acting as a 'sounding board' and 'critical friend'.
- **Product support:** *Market development* is the most highly valued type of product support among survey respondents. This is followed by *organisation development*.
- Positive correlations exist between net additional (direct) GVA and employment impact and the total number of market development and innovation products that a company has received. This highlights the significance of these product support framework areas.
- Qualitative evidence suggests that intervention framework areas should be viewed as complementary groups of support which act together to achieve results alongside the 'softer' relationship management and brokering skills of the account manager.

Introduction

Preceding Chapters considered the development of the account management approach, its operating context and component parts, the characteristics of beneficiaries, the tangible impact and business benefits for supported companies, and the wider contribution to the economy.

Key findings reflect the diversity and flexibility of programme delivery (in terms of funding, products and 'soft' support), high satisfaction with the support received, and clear added value for companies (particularly around improved strategic and operational planning, improved business processes, and management capability). There are also considerable benefits for the wider economy in terms of net additional GVA and employment. The next stage is to understand the relative impact of the programme components – unpicking what works, for which companies and in what circumstances.

This Chapter presents the findings of exploratory statistical analysis to isolate the 'critical success factors' associated with account management. Quantitative statistical analysis is supplemented by

evidence from qualitative face-to-face company and stakeholder consultations to provide context and interpretation.

NOTE: Methodology for exploratory analysis

To provide consistency, the analysis that follows is based only on the sub-set of companies where it has been possible to quantify the impact associated with SE interventions. Companies reporting a positive impact, but unable to quantify it, are excluded.

This approach also ensures that analysis is not skewed by ‘legitimate gaps’ in the data e.g. costs centres and R&D establishments which do not generate turnover that can be measured (and where it is not therefore possible to estimate impact) are not included in the data analysis.

Exploratory statistical analysis has been calculated using **net additional direct impact** (GVA and employment) for the year 2011/12 (the year in which the most complete set of data is available).

The factors associated with positive impact

Using net additional (direct) impact figures (2011/12) businesses have been categorised as reporting **positive** or **zero** impact (GVA and employment) as a result of SE support. Interrogation of the survey data has identified variables displaying a statistically significant relationship with the likelihood of a company reporting a positive impact on turnover as a result of SE support. The results of statistical tests comparing companies reporting positive vs. zero impact on turnover are shown in Table 35⁸⁹. Valid, statistically significant results are highlighted in green.

Table 35 - Cross tabulation – Positive (scale) vs. zero impact on turnover with	Variable type	Test	Significance ⁹⁰
Company characteristics			
International presence i.e. companies that export vs. those operating in domestic only companies	Nominal	Chi-sq	0.012*
Sector	Nominal	Chi-sq	0.003*
Company Size (Companies Act 2006) 2011/12	Ordinal	Chi-sq	0.050
Company age (age bands)	Ordinal	Chi-sq	0.177
Turnover trend (increase, decrease, stay the same)	Nominal	Chi-sq	0.456
Autonomy in decision making (SE key contact(s))	Nominal	Chi-sq	0.908
Characteristics associated with SE intervention			
Type of relationship with SE/account manager	Nominal	Chi-sq	0.000
SE influence on innovation spend	Nominal	Chi-sq	0.000
Number of SE products received (high/med/low intervention)	Ordinal	Chi-sq	0.001
Satisfaction with SE support	Ordinal	Chi-sq	0.000*
Process for identifying needs supported by AM	Nominal	Chi-sq	0.165
Referred though Business Gateway Growth Pipeline vs. other referral routes	Nominal	Chi-sq	0.388
Change in account manager	Nominal	Chi-sq	0.601
Number of years in account management (1-5+)	Ordinal	Chi-sq	0.987

*Denotes cases where significance is caveated due to sample size/ uneven distribution.

Source: Research Resource survey of AM businesses 2012/12

⁸⁹ It should be noted that zero impact is not necessarily negative. As stated in Chapter 5, some companies reporting ‘zero impact’ are pre-revenue or feel that impact will accrue at a later stage.

⁹⁰ A statistically significant relationship is indicated by a significance score (Asymp.sig) of less than .05.

In keeping with the findings of the 2008 evaluation, it is apparent that companies in the positive and zero impact groups are characterised by as many similarities as differences. Survey analysis shows no significant difference between the two groups in terms of size, age, or growth profile (turnover change over the account managed period). Similarly, there is no identifiable relationship between impact and number of years in account management, continuity of account manager or referral route (Business Gateway or other). **At this point it should be noted that none of the statistical tests conducted for this evaluation have highlighted any significant difference in performance (GVA and employment impact) between companies entering account management through the Business Gateway Growth Pipeline and those entering via other referral routes.**

The analysis highlights three variables where valid (not related to sample size) statistically significant differences in the responses of positive vs. zero impact companies are evident. All of these variables are characteristics associated with SE intervention as opposed to general company characteristics. The key variables (in order of significance) are:

- **Type of relationship with SE** (direct strategic, indirect strategic or non-strategic);
- **The influence of SE support on innovation spend** (defined as whether or not SE intervention has resulted in increased innovation spend by the company); and
- **The level of SE intervention** in terms of product delivery (defined as high (11+ products), medium (6-10 products), low (0-5 products) over the duration of the account managed relationship).

This analysis was repeated to explore differences in the responses of companies reporting a **positive impact on employment** as a result of SE intervention in comparison to those reporting no impact on employment. Once again the same three variables associated with SE support (with the addition of company size and sector) returned statistically significant results (Table 36). Valid, statistically significant results are highlighted in green.

Table 36 - Cross tabulation – Positive (quantitative) vs. zero impact on employment with	Variable type	Test	Significance⁹¹
<i>Company characteristics</i>			
Company Size (Companies Act 2006) 2011/12	Ordinal	Chi-sq	0.000
Sector	Nominal	Chi-sq	0.023*
Company age (age bands)	Ordinal	Chi-sq	0.364
International presence i.e. companies that export vs. those operating in domestic only companies	Nominal	Chi-sq	0.402
Autonomy in decision making (SE key contact(s))	Nominal	Chi-sq	0.590
<i>Characteristics associated with SE intervention</i>			
Type of relationship with SE/account manager	Nominal	Chi-sq	0.000
SE influence on innovation spend	Nominal	Chi-sq	0.000
Number of SE products received (high/med/low intervention)	Ordinal	Chi-sq	0.000
Satisfaction with SE support	Ordinal	Chi-sq	0.000*
Number of years in account management (1-5+)	Ordinal	Chi-sq	0.066
Process for identifying needs supported by AM	Nominal	Chi-sq	0.193
Change in account manager	Nominal	Chi-sq	0.322
Referral though BG Growth Pipeline vs. other routes	Nominal	Chi-sq	0.315

*Denotes cases where significance must be caveated due to sample size/ uneven distribution.
Source: Research Resource survey of AM businesses 2012

⁹¹ A statistically significant relationship is indicated by a significance score (Asymp.sig) of less than .05.

The above analysis shows that companies reporting a **positive impact on turnover and employment** as a result of account management are likely to:

- **Have strategic level relationships with their account manager (indirect or direct)** – Among the positive impact group, around 90% of respondents report strategic level relationships with their account manager. This is compared to around 70% of the zero impact group (Tables 37 and 38). This is in line with the findings of qualitative case study research undertaken following the 2008 evaluation which concluded that development of strategic relationships (direct or indirect) are instrumental in driving impact (especially for small companies)⁹²;
- **Spend more on innovation as a result of SE intervention** – Over 80% of the positive impact group report increased innovation spend as a result of SE support. This is compared to between 48% and 56% of the zero impact group (Tables 39 and 40). This indicates that SE’s innovation focused activities may be particularly beneficial to companies and that those companies with the potential and drive to innovate may be well suited to account management support. (See Chapter 4 for the characteristics of ‘innovating’ companies);
- **Be in receipt of higher level intervention** – Around 40% of companies reporting a positive impact have received high levels of product intervention (in terms of frequency of products received, i.e. have received 11+ products over the period they have been account managed). This is compared to between 23% and 28% of the zero impact group (Tables 41 and 42); and
- **(In relation to employment impact only) be smaller companies** - more than half (53%) of companies reporting a positive impact on employment as a result of SE intervention are small companies i.e. those will turnover not exceeding £2.8 million and employment not exceeding 50. This is compared to 38% of those companies reporting no impact on employment.

	Non-strategic relationship	Indirect strategic relationship	Direct strategic relationship	Total
Positive impact on turnover	10%	50%	40%	320
Zero impact on turnover	30%	49%	21%	94
Number of respondents:	59	208	147	414

Source: Research Resource survey of AM businesses 2012/13

	Non-strategic relationship	Indirect strategic relationship	Direct strategic relationship	Total
Positive impact on employment	11%	50%	39%	387
Zero impact on employment	33%	46%	21%	154
Number of respondents:	91	265	185	541

Source: Research Resource survey of AM businesses 2012/13

	Innovation spend increased as a result of SE	Innovation spend not changed as a result of SE	Total
Positive impact on turnover	82%	18%	320
Zero impact on turnover	56%	44%	94
Number of respondents:	315	99	414

Source: Research Resource survey of AM businesses 2012/13

⁹² Slims Consulting (2009) Case Study Analysis of Scottish Enterprise Account Management Support (p75)

	Innovation spend increased as a result of SE	Innovation spend not changed as a result of SE	Total
Positive impact on employment	83%	17%	387
Zero impact on employment	48%	52%	154
Number of respondents:	394	147	541

Source: Research Resource survey of AM businesses 2012/13

	Low level	Medium level	High level	Total
Positive impact on turnover	27%	32%	42%	320
Zero impact on turnover	47%	25%	28%	94
Number of respondents:	130	125	159	414

Source: Research Resource survey of AM businesses 2012/13

	Low level	Medium level	High level	Total
Positive impact on employment	28%	30%	42%	387
Zero impact on employment	39%	38%	23%	154
Number of respondents:	171	172	198	541

Source: Research Resource survey of AM businesses 2012/13

The scale of impact

Having identified factors which are positively associated with SE’s ability to exert an influence on a company through account management (i.e. positive vs. zero impact companies), next it is important to explore the factors which influence the scale of any attributable impact (i.e. where impact is reported, whether there is a difference in the level of that impact among companies displaying different characteristics).

This analysis has been carried out using two key performance measures for account management - net additional (direct) GVA and net additional (direct) employment⁹³.

For each measure, analysis has been carried out to assess the difference in mean and median impact (GVA and employment) for groups of companies exhibiting different characteristics. Tables 43 and 44 list the independent test variables and their significance in relation to net additional (direct) impact. Variables displaying a statistically significant relationship are highlighted in green.

For the purpose of this exploratory analysis non-parametric statistical tests were selected based upon the nature of the data. While of lower power, non-parametric tests require fewer assumptions about the data than parametric approaches, and provide a robust and proportionate approach taking into account the available sample size.

⁹³ Analysis is based on net additional direct impacts reported at company level i.e. without the application of Type II GVA or employment multiplier, in the year 2011/12.

Table 43 - Comparing the means/medians of two or more independent samples to understand the relationship with net additional (direct) GVA (2011/12)	Variable type	Test (1)	Significance	Test (2)	Significance
Company characteristics					
Sector	Nominal	Kruskal-Wallis ⁹⁴	0.014	Median Test	0.048
Company Size (Companies Act 2006) 2011/12	Ordinal	Kruskal-Wallis	0.000	Median Test	0.000
Company age (age bands)	Ordinal	Kruskal-Wallis	0.091	Median Test	0.047
Autonomy in decision making (SE key contact(s))	Nominal	Kruskal-Wallis	0.037	Median Test	0.108
International presence i.e. companies that export vs. those operating in domestic only companies	Nominal	Mann-Whitney ⁹⁵	0.001	Median Test	0.010
Characteristics associated with SE intervention					
Number of years in account management (1-5+)	Ordinal	Kruskal-Wallis	0.343	Median Test	0.655
Companies referred through Business Gateway Growth Pipeline vs. other referral routes	Nominal	Mann-Whitney	0.957	Median Test	0.983
Process for identifying needs supported by account management	Nominal	Kruskal-Wallis	0.218	Median Test	0.102
Type of relationship with SE/account manager	Nominal	Kruskal-Wallis	0.000	Median Test	0.005
Number of SE products received (high/medium/low level intervention)	Ordinal	Kruskal-Wallis	0.002	Median Test	0.002
Companies where SE has influenced level of innovation spend vs. those where it has not	Nominal	Mann-Whitney	0.000	Median Test	0.001
Companies experiencing a change in account manager over the last 3yrs vs. those who have not	Nominal	Mann-Whitney	0.588	Median Test ₉₆	0.854

⁹⁴ **Kruskal-Wallis is a one way analysis of variance by rank.** It tests for a significant difference in the mean of more than two independent samples e.g. the mean GVA impact of companies in different sectors. The Kruskal-Wallis test returns a significant result when one or more of the samples is statistically different from the others. Kruskal-Wallis is the non-parametric equivalent of ANOVA. Non-parametric tests work on rank order (not absolute values) and do not assume a normal distribution. These tests (while less accurate than parametric equivalents) are more suitable in this instance. **A statistically significant result returns a score of >0.05**

⁹⁵ Kruskal- Wallis is an extension of **Mann-Whitney**. Mann-Whitney is a non-parametric test that looks for a significant difference in the mean of a pair of independent samples e.g. mean GVA impact of companies referred through BG compared with those coming via other referral routes. **A statistically significant result returns a score of less than 0.05.**

⁹⁶ As an additional check on results the evaluation team also tested for statistically significant differences in the median GVA impact of companies displaying different company characteristics and characteristics associated with SE intervention. In most cases results match those looking at mean scores. **Once again a statistically significant result returns a score of less than 0.05.**

Table 44 - Comparing the means/ medians of two or more independent samples to understand the relationship with net additional (direct) employment (2011/12)	Variable type	Test (1)⁹⁷	Significance	Test (2)	Significance
<i>Company characteristics</i>					
Sector	Nominal	Kruskal-Wallis	0.039	Median Test	0.139
Company Size (Companies Act 2006) 2011/12	Ordinal	Kruskal-Wallis	0.000	Median Test	0.000
Company age (age bands)	Ordinal	Kruskal-Wallis	0.582	Median Test	0.873
Autonomy in decision making (SE key contact(s))	Nominal	Kruskal-Wallis	0.324	Median Test	0.417
International presence i.e. companies that export vs. those operating in domestic only companies	Nominal	Mann-Whitney	0.004	Median Test	0.001
<i>Characteristics associated with SE intervention</i>					
Number of years in account management (1-5+)	Ordinal	Kruskal-Wallis	0.005	Median Test	0.040
Companies referred through Business Gateway Growth Pipeline vs. other referral routes	Nominal	Mann-Whitney	0.561	Median Test	0.753
Process for identifying needs supported by account management	Nominal	Kruskal-Wallis	0.028	Median Test	0.004
Type of relationship with SE/account manager	Nominal	Kruskal-Wallis	0.000	Median Test	0.000
Number of SE products received (high/medium/low level intervention)	Ordinal	Kruskal-Wallis	0.000	Median Test	0.000
Companies where SE has influenced levels of innovation spend vs. those where is has not	Nominal	Mann-Whitney	0.000	Median Test	0.000
Companies experiencing a change in account manager over the last 3yrs vs. those who have not	Nominal	Mann-Whitney	0.851	Median Test	0.986

⁹⁷ See Table 43 for notes regarding the statistical tests used.

The variables which are significantly linked to the scale of SE impact – in relation to both net additional (direct) GVA and net additional (direct) employment – include all three of those highlighted previously (those which may be considered indicators of SE’s likelihood of exerting a positive influence at company level). The findings for each of these variables are discussed in turn.

- **Type of relationship**

Once again there is a highly significant relationship between the reported impact of SE account management support and the type of relationship that companies have with their account manager. The average (median) GVA and employment impact is greatest among those companies displaying direct strategic relationships (Table 45). Differences are most apparent in relation to GVA impact.

Table 45 – Impact by relationship type	Median GVA impact 2011/12	No. respondents	Median employment impact 2011/12	No. respondents
Direct strategic relationship	£63,581	146	1.6	168
Indirect strategic relationship	£52,521	208	1.4	264
Non-strategic relationship	£1,275	59	1.3	93

Source: Research Resource survey of AM companies (2012/13)

At this point it is useful to refer back to the relationship typology examples in Chapter 3. Case Study 3 (a company reporting a direct strategic relationship) points strongly to positive outcomes as a result of account management, particularly in the area of organisational development. This is felt to have resulted in a significant impact on staff performance as a result of new structures.

Case Study 4 (demonstrating an indirect strategic relationship) also highlights significant benefits. In this example benefit is accrued mainly as a result of indirect signposting by the AM as opposed to direct 1-1 engagement on overall business strategy.

In these examples the company reporting a non-strategic relationship (Case Study 5) perceives a lower level of impact as a result of account management (even though gains are still apparent stemming from individual interventions).

- **Increased innovation spending**

There is a significant relationship between the level of impact attributed to SE intervention and the extent to which innovation spend has increased as a result of SE intervention. This reinforces the previous point that SE’s innovation activities may be particularly valuable at company level Table 46.

Table 46 – Impact by innovation	Median GVA impact 2011/12	No. respondents	Median employment 2011/12	No. respondents
Increased innovation spend	£61,956	314	1.6	379
No change in innovation spend	£18,625	99	1.2	144

Source: Research Resource survey of AM companies (2012/13)

There is however a need for further examination of cause and effect relationships in this case. For example, do companies spend more on innovation because they are doing well or are they doing well because they spend more on innovation?

Whichever is the case there are numerous examples from qualitative interviews to demonstrate the tangible connection between innovation focused activities, increased/accelerated business benefits and the positive role of SE intervention in this regard. An example is provided below (Case Study 12).

Case Study 12– Benefits of innovation activity

An electronics company account managed for three years cites valuable support in the area of product development. In 2009 the business launched three products with SE support – two have been moderately successful, but the one product that has been very successful would not have been made without SE support. This product has generated around £1.5m in turnover since its launch.

In this case SE support accelerated new product development which is critical for the company as it is involved in very short product life cycles and is often competing against large scale competitors.

• **Level of product intervention**

There are statistically significant differences in net additional GVA and employment impact reported by companies which have received differing levels of product intervention; with higher level GVA impacts reported by the companies which have received the most intensive support over the duration of their account managed relationship (Table 47).

Table 47 – Impact by intervention level	Median GVA impact 2011/12	No. resp.	Median additional employment 2011/12	No. resp.
Low level intervention (0 to 5 products)	£33,405	130	1.9	168
Medium level intervention (6 to 10 products)	£41,753	125	1.3	158
High level intervention (11+ products)	£71,625	158	1.5	199

Source: Research Resource survey of AM companies (2012/13)

The impact on employment is not quite so clear cut in this case with low level intervention companies reporting the highest additional employment benefit. However, alternative analysis lends some weight to assumptions of links between the scale of SE intervention and reported impact (GVA and employment).

As Table 48 shows, positive correlations (valid, statistically significant results are highlighted in green) exist between reported impact and:

- Total number of product interventions over the duration of the account managed relationship;
- The total number of product interventions received 2011/12; and
- Total level of SE spend (grant and product spend) in 2011/12.

Of these, the strongest correlation is seen in relation to the level of SE spend. However, even in this case, it should be noted that correlation coefficients are relatively low. This can be seen as further illustration of the complex interaction of factors that affect SE’s ability to exert influence at company level.

The above findings are in contrast to those of the 2008 evaluation which did not detect a relationship between SE expenditure and GVA. The previous evaluation did however show a statistically significant relationship between SE spend and company level innovation spend noting that this may be masking SE’s impact in relation to GVA (given the related nature of the two variables)⁹⁸. The fact that a relationship is apparent this time around (albeit not a strong relationship) may be evidence that SE spend has become more targeted and effective.

⁹⁸ Ekosgen, Hayton Consulting and Research Resource (2009) Economic impact evaluation of interventions with Account Managed Companies (p12).

Table 48 – Spearman’s correlations		Type of variable	Test	Correlation Coefficient	Significance
Correlation with net additional GVA impact (2011/12)					
Company size (turnover 2011/12)		Scale	Spearman's rho	0.312**	0.000
Company size (employment 2011/12)		Scale	Spearman's rho	0.226**	0.000
International sales as a percentage of turnover 2011/12		Scale	Spearman's rho	0.250**	0.000
Total SE spend 2011/12		Scale	Spearman's rho	0.270**	0.000
Total number of product interventions		Scale	Spearman's rho	0.208**	0.000
Total number of product interventions 2011/12		Scale	Spearman's rho	0.182**	0.000
Number of years in account management		Categorical	Spearman's rho	0.880	0.740
Correlation with net additional employment impact (2011/12)					
Company size (turnover 2011/12)		Scale	Spearman's rho	0.051	0.266
Company size (employment 2011/12)		Scale	Spearman's rho	0.154**	0.000
International sales as a percentage of turnover 2011/12		Scale	Spearman's rho	0.158**	0.000
Total SE spend 2011/12		Scale	Spearman's rho	0.306**	0.000
Total number of product interventions		Scale	Spearman's rho	0.199**	0.000
Total number of product interventions 2011/12		Scale	Spearman's rho	0.194**	0.000
Number of years in account management		Categorical	Spearman's rho	0.102*	0.018

*Correlation is significant at the 0.05 level (2-tailed)

**Correlation is significant at the 0.01 level (2-tailed)

- **Company size**

Tables 43 and 44 showed that there are significant differences in the level of impact reported by companies of different sizes. However, findings are somewhat inconclusive. In terms of GVA impact, the scale of benefit increases with company size (Table 49). This may be expected as where turnover is set at a higher base even low levels of additionality may generate significant returns.

It is however interesting to note that among the small number of ‘large organisations’ surveyed (where it was possible to assess impact in 20011/12) around half reported no impact in terms of GVA or employment.

The sum of all impact⁹⁹ reported by large companies is £4,166,512 net additional (direct) GVA and 281 net additional (direct) employees. This includes two outlying organisations; one which accounts for £1,721,550 in net additional GVA and another which contributes 203 net additional employees.

This evidence endorses the findings of previous research (the 2008 evaluation and follow up case study research) that it is more difficult for account management to bring about significant change in large organisations. This is not to say that it is not important to maintain a relationship with these organisations, but instead that a resource intensive account management relationship may not be the most appropriate.

Table 49 – Impact by company size¹⁰⁰	Median GVA impact 2011/12	No. respondents	Median additional employment 2011/12	No. respondents
Size band = 1 (Small)	£33,494	192	1.4	216
Size band =2 (Small/ medium)	£104,866	75	1.9	85
Size band = 3 (Medium)	£140,066	62	1.5	76
Size band = 4 (Medium/large)	£142,151	45	1.4	59
Size band = 5 (Large)	£24,019	10	1.0	17
Size band = 6 (Other)*	£176,838	9	1.6	16

*Companies classified as other reported large turnover and small employment and vice versa.

In addition to the variables above, analysis detected significant differences in the scale of net additional GVA and employment impact between:

- **Companies operating in international markets vs. those operating in domestic markets only**

While internationalisation is not highlighted as an indicator of SE’s likelihood of achieving a positive impact at company level – the inconclusive results from positive vs. zero impact companies in Table 35 and Table 36 suggest that it is equally likely for account management to impact on exporting companies as those operating only in domestic markets (particularly in terms of employment) – there is a difference between these groups in terms of the scale of impact reported (see Table 43 and Table 44).

⁹⁹ Direct net additional impact 2011/12

¹⁰⁰ **Companies Act 2006 Definition – Small Business** = turnover not exceeding £2.8m and employment not exceeding 50; **Medium Business** = turnover not exceeding £11.2m and employment not exceeding 250; **Large Business** = Turnover £11.2+ and employment 251 +.

In coding the companies contained in the account managed portfolio there are a number of companies that do not fall neatly into these categories. Companies with a ‘small turnover’ and ‘medium employment’ (or vice versa) are therefore coded as ‘**small/medium**’. Companies with ‘medium turnover’ and ‘large employment’ (or vice versa) are coded as ‘**medium/large**’. Companies with ‘large turnover’ and ‘small employment’ (or vice versa) are coded as ‘**other**’.

As Table 50 shows, the scale of GVA impact reported by exporting companies is significantly greater than that of those working only in the UK. Although the statistics indicate a valid statistical difference in relation to employment impact, in real terms the difference is minimal (with domestic companies actually reporting median employment impact figures which are slightly above those for exporters) (Table 50).

Table 50 – Impact by export activity	Median GVA impact 2011/12	No. respondents	Median employment 2011/12	No. respondents
International companies	£61,956	300	1.4	381
Domestic only companies	£24,163	112	1.5	142

Source: Research Resource survey of AM companies (2012/13)

As a key focal point for SE support, further correlations were also run in relation to internationalisation. Analysis found a:

- Positive correlation between a company’s international sales as a percentage of total sales and the net additional impact (GVA and employment) attributed to SE intervention (Table 48); and
- A negative correlation between a company’s domestic sales as a percentage of total sales and the net additional impact (GVA and employment) attributed to SE intervention.

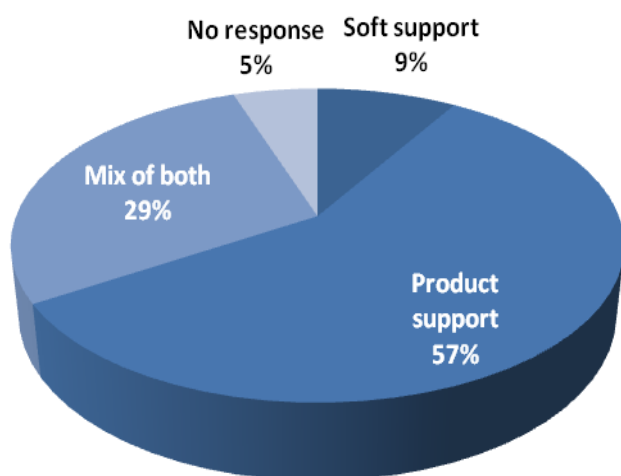
While this finding is not ground-breaking in nature, it does confirm the views of many consultees that significant growth is unlikely to be achieved among companies operating in domestic markets only and, to an extent, provides evidence which justifies the GES and SE Business Plan focus on companies with export potential as these companies are providing disproportionately better returns as a result of public sector investment (in addition to export earnings).

Most valuable types of support

There is now good evidence to suggest that SE’s intervention – in terms account manager/company relations and the level of product intervention - has a bearing on the likelihood that a company will achieve additional GVA and employment benefit as a result of account management and also on the scale of the impact that is attributable to SE.

Now the evaluation will explore which, if any, specific intervention framework areas are positively related to impact at company level and also the value that is placed on less tangible forms of support – i.e. the ‘soft’ relationship management support – provided by account managers.

Figure 22 – Most significant support



Source: Research Resource survey of AM businesses (N=601)

The survey asked respondents to comment on the most significant elements of support received – the factors that if removed from account management would be most detrimental to the programme overall. Qualitative responses have been coded to allow quantitative analysis.

Figure 22 shows that the majority of respondents (57%) place most value on the tangible, product and funding related aspects of account management. This is in keeping with previous research on account management and is largely to be expected given that

these tangible forms of support are easier to articulate. However, this is not to say the soft support is not valued. Indeed 38% of respondents highlighted ‘softer’, less tangible, aspects of account management support among the most valuable elements and 9% highlighted only soft support in their response.

The evidence from the qualitative interviews adds considerable depth to these findings. When probed on the role and benefits of account management, many companies cite the importance of the account manager relationship and the account manager’s value as a ‘sounding board’, source of advice, and broker of valuable resources and information. Much of this is used to direct companies toward suitable, more tangible forms of assistance, such as market development assistance, product innovation and productivity improvements. In this sense ‘soft support’ is an important precursor to valuable product and funding support – the two aspects go ‘hand in hand’ (see Chapter 3).

Further, in terms of rationale for engaging with SE, it has been noted (Chapter 3) that participants in the qualitative interviews most commonly cite the dual nature of the support - access to funding for specific projects alongside the advice and support offered by the account manager or other account team members.

The value of ‘soft’ support

With the above in mind, Table 51 provides a breakdown of the most frequently cited and highly valued elements of ‘soft support’ as reported by survey respondents. Key messages are:

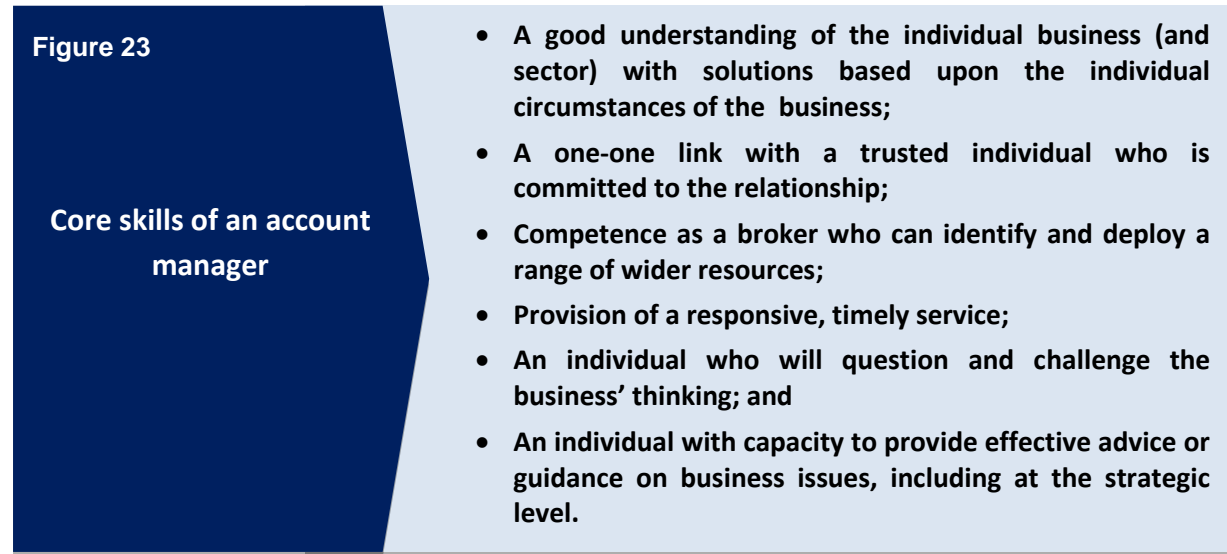
- The value placed on the account manager as a single point of contact and source of one to one support;
- The role of the account manager as a ‘gatekeeper’ to SE support, networks and contacts; and
- The role of the account manager at strategic level, acting as a sounding board and critical friend, providing strategic challenge and follow up support.

Table 51 - Most significant types of soft support	Per cent of sample
Tailored support, advice and guidance from an experienced account manager (AM)	13%
AM’s ability to facilitate access to networks/contacts	10%
AM’s knowledge of SE (and wider support offer) offer, clear explanation and/or ‘signposting’ of this	10%
AM’s role in facilitating and co-ordinating access to specialist account team	8%
AM as a ‘sounding board’/someone to bounce ideas off	7%
AM’s role providing strategic challenge and/or support for strategic decision making at implementation and delivery	5%
AM’s knowledge and insight into business/specific business sector	4%
Regular contact/accessibility and approachability of the AM/speed of AM response	4%
Trusting/positive relationship with AM	3%
Independent impartial view of AM	3%
Genuine interest ‘can do attitude’ and enthusiasm of the AM	1%
Structured and professional service provided by AM	1%
Continuity of AM/Account Team	0%
Timing of support	0%

Note: This table presents coded analysis of qualitative responses provided by survey respondents. The question was asked unprompted of all respondents and coded to show themes in relation to ‘soft’ and ‘product’ support (discussed subsequently). Per cent figures are calculated on the basis of all those who responded to the qualitative question (n=569). Responses should be viewed in conjunction with those in Table 37 below.

Source: Research Resource survey of AM businesses 2012/13 (n=601)

The points above are borne out by evidence from qualitative interviews (discussed in Chapter 3), which identified the core skills of the account manager (Figure 23).



The value of 'product'/funding support

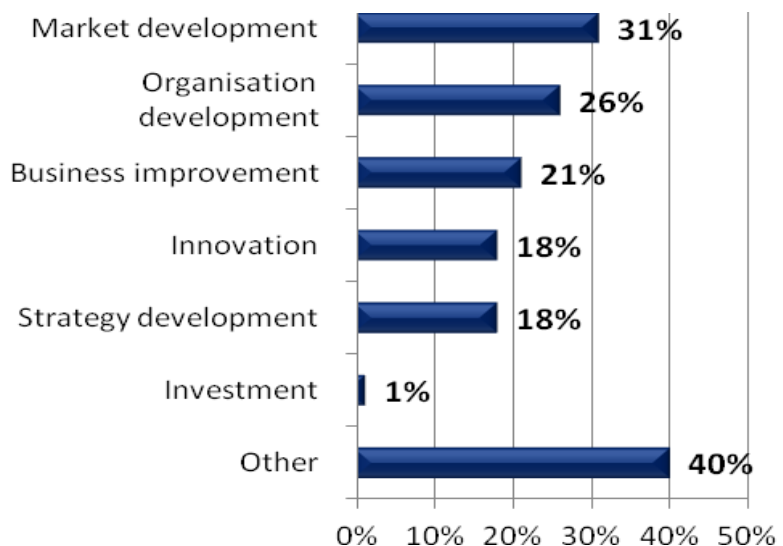
When asked to comment on the most significant elements of account management support, 86% of respondents to the telephone survey made reference to 'product' or 'funding' related aspects of the SE offer (Figure 22). Once again qualitative survey responses were coded to allow quantitative analysis with responses assigned to specific intervention framework areas where possible.

It was not possible to assign open responses to a specific intervention framework in a number of cases (see Table 52). For example, around a quarter of respondents referred to funding support in general as the most significant aspect of support received, while in 17% of cases respondents mentioned access to Specialists (SE and external) in general. These responses are recorded as 'other' in Figure 24.

Among the intervention framework areas, **market development** emerges as the most highly valued type of product support, highlighted by 31% of survey respondents. This is followed by **organisation development (26%)**.

The fact that market development emerges as the most highly valued framework intervention is understandable – it is also the most frequently delivered type of support (accounting for 37% of all product intervention over the evaluation period).

Figure 24 - Most significant product interventions



Within the market development category, respondents highlight support which has helped them to internationalise, supported their attendance at exhibitions and trade missions and provided access to international networks and contacts as particularly valuable (Table 52). This supports previous findings demonstrating the greater levels of GVA impact that SE achieves with exporting companies and is

further evidence of the suitability of the SE offer for companies looking to develop and grow in international markets.

Table 52 - Most significant types of product support	Per cent of sample
Market development	31%
▪ Support for internationalisation (Inc. exporting and international marketing)	12%
▪ Market development (international not specified) including marketing and brand awareness, rebranding, product launch	10%
▪ Support to attend exhibitions and trade missions/access to international networks/ contacts	8%
▪ Marketing strategy development	4%
▪ Improved market knowledge/access to new market knowledge	3%
▪ Manager for Hire/International Manager for Hire Scheme	2%
Organisation development	26%
▪ Staff training and skills development (organisation wide)	15%
▪ Management training/development (Inc. Leadership and Managing People for Growth)	8%
▪ Organisational review/development and implementation of new business systems/ processes	4%
▪ Training Needs Analysis/Development of training plans	2%
Strategy development	18%
▪ Strategy review/development of business strategy and/or strategic vision	7%
▪ Regional Selective Assistance	7%
▪ Strategy workshops	2%
▪ Property feasibility study/support for infrastructure development	1%
▪ Succession planning	1%
▪ Financial readiness/financial health check	1%
Business improvement	21%
▪ Support to improve efficiency/productivity (inc. SMAS/LEAN Manufacturing and Management)	8%
▪ ICT and Website development (support for e-business and social media)	7%
▪ Development/improvement of ICT strategy and systems	5%
▪ Talent Scotland Graduate Programme	2%
▪ Support to achieve ISO accreditation	1%
▪ Events and workshops	1%
Investment	1%
▪ Including SLF/ BGF and SIB investments	1%
Innovation	18%
▪ Funding/expertise to support R&D activities (inc. equipment, product design, development and protection)	16%
▪ SMART	2%
Other	40%
▪ Funding support (not specified)	25%
▪ Access to Specialists (SE and external) (not specified)	17%
▪ Funding support for staff (recruitment and salary costs)	7%
▪ Other	1%
Number of respondents: 601	100

Source: Research Resource survey of AM businesses 2012/13 (n=584)

It is interesting to note the position of *organisation development* activities in the list of the most highly valued forms of SE support; highlighted by 26% of respondents (Figure 24 and Table 52). Organisational development only accounts for 9% of product delivery within the sample (10% across the in-scope population).

This is evidence of the value that companies place on those forms of support where it may be more difficult to identify the link to turnover growth, for example skills development, managerial capacity and leadership development. This assumption is backed up in the findings of qualitative analysis where a significant number of companies spoke about the value of SE support in these areas - those that may be overlooked in the day-to-day operations of the business and the drive to increase sales and profitability.

While Figure 24 and Table 52 provide an overview and detailed breakdown of the most significant types of support reported through ‘open’ questioning of survey respondents, we now explore the extent to which these findings hold true in quantitative data.

Intervention framework areas and the scale of impact

It is possible to identify relationships between support delivery and the scale of impact that is attributable to SE intervention. Table 53 and Table 54 show the results of statistical tests looking for significant differences in mean and median GVA and employment benefits (2011/12) in relation to the types of support received. Valid, statistically significant results are highlighted in green.

Table 53 - Comparing the means/medians of two independent samples to understand the relationship with net additional (direct) GVA (2011/12) ¹⁰¹					
Intervention framework areas	Variable type	Test (1)	Sig.	Test (2)	Sig.
Market development	Nominal	Mann-Whitney	0.000	Median Test	0.005
Innovation	Nominal	Mann-Whitney	0.000	Median Test	0.006
Business improvement	Nominal	Mann-Whitney	0.103	Median Test	0.077
Organisation development	Nominal	Mann-Whitney	0.239	Median Test	0.243
Investment	Nominal	Mann-Whitney	0.237	Median Test	0.459
Strategy development	Nominal	Mann-Whitney	0.304	Median Test	0.735

Table 54 - Comparing the means/ medians of two independent samples to understand the relationship with net additional (direct) employment (2011/12)					
Intervention framework areas	Variable type	Test (1)	Sig.	Test (2)	Sig.
Innovation	Nominal	Mann-Whitney	0.342	Median Test	0.305
Investment	Nominal	Mann-Whitney	0.621	Median Test	0.375
Business improvement	Nominal	Mann-Whitney	0.509	Median Test	0.709
Market development	Nominal	Mann-Whitney	0.876	Median Test	0.716
Strategy development	Nominal	Mann-Whitney	0.298	Median Test	0.841
Organisation development	Nominal	Mann-Whitney	0.798	Median Test	0.866

Key findings are:

- **GVA Impact (1):** There are statistically significant differences in the scale of GVA impacts reported by companies which have received support through SE’s market development and

¹⁰¹ See Table 43 for note regarding the statistical tests used. As previously stated a statistically significant result returns a score of less than 0.05

innovation framework areas and those which have not (Table 53). Companies which have received this type of support report higher net additional (direct) GVA benefits (Table 55);

Table 55 – GVA impact by framework area	Innovation support valued		Market development support valued	
	Yes	No	Yes	No
Median net additional GVA 2011/12	£63,170	£25,000	£62,791	£23,954
Number of respondents	232	181	307	106

Source: Research Resource survey of AM companies (2012/13)

- **GVA Impact (2):** There is a positive correlation (albeit relatively weak) between net additional (direct) GVA and the total number of market development and innovation products delivered to a company (Table 56);
- **GVA impact (3):** Analysis has not detected any other statistically significant relationships between the level of impact reported by a company and the intervention frameworks through which they have received support;
- **Employment impact (1):** Analysis has not detected any statistically significant relationships between the scale of employment impact and the intervention frameworks through which companies have received support (Table 54); however
- **Employment impact (2):** As Table 56 shows, there is a positive correlation between net additional (direct) employment and the total number of market development and innovation products that a company has received. Again, it should be noted that the correlation coefficient is quite low.

Table 56 - Spearman's correlations	Type of variable	Test	Correlation Coefficient	Significance
Correlation with net additional GVA impact (2011/12)				
Total number of market development products	Scale	Spearman's rho	.244**	0.000
Total number of innovation products	Scale	Spearman's rho	.186**	0.000
Total number of business improvement products	Scale	Spearman's rho	0.090	0.069
Total number of investment products	Scale	Spearman's rho	0.059	0.231
Total number of strategy development products	Scale	Spearman's rho	0.028	0.564
Total number of organisation development products	Scale	Spearman's rho	-0.069	0.160
Correlation with net additional employment impact (2011/12)				
Total number of market development products	Scale	Spearman's rho	.172**	0.002
Total number of innovation products	Scale	Spearman's rho	.151**	0.006
Total number of investment products	Scale	Spearman's rho	0.071	0.201
Total number of business improvement products	Scale	Spearman's rho	0.018	0.743
Total number of strategy development products	Scale	Spearman's rho	-0.024	0.668
Total number of organisation development products	Scale	Spearman's rho	-0.055	0.327

*Correlation is significant at the 0.05 level (2-tailed)

**Correlation is significant at the 0.01 level (2-tailed)

Note: Valid, statistically significant results are highlighted in green.

The 2008 evaluation identified six specific products that were related to GVA impact. These were Leadership for Growth, E-Business Advisers, Graduates for Business, Market Development (Flexible

Financial Product), International Exhibitions, Missions and Learning Journeys and International Strategy Workshops.

Unlike the previous evaluation, this study has not assessed the significance of specific product interventions in relation to GVA. While SE holds product level data, it was agreed to carry out analysis at intervention framework level.

What is however apparent is that the majority of those products associated with positive impact in 2008 are now delivered through the market development framework. The findings of the two evaluations are therefore aligned in this sense, although the significance of innovation support is now also apparent.

Further, Leadership for Growth (a significant product in 2008) is delivered through the Organisation Development framework. While we cannot identify a quantitative link between this framework area and GVA or employment impact, qualitative feedback from companies confirms the value that businesses place on these broader forms of support in terms of business efficiency, effectiveness, sustainability and profitability. It is also the case that many of these interventions are not, as a primary outcome, intended to achieve sales or employment growth per se. Rather they are intended to lay the foundations (the skills and the drive) for other more specific and growth focused products, such as innovation, to follow. Certain types of products in isolation are therefore unlikely to show impact owing to their nature.

The strong suggestion from the qualitative evidence is that it is potentially misleading to view different product categories as competing types of intervention, as opposed to complementary groups of support which act together to achieve the most effective results alongside of the 'soft' relationship management and brokering skills of the account manager. The ideal scenario would seem to be where an experienced and skilled account manager works with the business to identify and facilitate the development of a strategic vision and coherent set of business objectives, which are then furthered through access to specific tailored project support as necessary (particularly market entry, product development or management development). A useful example is provided below (Case Study 13).

Case Study 13 – 'Product bundles': Leadership as a precursor to growth

This food and drink sector company has been account managed for more than 10 years. Recently the company has been working with SE in the development and implementation of succession plans as management responsibility passes from father to son.

The company has worked closely with SE to manage the succession and put in place the building blocks for the new managing director to become a comfortable leader.

This development work has centered around SE's International Strategy Development Support. The account manager/account team have delivered flexible and tailored support to meet the needs of the company in relation to succession planning. The new managing director has completed SE's Leadership programme on a 1-2-1 basis and worked through elements of SE's International Strategy Development Support with his own new senior team.

The company is now two years into a five year strategic plan (developed with support of SE) and they are on target to achieve their goals. The new managing director has worked alongside SE to develop a strategic vision for the company. This has included a review of company operations and development of action plans which will involve the delivery of targeted (growth focused) SE support in future.

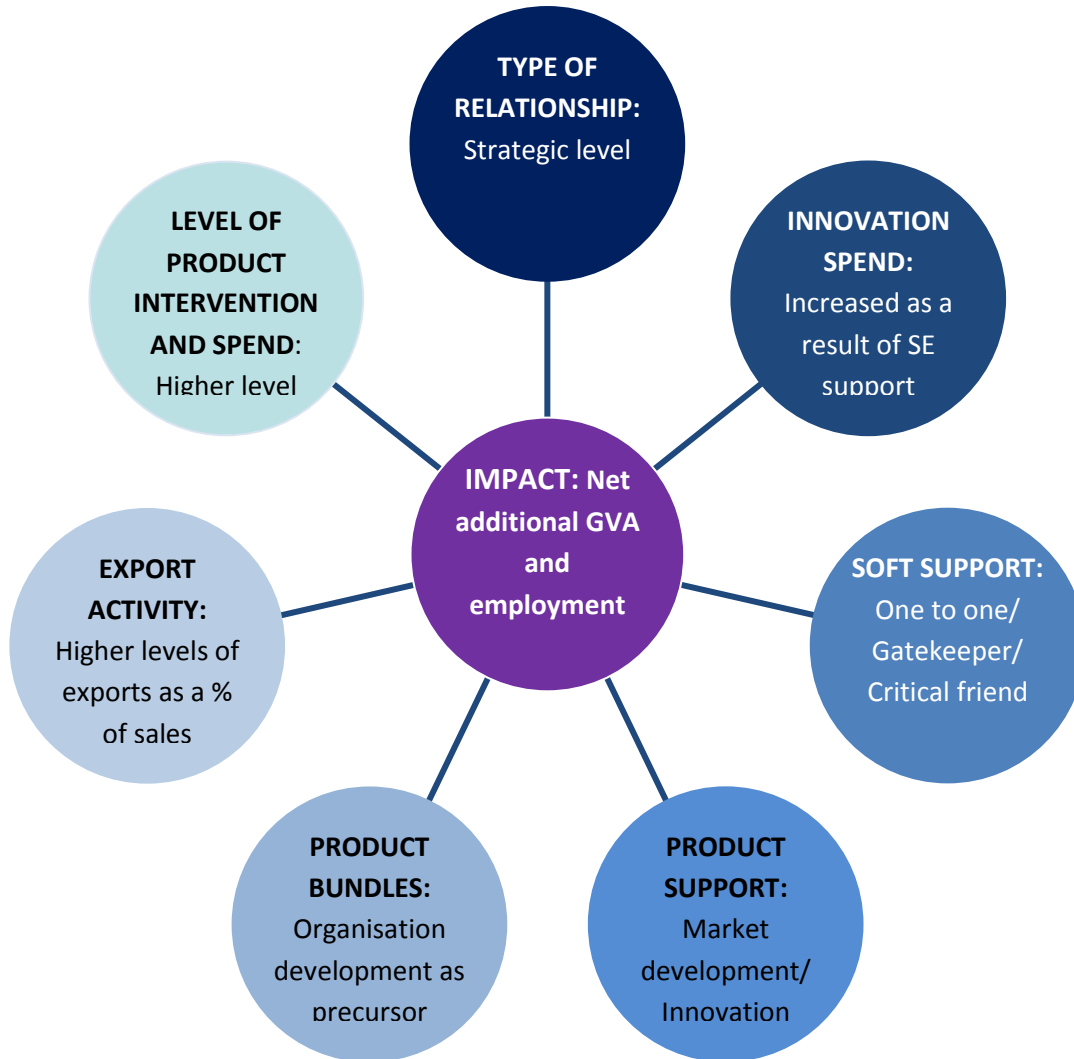
In saying this, the scale of impact achieved in relation to market development and innovation lends weight to suggestions that those companies included in the account management portfolio should be those which are seeking development in these areas; thereby maximising the value for money achieved as a result of public sector spend.

In summary

The exploratory analysis in this Chapter has detected a small number of key factors that consistently emerge in relation to net additional (direct) GVA benefit. Many of these factors are also evident in relation to net additional (direct) employment benefit, although findings are less clear in that case.

This quantitative analysis is viewed in conjunction with qualitative evidence to discern the critical success factors associated with account management support – those features (company characteristics and characteristics of SE support) that, if removed, would greatly reduce the effectiveness and impact of the programme (see Figure 25).

Figure 25 – Account management critical success factors



7 Conclusions and recommendations

Introduction

Research and analysis undertaken for this study has considered the strategic rationale and operating context of account management; the development and delivery of the programme (particularly since the previous evaluation in 2008) and the characteristics of the portfolio. The evaluation has calculated the impact of account management support for key metrics - GVA and employment – and identified the range of wider business benefits accruing to companies as a result of support. Finally, the evaluation has attempted to isolate the ‘critical success factors’ associated with account management – those features that if removed from the offer would undermine its credibility and the impact achieved. This concluding Chapter reports key findings in relation to the core evaluation objectives and uses these to evidence a set of recommendations for consideration by SE.

Before our detailed conclusions and recommendations are presented it is important to state our overarching conclusion: **account management is an effective intervention which is performing well.** The evaluation has found high satisfaction with account management among the companies involved and strong evidence that account management support brings business benefits and tangible impacts (GVA and employment) for individual companies and the economy as a whole. Since the previous evaluation in 2008, the analysis has shown that account management has improved on key measures of economic impact and value for money (VfM), during a period when the wider macro economic environment was very challenging. Based on these findings, our first recommendation is:

Recommendation 1: The programme should continue largely in its current form, with some refinements. Large scale change is not required.

We now present our conclusions and recommendations structured under the six evaluation objectives defined in the terms of reference for this assignment.

Evaluation objective 1: Assess the rationale for intervention

In line with GES and SE Business Plan strategic objectives the focus of account management is now firmly on supporting company growth. This is considered more significant than the articulation of specific market failures in relation to individual projects. However, this is not to say that SE is not addressing recognised market failures by helping companies to overcome the challenges they face in order to achieve more than would have been possible in the absence of support.

SE’s mandate is to advance the economic development of Scotland. It is recognised that the market can be operating rationally, yet delivering less than optimal economic development outcomes. **SE therefore intervenes by supporting projects which will generate widespread economic benefits for Scotland, measured through net additional GVA and employment.** The scale of impacts found in this evaluation supports this intervention rationale.

The evidence base underpinning the SE Business Plan highlights a series of barriers to company growth including *access to finance; investing in innovation; adopting business growth ‘best practice’ and internationalisation.*

All of these barriers and challenges are clearly articulated by companies taking part in this research (see Figure 6) and these themes emerge consistently in relation to company rationale for engaging with SE, take-up of support, perceptions of the most significant types of support and future support needs.

Further, some 80% of those who took part in the telephone survey are not confident that they would be able to source comparable support from anywhere other than Scottish Enterprise. This is an important finding that demonstrates the added value of account management support at the company level and adds weight to the evaluation’s assessment of the counterfactual position.

Evaluation objective 2: Assess the impact of engagement with account managed businesses

The vast majority of those involved in the evaluation report that SE support has resulted in tangible benefits for their company over the period they have been account managed.

Outcomes of account management

Ninety seven percent of respondents to the telephone survey report wider business benefits as a result of account management. The most frequently cited business benefits relate to improved strategic and operational planning (reported by 28% of companies), improved business processes (17%) and management capability (16%): three highly interrelated areas.

For the majority of companies support received through account management is not considered business 'critical'. Many of the projects taken forward are intended to enhance business operations or develop a presence in new geographic markets or product areas outside of the core business.

SE support provides the additional space, time, resource and impetus to develop new ideas and to implement **bigger, better and faster** change than would otherwise have been possible.

The evaluation has found that only a small number respondents (16 companies) report that 'no benefits' have accrued over the duration of their account managed relationship. Reasons include minimal contact from/engagement with SE; slow speed of response from SE; a perception of overly bureaucratic processes and a mismatch between available support and company needs.

Impacts of account management

To assess the impact of account management the evaluation considered the influence of SE support in terms of growing /safeguarding turnover (used to derive GVA) and employment. As Figure 13 shows, once again the vast majority of respondents report a positive influence over the duration of the account management relationship.

Among those reporting 'no impact' the primary reasons (in addition to those negative comments above) include such things as, it is still too early to see the impact of SE support; SE support has focused on areas like productivity, efficiency and leadership as opposed to sales and employment; and wider economic and sector specific challenges outweigh the benefits of SE support.

Over the evaluation period, 2008/09 to 2011/12, analysis shows that account management has contributed £1.11bn of net additional GVA impact to the Scottish economy. SE support has also created and/or safeguarded 15,130 jobs over the period.

Evaluation objective 3: Assess the contribution to the low carbon economy

It has not been within the scope of this evaluation to carry out a comprehensive quantitative assessment of SE's contribution to the low carbon and sustainability agenda. This theme was however picked up in qualitative and quantitative research strands in relation to specific development projects.

Overall, SE's impact on sustainability can be considered an area for improvement; only 22% of respondents to the telephone survey indicated that sustainability has improved as a result of SE support. The reasons for this are not clear, for example, is sustainability simply not on the radar for many companies? Are companies failing to recognise sustainability gains as a result of SE/account management support? Is SE's recognition of sustainability issues and opportunities lacking?

Among those that did report an impact, support to achieve ISO14001 accreditation was frequently cited. A number of respondents also commented on development projects involving SMAS and contacts with the Carbon Trust or Zero Waste Scotland that were originally facilitated by the account manager.

Sustainability and the low carbon economy is a central feature of the GES and SE Business Plan. At present we believe the existing performance measures for account management – which focus on business performance metrics (such as turnover growth) - may not adequately capture the

contribution of SE support in this regard. We understand that SE gathers this information from companies receiving business improvement interventions but not universally from the account managed population. Therefore we recommend:

Recommendation 2: SE should consider incorporating sustainability measures (including forecast CO₂ reductions (a Business Plan measure)) into the performance management framework for account management.

Recommendation 3: Identification of sustainability issues/opportunities should be an explicit focus for account managers in their initial engagement with companies and in each subsequent company annual review.

Recommendation 4: All manufacturing companies should be offered the opportunity of a SMAS review as standard. There is evidence that SMAS supports sustainability gains through improved efficiency and waste reduction. This routine involvement with manufacturing companies may therefore help drive forward SE's sustainability objectives.

Evaluation objective 4: Assess how delivery and performance has changed since 2008

Account management has undergone some significant changes and developments since the previous evaluation which, in spite of high levels of satisfaction, highlighted significant deadweight associated with SE support. Two thirds of respondents in 2008 indicated that account management had made no difference to their business performance.¹⁰²

While methodological differences make it difficult to draw direct comparisons, Figure 13 would indicate that **deadweight currently associated with account management support has lessened; a positive finding of the evaluation.**

The contextual review (backed up by evidence from internal consultees and account managers) indicates that the move to a single national structure with a sector focus has provided impetus for change in the account management process with the adoption of a more consistent approach to delivery, engagement of more businesses from key sectors, improved processes and increased accountability. Evidence also suggests that changes to the account management programme have been fairly successful in transforming company views of account managers from simply a conduit to funds/products towards more of a focus on the added value that can accrue from the relationship itself.

In terms of impact, improvement on the key measures of GVA, employment and overall additionality are apparent in the period since the 2008 evaluation. **GVA impact has increased by 23%, employment impact by 16% and value for money has improved from a return of £5.00 per £1 spent to £5.75 per £1 spent between the two evaluation periods (2008 and 2013 respectively).**¹⁰³

Evaluation objective 5: Consider the effects of the economic climate on businesses

The current evaluation has been undertaken in the context of an economic climate that is very different to that of the previous study. Interpretation of evaluation findings through a lens that recognises the impact of the recession on company performance and attitudes to risk has therefore been important. Consultation with account managers and account managed businesses highlighted a number of challenges as a result of the economic climate including:

- A need to focus on operational efficiencies/cost savings as profit margins have contracted;
- Supply chain pressures as a result of reduced margins and strained relationships; and

¹⁰² Ekosgen, Hayton Consulting and Research Resource (2009) Economic Impact Evaluation of Interventions with Account Managed Companies.

¹⁰³ 2013 return on investment figures profiled over the most recent three years of the current evaluation period.

- Difficulty gaining access to finance to manage cash flow or facilitate growth.

However, the recession can be seen as something of a 'double edged sword' which has created growth opportunities for many account managed companies; particularly opportunities to move or expand in international markets. **There is evidence that, for some companies, SE support has been critical in helping them to mitigate the impact of the recession (in a small number of cases to 'firefight' significant challenges that could severely damage company prospects).** There is also some evidence (gained through qualitative face-to-face consultations) that SE support has been important for some companies by supporting and encouraging them to continue to strive for growth in an economy that could easily result in an insular and risk averse approach.

Evaluation objective 6: Provide recommendations for improving impact and value for money (VfM)

To arrive at recommendations for improving the impact and VfM achieved by account management, the evaluation team has considered the process for delivery of account management before attempting to isolate the 'critical success factors' associated with the approach. Key findings include:

Segmentation

As would be expected, Account Managed for Growth companies (ACMG) are the most significant group in the account managed companies portfolio. This group accounts for the majority of account managers' time and resources and also the impact achieved.

On the whole, consultees are satisfied that this group is the 'right companies'; that is those with the greatest potential to impact on Scotland's economic performance. However, in the absence of a control group (outside of the scope of this evaluation), it is not possible to make firm conclusions on the extent to which SE is engaging with those companies displaying the greatest potential for growth or if perhaps others may benefit from account management support.

Of the current account managed portfolio¹⁰⁴, around a quarter of companies are segmented as Important to the Economy (active and watching brief) or Watching Brief (ACMG, ESG). Given increasing resource constraints and the need to ensure VfM for the public purse, there is now increasing discussion around the value of SE's engagement with these segment groups (and the small number of other companies where engagement is, in reality, limited); particularly some Important to the Economy companies which remain in the portfolio owing to their importance at a local level (historically a focus of SE's activity). There is on-going discussion around where responsibility for primary engagement with these companies should sit in order to achieve best value and ultimately, impact. For example, in these cases there is potential for the lead to reside with SDI, EFRS, SE Sector Teams or a local level contact, rather than an account manager. If lead contacts are transferred, SE account managers should continue to maintain a relationship with the company, but the lead contact may be another party within or outwith SE.

Recommendation 5: In the interests of improved portfolio management and efficient use of limited resources, portfolio segmentation (particularly 'Important to the Economy' and 'Watching Brief' and others where engagement is limited) should be reviewed with the aim of establishing the cases where the SE account manager may not be the most appropriate lead contact.

Portfolio management

Effective portfolio management is central to VfM objectives. The point above, as it relates to portfolio management, may become particularly pertinent given the drive to increase the size of the account

¹⁰⁴ The Account Managed portfolio is taken as at April 2012, (n=1,809),

managed portfolio in the future¹⁰⁵. For example, is it necessary to refresh the portfolio to free up account management resources?

The common perception that SE actively account manages 2000+ companies is inaccurate and appears to be based on a historical figure which has taken hold among those with an interest in account management. It is clear that SE does have some form of relationship with a body of companies in excess of this number but in reality (as this study has demonstrated) a genuine account managed relationship (defined as regular and on-going contact and delivery of support, both 'soft relationship management' and/or product support) was in place at the time of the evaluation (2012) for a maximum of 1,800 companies. Even within that number, there are gradations of relationships as Appendix D on limited engagement companies outlines.

The evaluation has also highlighted that at present there are some issues and delays in assigning new companies to a full time account manager. Further, the evaluation has noted the slow transition from the Business Gateway Growth Pipeline to account management for some companies; there are currently around 1000 companies sitting in the pipeline. **If the portfolio size is to change and VfM maximised then effective portfolio management and sound prospecting must be a key focus in the future.**

Although increasing the size of the account managed portfolio is not now specifically articulated in SE's current business plan, we understand that this goal remains in place. This is a goal that the evaluation team would question for two main reasons:

- **Our view, having worked in conjunction with SE to define the current account managed population, is that the genuinely active account managed portfolio is currently around 1400 companies.**¹⁰⁶ It is apparent that other companies remain in the portfolio in spite of very limited engagement and, in our view, this is leading to misunderstandings about the size of the portfolio and concern around exiting companies from the system. This may be a factor contributing to limited 'churn' in the portfolio and (while not the cause) this situation is not conducive to supporting the prospecting team in their drive to allocate account managers to companies or move companies through the Business Gateway Growth Pipeline;
- **The evaluation evidence is that the majority of impacts are generated by a small group of companies** (10% of companies deliver over half of GVA impacts) which are associated with a number of specific features. Further extending the portfolio (based on current criteria for entry to account management) may not result in the increased impact desired by SE.

The issue of portfolio management is complex and requires careful consideration by SE's Business Growth leadership team. However, having given this some thought over the course of the evaluation our recommendations are:

Recommendation 6: A market sizing exercise should be undertaken to determine the potential population for account management and, based on this, an appropriate portfolio target size should be determined.

The evaluation team feel that this would aid the process of portfolio management, including the matching of companies to appropriate account managers (with relevant sector/thematic expertise) and ensure a more systematic approach to 'churning' the portfolio.

Recommendation 7: If the market sizing indicates that increasing the portfolio size is merited, consideration should be given to increasing account management resources as the evaluation evidence suggests that more intensive support contributes to greater impacts.

¹⁰⁵ As articulated in SE's Business Plan 2012-15 which, in spite of being removed as a specific aim in the 2013-16 business plan, will continue to be monitored.

¹⁰⁶ This figure is based on 1,123 (the eligible in-scope population) plus 281 companies in account management for less than one year that were not a part of this evaluation.

At present the Business Gateway Growth Pipeline is not working as effectively as it could be with a large number of companies sitting in the pipeline for an extended period of time. The reasons for this are unclear – are the wrong companies (those without the expected growth potential) being placed in the pipeline or is the support provided to companies in the pipeline inadequate? This issue merits further investigation as, **once in account management, the evaluation has found no evidence that BG companies perform any differently (in terms of the impact achieved by SE) than companies entering via other referral pathways.**

Recommendation 8: The Business Gateways pipeline should be reviewed to ensure that BG and SE share mutual understanding and application of the pipeline's entry and exit criteria.

Recommendation 9: A review of the BG pipeline should be undertaken to consider whether pipeline companies have access to the level of support needed to progress to account management status.

Programme delivery

Evidence from internal SE consultees (including account managers) is that the delivery of account management has become more targeted and effective in the period since the previous evaluation in 2008. The consensus was that this was driven by the introduction and formalisation of new processes and procedures for assessing company need, reviewing company progress and facilitating partnership working across the organisation. In saying this, there remains further work to be done, including cultural and behavioural change, to embed and maximise the value of these positive developments. Key points to emerge in the evaluation are:

1. The Company Review Workbook (CRW) is considered to be a useful tool for delivery of targeted support as it provides insight and an on-going record for account managers. However, it is of limited value in cases where companies are less engaged in the account management process and/or are unwilling or unable to share details of their strategic plans. This raises two key questions:

- **How to bring about the type of strategic level engagement that analysis has found is consistently associated with higher level impact as a result of account management?** In cases where an account manager is unable to form a strategic level relationship there may be a need for more senior SE engagement alongside the account manager to re-enforce the importance and value of SE's intended strategic engagement with the company. This may help companies to understand that, for the relationship to be effective and provide maximum value, there is a need for the account manager to understand the business strategy, aspirations and relevant company data on an on-going basis.
- **Whether companies with non-strategic engagement should remain in the portfolio?** SE's primary focus is on economic growth. The perception of account managers and other consultees is that their efforts are most effective where strategic level engagement is achieved, and the impact evidence in this evaluation supports this. However, this is not to say that impact does not happen in cases where SE has non-strategic relationships with companies. It does. The issue is therefore one of balance and effective use of resources – should SE continue to engage in non-strategic relationships or could resources be better diverted to finding and nurturing more strategic relationships?

2. The annual review is an important element of the account management process to monitor the performance of, and relationship with, each account managed company, to reflect and learn from the support delivered and capture impacts achieved over the preceding year. However, for annual reviews to be effective it is important that accurate, detailed information and feedback is obtained consistently. At present this does not appear to be the case.

Recommendation 10: SE should continue to work with team leaders and account managers to encourage the use of the CRW and Annual Review as strategic tools guiding the delivery of account management support.

This should include increased involvement of the full account team in the completion and review of CRWs/Annual Reviews and increased work to ensure that all information from the CRW is collated to give an accurate picture of performance at the individual company and account managed portfolio level.

3. Linked to the point above, while improvements are noted since the previous evaluation in 2008, **SE must further improve its internal data capture and monitoring systems.** At present (with the exception of turnover and employment) data gaps make it difficult to monitor company performance on many key metrics. This impacts on SE's ability to report on key GES and SE Business Plan measures. For example:

- Data gaps in relation to international sales and R&D expenditure mean SE cannot accurately assess performance in these areas; and
- Inconsistency and gaps in data collection make it difficult to get a full and accurate picture of the account managed portfolio at a given point in time. Specifically the lack of data on transitions from 'active' to 'watching' brief and inconsistency in the collection of employment data (FTE vs. headcount).

Recommendation 11: Consideration should be given to the transfer of lead responsibility for gathering/collating data on company performance from account managers to a centralised resource.

The evaluation team feel this could improve the quality, consistency and objectivity of data capture. It is important that account managers understand the importance of data collection for monitoring and ongoing evaluation purposes. A centralised resource that account managers must report to may help to reinforce this as, at present, prioritisation of this is mixed leading to data gaps and data which is of variable quality.

3. The development project approach is welcomed by internal consultees, particularly SE specialist teams, as it provides a framework for delivery of joined up, multi-faceted projects as opposed to single isolated interventions. This model supports collaboration and strategic thinking through a shared focus on common, overarching and longer term goals. It can also introduce companies to the wider support that is available through SE.

Recommendation 12: SE should continue to develop its network of internal and external specialists to enhance the account team approach.

4. Formalisation of the 'account team' approach is highlighted almost unanimously by account managers and internal consultees as a significant and positive change to the account management process, increasing coordination, quality and partnership working in the delivery of support at the company level. However, clear opportunities still exist to increase the effectiveness of the account team approach in areas such as the provision of project management training and approaches for account managers; improved sector engagement (in some sectors); improved engagement with external organisations outside of the SE structure; and greater consistency and communication around the introduction of account teams and how, and when, this may be valuable.

From these conclusions, we offer a number of recommendations for SE's consideration:

Recommendation 13: Account managers should receive training in project management and leading multi-disciplinary teams as standard.

While we are aware that this training is available to account managers at present, the evaluation team feel that this should be provided as a matter of course.

Recommendation 14: SE sector teams' involvement in the account team approach is inconsistent and ways in which this can be increased should be explored.

Sector team engagement provides an additional route for companies to access up-to-date information on key sector trends, opportunities and challenges and to link into available support and industry networks known to sector teams. The evidence suggests that this is not being fully capitalised on at the moment.

Linked to the above, a number of companies indicated a desire for SE to facilitate more peer level contact between companies – this may be companies in the same geographical area, companies in the same sector or supply chains, or companies experiencing similar issues. While SE does support this type of activity (although perhaps not to the same extent as in previous years) this is an area that could be built upon and expanded further, perhaps through the Companies of Scale programme or the International Strategy Development Support Programme. Account managers could also work with sector teams to support this type of activity. The evaluation team therefore recommends that:

Recommendation 15: SE should create a business peer-to-peer networking platform which links companies in sectors and supply chains, enabling them to learn from shared experiences.

Recommendation 16: The lack of workforce level skills support is a gap in the service offer of SE (as noted by a number of companies). This should be taken up with Skills Development Scotland through the SE-led account team approach in an effort to address this.

5. Transition management: The previous evaluation made recommendations on time limiting the length of relationship an account managed company will have with SE. **There is now general agreement (particularly from SE specialists and those outside of the account management structure) that 'churn' in the portfolio is necessary and desirable to maintain a focus on growth.** Over the course of this evaluation period (2008/09 – 2011/12) this has proved challenging due to the difficult economic environment. As a result, movement in the portfolio has been mainly driven by companies coming in as opposed to exiting account management.

While the evaluation team accept the stance of many account managers that relationships take time to develop and should be retained once in place¹⁰⁷, quantitative analysis undertaken for this study reveals no solid evidence of a link between the length of a relationship and the impact achieved (net additional GVA/employment). Rather, it is apparent from consultees that good relationships can be established quickly among those companies willing and able to engage, and that the 'soft' skills and personal attributes of the account manager are the critical factor. **The evaluation team hence has no specific recommendation to make on the length of time a company should remain engaged in account management.** Decisions should continue to be made on a company by company basis on the understanding that the value added by SE is regularly reassessed. The company should only be exited from the portfolio when account management support is felt to be no longer generating net additional benefits.

Critical success factors

Exploratory statistical analysis has highlighted a number of factors – company characteristics and features of SE support – that are consistently associated with higher level impacts (net additional GVA and/or employment). Findings are summarised below.

- **Type of relationship** – the objective of SE's engagement with account managed companies is to influence, accelerate or catalyse growth. The evaluation has found that this is often achieved through the development of a strategic relationship (direct or indirect) over time. While recognising that strategic level relationships are not always possible, it is the view of

¹⁰⁷ Evidence from qualitative consultations suggests that relationships change as companies move through the account management process and that trusting account manager/company relationships (which can take time to develop) are positively associated with impact.

consultees and account managers that this type of engagement is important to achieve maximum value from account management.

The evaluation's quantitative analysis clearly shows that strategic level relationships are associated with higher level impact as a result of account management support, that is net additional GVA and employment.

The evaluation has not identified specific features that are directly associated with strategic level relationships. **It must therefore be concluded that it is possible for account managers to achieve strategic level relationships with all types of companies** – but the skills and attributes of the account manager themselves in nurturing these relationships are paramount.

Recommendation 17: If a strategic level relationship (indirect or direct) has not developed with a company within three years of the company being in account management, save changes in personnel on either side, the company's position within the portfolio should be formally reviewed with a view to it exiting.

The skills and personal attributes of account managers are critical to the development of strategic level relationships. Skills such as competence as a broker who can identify and deploy wider resources; provision of a responsive and timely service; ability to question and challenge thinking; capacity to provide effective advice or guidance were all found to be key factors in the evaluation.

Recommendation 18: New account managers should continue to be recruited from relationship management backgrounds, such as sales, as this experience builds the core skills required for a successful career in account management.

The evaluation has found four main categories of critical success factors which underpin SE's ability to positively impact on the companies it engages with through account management:

- **SE influence on innovation spend** – higher level impacts (GVA and employment) are reported by companies where SE support has been instrumental in increasing their innovation spend. This is reinforced by qualitative evidence which highlights numerous cases demonstrating the connection between innovation focused interventions and tangible business benefits.
- **Level of intervention** - the level of SE intervention is positively related to the impact reported at company level, particularly in relation to GVA. The highest average levels of GVA impact are reported by companies which have received high level product interventions over the course of the account management relationship (11+ product interventions). Further, there is a positive correlation between the level of SE spend and the level of impact reported at company level – as one increases so does the other. This lends weight to the case that the scale and intensity of support is positively related to impact.
- **Internationalisation** – the average scale of GVA impact reported by exporting companies is significantly greater than that of those operating only in UK markets. Further, there is a positive correlation between a company's international sales (as a percentage of total sales) and the net additional impact (GVA and employment) attributed to SE's interventions. Support for internationalisation is a strong feature of the SE offer. **Survey evidence shows that SE support has helped 41% of companies to increase sales in existing international markets.** Forty nine per cent of companies also stated that they have entered new international markets with the support of SE.
- **Type of intervention** - the majority of respondents place most value on the tangible, product and funding related aspects of account management. This is in keeping with previous research on account management and is largely to be expected given that the impact from these tangible forms of support is easier to articulate. However, this is not to say soft support is not valued and this is also highlighted in the responses from a significant number of interviewees

(47%). Qualitative evidence suggests that ‘soft support’ is seen as an important precursor to product and funding support – the two aspects therefore go ‘hand in hand’.

When asked about the most significant types of product support received, those areas categorised under the market development and organisation development framework areas emerge most prominently.

Statistically, there is a relationship between GVA impact and support under the market development and innovation framework areas; on average higher level GVA impacts are reported by companies in receipt of these types of support. This reinforces the findings above in relation to internationalisation and SE’s influence on innovation spend, and provides some validation for SE’s increasing strategic focus on international market development and product and process innovation through account management.

Market Development and Innovation frameworks are areas where SE has been shown to provide significant net additional benefit and therefore should be at the heart of SE’s product offering. This leads to our final recommendation:

Recommendation 19: If a company has not engaged with SE on issues related to market development (particularly international market development) or innovation within three years of being in account management, and where it is felt that this is affecting the ability to generate net additional benefits, the company’s position with the portfolio should be formally reviewed with a view to it exiting.

In making this recommendation the evaluation team understands that preparatory work may be required to make a company ready for market development or innovation activities. For example, organisation development support may be required as a precursor. Account management must be flexible enough to accommodate the range of activities required to support a company to achieve sustainable growth. However, the team feels that companies should actively aspire, and be working towards, market development (particularly international market development) and innovation goals if they are to remain longer term in the account managed portfolio. Consideration of engagement with non-exporting companies, for example those domestic only companies that may be a critical component of the supply chain for an export sector, should be on a company-by-company basis.

Final Conclusions

The above factors are those that exploratory statistical analysis has consistently highlighted as being associated with the achievement of impact at a company level and with higher level impacts (particularly GVA impact).

However, while providing ‘food for thought’ a note of caution is also recommended. Correlation does not after all necessarily imply causality and, in a dynamic social system, where the interaction and engagement of a company with account management is affected by a wide range of positive and negative, internal and external factors, it simply may not be possible to establish a definitive answer on what are the ‘critical success factors’ for account management. This position is confirmed by the results of initial multivariate analysis which failed to establish any strong conclusions on the relative importance of the factors above in relation to impact at company level.

In conclusion, although a range of critical success factors has been identified, and these are remarkably consistent with that from previous research on account management, development of a formulaic approach to generating impacts has eluded this evaluation. The willingness of a company’s leadership to engage with SE on the critical issues facing the business is the most important starting point.



Appendices

upperquartile

Appendix A.1: Technical Research Report



Evaluation of Scottish Enterprise Engagement with Account Managed Companies Technical Report

Prepared by:
Lorna Shaw
Director
Research Resource
17b Main Street
Cambuslang
G72 7EX

T: 0141 641 6410
E: lorna.shaw@researchresource.co.uk

Technical Report Overview

Introduction and background

This report summarises the technical aspects of the company level primary research carried out to evaluate Scottish Enterprise's Engagement with Account Managed Companies. This report covers the telephone and face-to-face survey process from questionnaire development and sample design through fieldwork to response rates and fieldwork outcomes.

The main purpose of the company fieldwork was to explore the relationship between company development (as measured by a range of standard and Scottish Enterprise specific indicators) and the products and services that Scottish Enterprise provides to companies.

A total of 601 telephone interviews were undertaken with account managed companies across the SE portfolio. Telephone interviews were undertaken between December 2012 and March 2013.

Questionnaire design and survey pre-engagement

Telephone questionnaire design

Upper Quartile in consultation with Scottish Enterprise and Research Resource developed a detailed survey questionnaire to explore key evaluation objectives.

It should be noted that the questionnaire was much more qualitative in nature than that used in the previous evaluation of account management undertaken in 2008. Where possible, SE data was used to populate survey fields - contact details, employment and turnover data, products accessed and the cost of support. This meant that the evaluation differed from the previous study in that there was less need for basic business characteristics and performance metrics to be collected in the survey. This time the telephone survey was more discursive, collecting data to help understand the impact of account management and the difference support has made at company level.

The final survey script is available in Appendix B.3. The survey covered the following key sections:

1. **Survey Administration;**
2. **Your Business:** gathered information on the business and its structure at that site;
3. **Rationale for working with Scottish Enterprise:** the growth opportunities and challenges the company wanted to address;
4. **Relationship with Scottish Enterprise:** the type of relationship and the strengths and weaknesses of that relationship in addition to the wider account team;
5. **Changes in business performance and outlook:** change in the business performance and outlook that resulted from company involvement with SE;
6. **Measuring Impact:** the impact of Scottish Enterprise support on turnover and employment;
7. **Understanding Impact:** identifying the specific elements of support received that have led to an impact for the company; and
8. **Other background information:** suppliers, competition, markets and innovation.

The survey underwent extensive revision and piloting prior to finalisation. This ensured that survey content delivered the objectives of the brief and that this was done within a timeframe that was not too onerous for the companies involved.

The final questionnaire took between 30 and 50 minutes to deliver depending upon the extent of engagement by the company, nature of impact and the willingness of the company to enter into detailed discussions on these issues.

Face-to-face survey design

The consultant team from Upper Quartile developed a semi-structured qualitative topic guide to gain further insight into key survey themes. The qualitative topic guide broadly followed the structure of the telephone survey (without the requirement to collect quantitative data for the economic impact assessment). The purpose of qualitative face-to-face business consultations was to develop a more in-depth understanding of the opportunities and challenges facing account managed businesses and the ways in which SE can support businesses to address these issues.

Engaging businesses in the research

With the aim of maximising the response rate, significant work went into engaging businesses in the research process. This process commenced with a review by SE of the account management database to ensure the data passed to the consultant team was as complete and accurate as possible. This exercise ‘cleansed’ the SE database to remove duplicate records and those companies that were not genuinely engaged in an account managed relationship.

Internally, SE then gave account managers the opportunity to highlight if a company should be removed from the survey sample for reasons including:

- Major issues within the company (e.g. in financial difficulties/in receivership);
- A recent change of company contact (and the new contact would have little knowledge of past SE support);
- The contact was also an owner of another company and had already been surveyed;
- There were legal disputes with SE;
- *Limited engagement* between SE and the company (discussed further in Appendix D).

The result of this exercise was an ‘**eligible in-scope population**’ which was cleared for inclusion in the research (telephone and face-to-face). These companies received an email from Scottish Enterprise informing them of the research and account managers were also encouraged to make contact with their companies and request their participation in the survey if selected.

Moreover, where it was found that company personnel or contact details had changed, further work was carried out by Scottish Enterprise to identify new contact details to minimise attrition of the sample in this way.

Interviewing and quality control

Interviewer briefing

In advance of interviewing, all interviewers received a full and detailed briefing on the evaluation. This briefing ensured that interviewers understood the purpose of the exercise and were fully aware of the requirements of the questionnaire.

An initial briefing took place with 3 interviewers prior to survey piloting. This briefing involved Scottish Enterprise, Upper Quartile and Research Resource. Thereafter, subsequent interviewers were briefed on a face-to-face basis by Research Resource’s Project Director – Lorna Shaw.

All qualitative face to face company interviews were carried out by experienced members of the evaluation team from Upper Quartile and Additional Research.

Research protocol

All interviewing and quality control was carried out in line with responsibilities under ISO20252 accreditation and the Market Research Society Code of Conduct.

Interviews were conducted with the named company representative recommended by SE. This was only changed where evaluation team were advised by the company that another person was the most appropriate person for this discussion.

Appointments were set with companies at a time that was convenient for them. The team were highly flexible and scheduled interviews at times specified by the company representative. This included appointments outside of office hours as necessary. All telephone interviews were conducted by Research Resource's experienced researchers, carried out in-house from Research Resource's dedicated telephone interviewing suite. This bespoke facility ensured high quality, centrally controlled telephone research. Data was kept secure and fieldwork was closely managed.

The surveys were delivered using CATI (Computer Assisted Telephone Interviewing). CATI provided the ability to pre-populate the survey script with relevant company data, both ensuring that the evaluation was joined up with Scottish Enterprise data and that data held by SE in relation to turnover, employment and support received was not re-asked of companies. This meant that interviewers could use the time most effectively to discuss the impact of support as opposed to collecting data that SE already held.

CATI also ensured quality and consistency in interview completion, accommodating complex skip patterns, correct branching and response logic. The interviewer was prompted to correct inaccurate responses and consistency checks were performed.

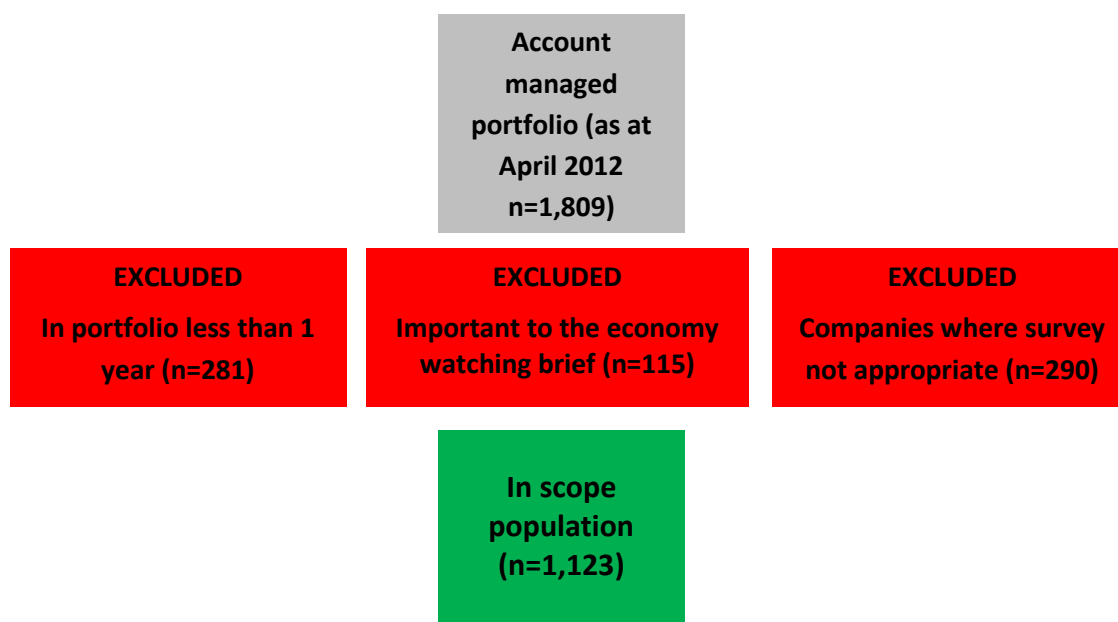
The CATI system allowed real time sample management and tracking. This ensured that an accurate account of survey progress was always available.

As stated, all qualitative face-to-face company interviews were carried out by experienced members of the evaluation team from Upper Quartile and Additional Research. Company data was kept secure and fieldwork was closely managed. In keeping with the telephone survey process weekly updates on the numbers of interviews achieved and arranged were provided to SE in addition to any refusals or unavailable numbers.

Survey population and the approach to sampling

The approach to defining the population and sampling was not straight forward and there was a lot of work required to define the eligible in-scope population available for involvement in the evaluation (telephone and face to face). This process is summarised in Figure A1.1 and described in detail below.

Figure A1.1: Defining the eligible in-scope population



Population available for primary research

In total, at 1st April 2012, **1,809 companies** with Scottish Enterprise account management segmentation were included in SE's database. This means they were either Account Managed for Growth (ACMG), Early Stage Growth or Important to the Economy (with each category being further segmented into 'active' or 'watching brief'). A summary of each category is included below:

- **Account managed growth:** Companies capable of making the most significant contribution to the growth of the Scottish economy – where SE's intervention is likely to make a discernable difference to growth performance;
- **Important to the economy:** Companies that are important to the national or regional economy, or to a key sector, where there is clear rationale for SE intervention;
- **Account managed growth, watching brief:** At a point in the account managed relationship, SE will no longer be able to demonstrate that its interventions are likely to make a discernable difference to growth performance. At this point companies are reclassified as 'watching brief';
- **Important to the Economy, watching brief:** At a point in the account managed relationship, SE will no longer be able to demonstrate that there is a clear rationale for intervention. However, given the importance of the companies, SE must maintain contact to react to future opportunities/threats; and
- **Early stage growth:** Start Up and early-stage companies where the sales growth measure is inappropriate. This group includes companies that have emerged from SE's Investment Fund, and are likely to be particularly important to the technology-driven sectors.

It was decided by Scottish Enterprise to:

- **Remove companies that had been in the portfolio for less than 1 year:** as it was felt that these companies would not have had enough time with an account manager to provide a rounded view of the support received and it would be too early to try to understand any impacts arising (if indeed there had been any) over such a short time;

- **Remove those Important to the Economy companies classified as ‘watching brief’** as these companies are only, in effect, monitored by SE. They are either large local employers or key parts of a sector’s supply chain. There is limited active support from SE (such as providing access to SE’s products or grants). As such it was felt unlikely that there would be any attributable impacts from these companies; and
- **Remove those companies who it was not appropriate to survey**, these included companies who were undergoing major issues (such as making staff redundant), those where contacts had recently changed (and therefore wouldn’t be able to contribute to any interview) as well as other reasons around the practicality of engaging the companies in the survey.

The outcome of this process was a survey population of **1,123 companies**. From this two sub-populations were drawn for the telephone survey and for face-to-face consultations. The survey population can be defined, by sector, as follows:

Sector	Population	% of population
Creative Industries	47	4
Enabling Technologies, Aerospace, defence and marine	265	24
Energy	184	16
Financial Services	40	4
Food and Drink	145	13
Life sciences	96	9
Non Sector	79	7
Other growth sectors (construction, chemical sciences, forest industries, HE/FE, Textiles)	215	19
Tourism	52	5
Total	1,123	100

Survey response rates were monitored on an ongoing basis by sector and during the concluding phase of fieldwork the decision was taken to focus responses on the smaller sectors, working to maximise the response rate and minimise the margin of error in these smaller sectors. A minimum response rate of +/-10% by was targeted by sector.

Comparison to previous survey approach in 2008 evaluation

The approach taken in the current evaluation is different from that which was used in the previous evaluation of account management carried out in 2008. Firstly, there was no qualitative face-to-face sample involved in the 2008 evaluation; company level engagement focused on the telephone survey. In the previous evaluation the target population for telephone survey comprised those which were supported by Scottish Enterprise as Direct Relationship Managed companies. A full list of companies was collated into a database by Scottish Enterprise. This database was subsequently cleansed to eliminate:

- Companies that received support for less than 6 months;
- Companies with which there was some extenuating circumstances e.g. legal dispute;
- Companies interviewed in the Pilot survey; and
- Companies of scale.

The resulting database was used as the population from which to draw the survey sample. This left an overall population of 1,916 companies. At this time, the consultants were not aware of the overall population or the number of companies excluded from the database to reach this point.

For survey administration it was agreed that there would be a geographical focus to the fieldwork where the aim was to achieve statistically robust data at Local Enterprise Company (LEC) area. This was achieved by setting a minimum interview target by LEC area to provide data robust to the level of +/-10% per LEC. To achieve this a total of 1,527 company contacts were used and a total of 740 interviews achieved. There was no cognisance taken of sector in the sample process.

This approach differs from the current evaluation where sector has been the key characteristic against which to monitor data reliability.

Overall fieldwork performance

Face to face interviews

Sixty four qualitative face to face interviews were completed by the evaluation team with account managed companies spread as widely as possible across SE Key Sectors and operational areas. The relatively small numbers and time requirement of these interviews (approximately an hour to an hour and a half per company) meant that the focus was on achieving in-depth quality interviews with highly engaged companies rather than strict adherence to sector quotas. This approach is likely to have introduced an element of self selection and positive response bias to the qualitative findings.

Telephone survey

A total of 601 telephone interviews were achieved. From the overall population of 1,123 companies available for the telephone survey this represents a 54% response rate from the 'in scope' population.

Accuracy of achieved sample by sector

As noted, a sector based approach was taken to the survey with a view to achieving interviews spread across sectors, to acceptable margins of error (+/-10%). The table below illustrates the number of interviews achieved within each of the key sectors and the level of accuracy of the data collated.

The targets in relation to data accuracy have been met or exceeded in all sectors with the exception of Tourism and Financial Services. Within these, Financial Services is the only sector where the level of accuracy achieved is significantly outside of the target.

Sector breakdown and robustness of sample					
Sector	No. in scope population	Per cent in scope population (%)	No. in sample	Per cent in sample (%)	Margin of error (+/-) at the 95% confidence level
Enabling technologies, aerospace, defence and marine	265	24	129	22	6.2
Energy	184	16	94	16	7.1
Food and drink	145	13	77	13	7.7
Other growth sectors*	121	11	71	12	7.5
Life sciences	96	9	51	8	9.4
Construction	94	8	55	9	8.6
Non-sector	79	7	45	7	9.7
Tourism	52	5	30	5	11.6
Creative industries	47	4	32	5	9.9
Financial services	40	4	17	3	18.3
Total	1,123	100	601	100	2.7

Source: Research Resource survey of AM businesses 2012/13 (n=601)

Note: Confidence intervals are calculated on the basis of the 'in scope population' (N=1,123) as per Sampling Methodology note included at Appendix A. The aim was to achieve a minimum +/-10% margin of error at the 95% confidence level. The sectors for which this has not been achieved are highlighted in red.

Note: In this instance 'Other Growth Sectors' comprise chemical sciences, forest industries, textiles and HE/FE.

Data analysis

Quantitative analysis

Data gathered from CATI telephone interviews was cleansed and quality assured (following Research Resource's internal quality assurance procedures) and downloaded to SPSS (Statistical Package for the Social Sciences) for analysis by the team from Upper Quartile and Additional Research.

The team employed a structured and systematic approach to the quantitative analysis. This involved:

- Descriptive – topline univariate analysis of each survey variable;
- Cross-tabulation of the dataset by key analysis variables. These were identified at the outset of the research and included variables such as sector, size, autonomy, time in account management, change in account manager, satisfaction with account management and type of relationship with SE; and
- Inferential analysis examining relationships between variables and assessment of the statistical representativeness of results. Inferential techniques included Chi-Sq, Mann-Whitney, Kruskal-Wallis and Spearman's Rho. Further multi-variate statistical regression analysis also undertaken (although results were inconclusive).

Qualitative analysis

Qualitative data was gathered through in-depth face-to-face interviews with account managed businesses and SE and external consultees. Interviews were undertaken by experienced members of the Upper Quartile and Additional Research teams. A systematic approach to qualitative analysis was undertaken using NVivo analysis software. This included:

- Definition of pre-defined codes/themes based on development of the quantitative survey questionnaire, a qualitative semi-structured questionnaire, and discussion with consultees;

- Systematically coding of all qualitative interview reports;
- NVivo coding to identify additional themes and analytic codes (from open ended discussion);
- Generation of a long list of codes;
- Definition of a short list of analytic themes/codes following data set assessment and research team discussion;
- Analysis of patterns and issues with the qualitative data using a range of techniques to identify and visualize research themes; and
- Use of coded sources for examples and case studies in write up of quantitative survey analysis.

Companies considered unsuitable to survey

As shown in Figure A1.1, through the process to define the account managed population, verify information in SE's database and engage companies in the research process, 290 companies were removed from scope by SE for the range of reasons highlighted. Further exploration of the reasons for exclusion was undertaken jointly by the external evaluation team and the SE Appraisal and Evaluation Team.

Among the companies removed from scope, 117 were removed as a result of 'limited engagement'. The decision was taken by SE for the Evaluation Team to further investigate the reasons for these removals. The findings of additional work looking specifically at this issue are reported in Appendix D.

Some initial analysis has been undertaken to look at the characteristics of the 290 companies in comparison to the 1,123 eligible in-scope population. This has shown that overall, the groups are not dissimilar in relation to key performance metrics (turnover, employment etc).

However, in order to mitigate any potential bias in findings as a result of the removal of the 290 companies, SE and the evaluation team have taken a cautious approach. As such, the economic impact and Value for Money assessment contained in this evaluation includes all the costs associated with the provision of support to the 290. These companies have not, however, been included in the in-scope population to which impacts have been grossed up.

Appendix A.2: Impact assessment methodology/calculators

Introduction

This note sets out our approach to impact assessment (the gross and net impact of SE's interventions).

Background

Our approach fulfils the **summative goals** identified in our evaluation proposal (Section 4 p. 18), which stated that the study must provide a robust quantitative economic impact evaluation that assesses:

- Performance - including achievement of gross outputs and expenditure against approved targets;
- Adjustment from gross to net additionality after accounting for deadweight effects, displacement, substitution and multiplier effects, including any unintended outcomes;
- Value for money assessment in terms of input/output unit cost ratios and cost-benefit analysis to monetise the social and economic return from the investment (including GVA); and
- The wider impacts on Scotland's economy and how the account management approach has complemented other existing programmes, initiatives and strategies.

In addition, a **high degree of comparability** with previous evaluation work is cited in the terms of reference, notwithstanding changes to the delivery structure, programme characteristics, and monitoring data. Therefore, our starting point in setting out the impact method is Scottish Enterprise's (2009) Economic Impact Evaluation of Scottish Enterprise' Interventions with Account and Client Managed Companies, Appendix C, SE: Glasgow, pp. 231- 240.

Method

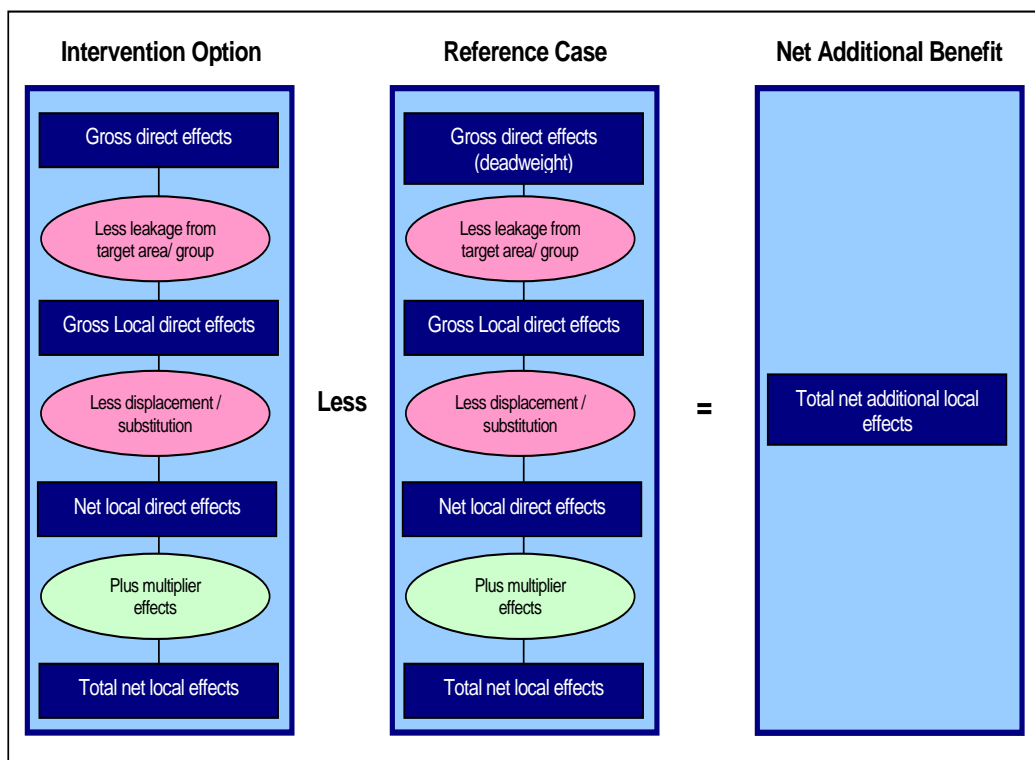
Economic Benefits Assessed

We examine two main measures of economic benefit. These are business **employment** and **Gross Value Added** (GVA) (estimated based on reported turnover). For both benefits we assess the Gross Direct benefit and the Net Additional benefit. The latter takes into account not just the benefit to the individual firms, but also the wider interaction with the Scottish economy. We note that respondents provided details of the total headcount employed (all employment categories). Therefore no estimate of Full-time Equivalent was made.

Approach to Assessing Additionality

Our approach to assessing additionality is set out in the Figure below (A2.1) and is consistent with HM Treasury 'Green Book' and SE guidance. In summary, the Gross Direct benefits are compared against a counterfactual (also referred to as the reference case, or deadweight), both cases being adjusted for secondary indirect factors which reflect the interaction of the intervention with the Scottish economy. These are **displacement**, and **economic multipliers** but not substitution or leakage (discussed further below). The counterfactual was established by the beneficiary, guided by series of detailed and standardised questions that formed a core part of the beneficiary survey questionnaire.

Figure A2.1 Additionality Approach



These factors set out above were combined, **for each individual respondent**, in the standard additionality model represented by the formula:

$$AI = [GI \times (1-L) \times (1-Dp) \times (1-S) \times M] - [GI^* \times (1-L^*) \times (1-Dp^*) \times (1-S^*) \times M^*]$$

(Intervention Option) - (Reference Case)

Where: AI= Net additional impact; GI= Gross Impact; L= Leakage; Dp= Displacement; S= Substitution; M= Multipliers.

For illustrative purposes, a sample calculation is presented below, based on a hypothetical set of employment benefits. The Table shows that the original figure of 500 gross jobs is converted to an estimated 231 net additional jobs, after taking into account a range of factors.

It is noted that further survey questions allowed an assessment of time and quality additionality.

Table A2.1 Employment Additionality Example

		Intervention Option	Reference Case	Additionality
A	Gross Direct Jobs	500	80	
B = A x (1-0%)	Estimated Leakage (assumed 0%)	0	0	
C = A-B	Gross Direct Effects	500	80	
D = C x (1-50%)	Displacement (medium 50%)	250	40	
E = C-D	Net Direct Effects	250	40	
F = E x (1.10-1)	Multiplier (Low 1.10)	25	4	
G = E + F	Total Net Effects	275	44	
H = G (Intervention Option) - G (Reference Case)	Total Net Additional Effects			231

Research Design

The study adopts a retrospective panel design, relying on careful and standardised questioning of beneficiaries about their past and current attributes, behaviour, attitudes, and beliefs. As such the findings are subject to the recall and accuracy of the beneficiary.

Sources of Data

As noted, the data used to estimate Gross Direct and Net Additional benefits, GVA, and value for money, are derived from the survey of beneficiaries and secondary data sources as summarised in the table below (Table A2.2). A number of new variables were created from the survey data to permit impact calculations.

Table A2.2 Data Sources

Factor	Source (see Appendix B.3 for telephone survey questionnaire)
Gross Direct Turnover	Section 6A Pre-coded data from SE
Turnover Counterfactual (Deadweight)	For firms with increasing turnover: Q15a-d; and Q16i-iv. For firms with turnover that 'stayed the same': Q22a-c; and Q23i-iv. For firms with decreasing turnover: Q27a-c; and Q28i-iv.
Gross Direct Employment	Section 6B Pre-coded data from SE
Employment Counterfactual (Deadweight)	For firms with increasing employment: Q32a-d; and Q33i-iv. For firms with employment that 'stayed the same': Q37a-c; and Q38i-iv. For firms with decreasing employment: Q40a-c; and Q41i-iv.
Economic Output, Employment, and GVA Multipliers	Pre-coded Priority Industry/ Growth Sector to be re-coded to 128 Industry Codes (Scottish Government Input-Output tables)
Displacement	Q47, 49
Substitution	Not applicable
Leakage	Not applicable

Dealing with Data Gaps

As the key metrics of turnover and employment were taken from SE's internal database on the performance of account management companies over the period 2008 to 2012, there were a limited number of gaps in the data set. The points below provide an overview of the steps taken to fill these for employment and GVA data.

Employment impacts

1. If a company answered 'don't know' to Q47 (displacement) the average displacement figure for those where a value was provided was applied. Average displacement ranges from 30% - 32% across the four years of the evaluation;
2. If a company answered 'don't know' to Q49 (market conditions) their response was altered and set at the midpoint ("stayed the same") to allow a displacement figure to be calculated;
3. If a company reported net additional employment benefit that was greater than pre-populated employment data would allow (generating negative figures) employment data has been altered to make sense of the additionality reported by the company. This mainly occurs where turnover to employment ratios have been used to estimate employment figures;
4. Where estimated employment (derived from turnover to employment ratios) is significantly out of line with data available for other years and where this appears to skew the impact calculation, the estimated employment figure has been altered in line with trend data available in other years;
5. Where companies provided 'average additional' employment figure/% over the AM period, this has been included in calculations for each year (as per the approach to GVA impact); and
6. Employment impact figures are presented on an annual basis and according to the peak year of impact (i.e. the year over the four under evaluation where the employment impact was greatest).

GVA impacts

1. Points 1 and 2 on employment above on the treatment of displacement for employment were also applied in the calculation of GVA impacts; and
2. Where there is sufficient trend data to interpolate missing additionality figures we have used our judgement to do so. For example, if a company has given an additionality figure of 10% for 3 of the 4 years it has been in account management, and we have a turnover figure available for the 4th year, we have also assumed additionality to be 10%. In our view, this is a valid assumption as, due to the way the survey was set up, companies would not have been asked about additionality in a year where no turnover data was available. It is likely that if they were, their answer would have been the same as the previous years (in a case such as this).

Area of Benefit

The analysis adopts Scotland as the area of benefit. Net Additional impacts at the regional or UK level may vary and are not presented in our analysis.

Period of Benefit

Gross direct turnover and employment are examined for the years - 2008/09, 2009/10, 2010/11, and 2011/12 (where applicable). It is noted that further survey questions permitted an assessment of the persistence and decay of benefits.

Deadweight

Deadweight is assessed for both turnover and employment benefits on an annual basis. Within the survey a number of tiered questions successively probe for responses - these are noted in Table A2.2 above.

Displacement

Our definition of displacement, consistent with HM Treasury Green Book supplementary guidance, addresses the question: ‘Will the intervention reduce existing activity from within the target group or area? and if yes, by how much?’ These questions are assessed in terms of the extent to which the supported activities simply divert market share from other Scottish based businesses.

A weighted displacement figure has been applied using the responses obtained to Question 57 on Competition (see Table A2.3) and Question 59 on Market Conditions (see Table A2.4). The proxy displacement values derived from Question 57 are combined with the responses to the market conditions question. This is based on the principle that displacement will be higher in a declining market and lower in an improving market. The product of this calculation is then subtracted from 1 to give an adjusted displacement value for each company. The proxy data for displacement are applied to both turnover and employment additionality estimates.

To illustrate this, if a company stated that “The majority of businesses I compete with are based in Scotland” to Question 57 and that market conditions had “Improved moderately” to Question 59, the calculation would be $1 - (0.25 * 1.25)$, giving a displacement adjustment factor of 0.31. When this is extracted from 1 and converted to a percentage it gives an adjusted displacement percentage of 69%.

Table A2.3 - Product Market Displacement - Competition

	Proxy Displacement Value
All the businesses I compete with are based in Scotland	0.00
The majority of businesses I compete with are based in Scotland	0.25
Around half of the businesses I compete with are based in Scotland	0.50
A minority of businesses I compete with are based in Scotland	0.75
None of the businesses I compete with are based in Scotland	1.00

Table A2.4 - Product Market Displacement - Market Conditions

	Displacement Weighting Factor
Declined strongly	0.50
Declined moderately	0.75
Are about the same	1.00
Improved moderately	1.25
Improved strongly	1.50

Substitution

The survey does not directly explore levels of substitution amongst respondents. This has also been assumed to be zero based on evidence from the 64 face-to-face company consultations undertaken as part of this evaluation.

Leakage

Leakage is a measure of the extent to which benefits are received by an unintended group or area. This factor is not considered relevant to estimation of Net Additional turnover benefits as all beneficiaries are Scottish-based establishments.

Employment leakage assesses the extent to which benefits have accrued to workers resident outside of Scotland. This is not assessed by the survey. We are satisfied that, based on the 2008 evaluation evidence this factor is unlikely to significantly affect the findings and has therefore been assumed to be zero.

Economic Multipliers

HM Treasury Green Book supplementary guidance makes the argument that economic multipliers should be used with caution, if at all, at the national level: ‘multiplier or ‘second round’ effects should normally be excluded on the grounds that the alternative uses to which the resources would otherwise be put would also generate multiplier effects; and differences in such effects are often difficult to distinguish with confidence or without disproportionate effort’.

However, for the purposes of comparison with the earlier evaluation and benchmarking with other initiatives, we include results with multiplier effects in the presentation of economic impacts.

For the assessment of GVA additionality, **Type II GVA multipliers** are applied using the standard values contained in the most recently available Scottish Government Input-Output Tables. Type II multipliers are used as these account for all direct, indirect and induced effects in the wider economy.

Similarly, **Type II Employment multipliers** are applied using the standard values contained in the most recent available Scottish Government Input -Output Tables.

Multipliers are assigned to the survey cases on the basis of the best fit of the Input-Output Table’s 128 industry codes to the pre-coded industry sector data supplied by SE.

Grossing up

For each year the sample impacts (GVA and employment) were grossed up to the in-scope population of account managed companies: that is the population excluding those in the portfolio for less than 1 year, those classed as Important to the Economy Watching Brief and the companies that were removed following consultations with account managers.

The in-scope population in each year varies as there is churn in the portfolio. In each year net impacts are estimated for a proportion of these in-scope populations. This reflects sample size and the fact that it was not always possible to gather impact metrics for all surveyed companies.

Grossing factors were calculated for each of the 4 years based on these 2 variables. The grossing factors, and the raw data from which they are derived, are shown in Tables A2.5 and A2.6 for GVA and employment respectively. The average grossing factor for the 4 years is 2.89 for GVA (this being the arithmetic mean of the 4 figures) and 2.08 for employment, this being the peak year figure (see Tables 21 and 28).

Table A2.5 GVA Grossing

A	B	C	D
Year	In-scope population of account managed companies	Number of these for which there was sufficient data to assess impact	Grossing up factor applied to derive population impact (B/C)
2011/12	1,117	414	2.7
2010/11	1,108	372	2.98
2009/10	982	336	2.92
2008/09	841	283	2.97

Table A2.6 Employment Grossing

A	B	C	D
Year	In-scope population of account managed companies	Number of these for which there was sufficient data to assess impact	Grossing up factor applied to derive population impact (B/C)
2011/12	1,117	527	2.12
2010/11	1,108	521	2.13
2009/10	982	432	2.27
2008/09	841	325	2.59

Gross Value Added

Gross Value Added (GVA) is a measure of the contribution to the economy of each individual producer, industry or sector. It can be thought of in general terms as a measure of the total output from a business less the costs of raw materials and other inputs used in production. GVA is generally regarded as the best measure of the sum of economic activity within an area.

A number of methods are available to estimate GVA impact. Two main choices are between a calculation based on detailed company financial information and a second approach based on estimates of average GVA return per unit of turnover for industrial sectors. This choice represents a trade-off between accuracy and ease of collection. Due to the incompleteness of financial data in the SE account management database, the latter estimated approach has been used in our calculation of GVA. As such, GVA estimates are based on survey turnover data and secondary data on GVA averages available from the Scottish Government.

Costs

We include the following public sector costs input to Account Management: account management staff (and their associated overhead costs), grant/equity and proxy product costs. Product costs are estimated based on median costs for products multiplied by the number of products accessed across the portfolio; it is therefore only a guide.

Prices

All historic turnover and GVA data is converted to a consistent 2012 price basis using GDP deflators (Dec 2012) for each year.

Worked Examples

Below we provide two worked examples based on anonymous cases from the evaluation. These illustrate how the concepts described above have been applied in practice. Table A2.7 relates to employment and A2.8 to the calculation of GVA impacts.

Table A2.7 Calculation of Net Employment Impacts Example - Company X		Intervention Option	Reference Case	Additionality
A	Gross Direct Jobs	2,451	2,351	
$B = A \times (1-0\%)$	Estimated Leakage (assumed 0%)	0	0	
$C = A-B$	Gross Direct Effects	2,451	2,351	
$D = C \times (1-(1-0.94))$	Displacement (94%)	2,304	2,210	
$E = C-D$	Net Direct Effects	147	141	
$F = E \times (1.45-1)$	Multiplier (1.45)	66	63	
$G = E + F$	Total Net Effects	213	204	
$H = G$ (Intervention Option) – G (Reference Case)	Total Net Additional Effects			9

Table A2.8 Calculation of GVA Impacts Example- Company X		Intervention Option	Reference Case	Additionality
Turnover	£129,132,000			
GVA Ratio	0.48			
$GVA (£129,132,000 \times 0.48)$	£61,983,360			
A	Gross Direct GVA	£61,983,360	£55,785,024	
$B = A \times (1-0\%)$	Estimated Leakage (assumed 0%)	£0	£0	
$C = A-B$	Gross Direct Effects	£61,983,360	£55,785,024	
$D = C \times (1-0\%)$	Displacement (none 0%)	£61,983,360	£55,785,024	
$E = D$	Net Direct Effects	£61,983,360	£55,785,024	
$F = E \times (1.77-1)$	Multiplier (1.77)	£47,727,187	£42,954,468	
$G = E + F$	Total Net Effects	£109,710,547	£98,739,493	
$H = G$ (Intervention Option) – G (Reference Case)	Total Net Additional Effects			£10,971,055

Appendix B: Research Tools

B.1 Topic guide – Internal SE consultees

Consultee Name:

Position in SE:

Contact Details:

Date:

Introduction

The interviewer is free to provide an introduction that is suited to the dynamics of the situation. However, it is important that the following points are communicated to the stakeholder prior to commencement:

- Upper Quartile has been commissioned to undertake an economic impact evaluation of the account management programme over the period 2008 to 2012;
- The evaluation involves a large scale survey of around 650 account managed companies through telephone and face-to-face interviews;
- We're also undertaking an extensive consultation programme with internal SE stakeholders;
- The aim of this to gather views on how SE's account management programme is viewed by other parts of SE and how well integrated it is with the wider organisation. This is a key part of the evaluation;
- The findings from the evaluation will be used by SE to shape the delivery of the account managed programme over the next three years; and
- All responses provided by you will be treated in confidence and only used in an aggregated form. No answers will be attributed to you.

A. Understanding and Awareness of Account Management

1. Can you briefly describe your role in Scottish Enterprise, and your awareness and involvement with the account management process?
2. What is your understanding of the account management process – rationale; aims and objectives; targeting of businesses for account management?
3. In what ways would you say the account management process has changed over the past three years?
4. How well do you feel the account management process and its objectives are understood by account managed businesses themselves?
5. What do you think is the motivation for companies to engage with the account management process?
6. To what extent does SE need to improve the communication of the account management process to the business community in Scotland?

B. Impact and Effectiveness of SE Account Management Process

7. To what extent do you feel Scottish Enterprise’s account management support is effective in helping companies to:
 - Overcome barriers and challenges to growth; and
 - Harness opportunities for growth.
8. In what ways do you feel the barriers and challenges to growth have changed for Scottish businesses over the past three years?
9. Do you think the account management process engages with the right companies – in terms of size, sector and growth potential?
10. What do you see as the main benefits for companies that are account managed?
11. What do you see as the role of the account manager in the process?
12. In your view, what are the key skills required by an account manager (both hard and soft skills)?
13. In your view, what is the role of the account team and how does it add value to the process, and support more effectively the account managed business?
14. How well do you feel the account team approach works – where does it work well, and where could it be improved?

C. Account Management Internal Processes

15. How well do you feel the account management process works internally?
16. In what ways could it be improved?
17. How well do you feel the account team process works internally?
18. In what ways could it be improved?
19. Do you feel the right products and processes are in place to support the account manager in their role?
20. Is there anything else you would like to add?

It is also proposed a small number of specific questions will be asked of the individual consultee groups as follows:

D. [ASK ONLY] Company Growth Directors

1. How do you feel the account management process performs in terms of Value for Money (essentially costs against impacts)?
2. Within the current account management process, in your opinion, what aspects work well, and what areas could be improved?
3. Do you feel the right performance measures are in place for account management?
4. Do you think that the account management process is more appropriate/ successful in some industry sectors than others? Which ones and why?
5. What are the key skills and competencies you are looking for from your account managers?
6. When it is necessary to change account managers, what are the main reasons for this? Do you think these changes impact on relationships with companies?

7. What do you feel is the optimum portfolio size for an account manager and why?
8. How well do you feel the account team approach works?
9. Through the account management process a range of interventions are delivered to companies to support growth across the broad areas of:
 - Strategy Development
 - Business Improvement
 - Market Development
 - Organisational Development
 - Investment
 - Innovation
 - Networks and connections

In your experience which are the areas that add most value to a company's growth and why?

E. [ASK ONLY] Scottish Development International and Innovation, Investment & Enterprise Staff

1. How does SDI work/engage with companies and account managers through the account management process?
2. What works most effectively?
3. What areas could be improved?
4. What are the main benefits for a company in developing its international markets through the account management process?
5. How does this differ from SDI delivering support to companies direct, not through account management?
6. In what ways does the account management process support innovation in companies?
 - a. How effective do you feel this support is in supporting innovation?
 - b. What is the impact on companies as a result of account management support for innovation?
 - c. Is there anything more that the account management process could do to support innovation in companies?
7. How is the value for money, impact and effectiveness of market development support measured through the account management process?

F. [ASK ONLY] Industry Sector and Industry Delivery Teams

1. How do you feel the account management process supports each industry strategy?
2. What engagement do you have with the account management process?
3. Describe how you would work within an account team (if appropriate)?
4. Is there any duplication of service or support between industry support services and account management?
5. How does account management contribute to industry targets?
6. How well does account management interact with sector projects? Please explain?
7. What are the strengths and weaknesses of the account management process from an industry perspective?

Thank You and Close

B.2 Topic guide – Qualitative face to face consultations with AM companies

Topics	Question Prompts
1. Nature of the business	<ul style="list-style-type: none"> Company profile (type, segmentation) NB: pre populated from database Autonomy and decision making NB: using info sheet (P6 of this guide) Aspirations/expectations (growth/static/decline) – turnover, employment, profit What are the main features of your business development in recent years?
2. Rationale for engaging with SE	<ul style="list-style-type: none"> How did you first become account managed (e.g. referral route) – when first account managed? Why did you want to become/agree to be account managed? What are the key growth opportunities/growth challenges that you were looking for SE to assist you with? What were/are your expectations of working with SE?
3. Market Failure	<ul style="list-style-type: none"> What was preventing you taking these growth opportunities forward yourself (why did they feel they needed SE support)? NB: probe for root causes <ul style="list-style-type: none"> (e.g. lack of knowledge of what to do, lack of skills, lack of people/financial resources, lack of time, etc) NB: put in context of support accessed <ul style="list-style-type: none"> probe if access to financial resources was considered as a key constraint vs other constraints/market failures Probe market failure issue addressed: <ul style="list-style-type: none"> Lack of relevant market information (and associated risk aversion) Support for overcoming negative externality (e.g. a product / service with spillover benefits for some social/economic/environmental cost) Support for positive externality (e.g. a product / service with spillover benefits that can be exploited by others) A competition issue - e.g. overcoming market power of competitors by providing access to capital, technology, or achieving sufficient scale (who/what was preventing access?) Support/funding to provide a necessary public good
4. Counterfactual	<ul style="list-style-type: none"> If you were not account managed/receiving support from SE: <ul style="list-style-type: none"> Do you think you would have got support/advice elsewhere? Where? Had you tried before working with SE? What would have been the challenges of obtaining this support elsewhere (e.g. have to pay for it)? In the absence of Account Management would you have

	<p>undertaken the activities anyway (probe for how, timing, scale, etc effects)?</p> <p>NB: Probe for evidence on additionality</p> <ul style="list-style-type: none"> • How does working with SE compare with other business services you use? • Do you anticipate working with other organisations in the future to meet the barriers/challenges/opportunities you have identified - if so why?
<p>5. Role of account manager / account team</p>	<p>[For companies that have been account managed for a period of time – probe for The account team approach, impacts and additionality of this over a more 1-1 approach that might have been more typical in the past]</p> <ul style="list-style-type: none"> • What form does your engagement with the account manager / account team take (eg regular meetings, meetings when initiated by either party etc)? • Exposure to SE - how often engage AM - who does the AM work with (one person, SMT, department heads, owner, etc)? • Nature of relationship <p>NB: using info sheet (P7 of this guide)</p> <ul style="list-style-type: none"> • What role has the account manager played in helping you identify growth opportunities/address growth challenges? • What benefits has the account manager brought and how? <ul style="list-style-type: none"> ○ strategic or reactive • Was support targeted at the right areas at the right time? • What role has the account team played (what benefits has the account team brought)? <ul style="list-style-type: none"> ○ What targets, milestones, or performance and quality indicators have been agreed with SE?
<p>6. Benefits of support</p>	<ul style="list-style-type: none"> • What benefits have been realised from support - what business areas have improved as a result (if at all)? • Company views on whether: <ul style="list-style-type: none"> ○ Has support helped company to start exporting/export more? To what extent and how? ○ Has support helped to company to start innovating/innovate more? To what extent and how (and future benefits)? ○ Has support helped the company become more efficient and/or increased productivity (probe for % increase in productivity if company can provide it)? • Of the support you have had, which do you think has made the most difference and why - in general and specifically in relation to turnover/employment/profit? • What hasn't made a difference - what didn't work and views why?

	<p>NB: Probe if do not mention major grant/funding support – pre-populated from the database</p> <p>NB: If SIB/SCF product – ask specifically about SCF- what was SCF for, had tried to get money elsewhere, what were benefits of going down the SCF route</p> <ul style="list-style-type: none"> • Have there been any unexpected or wider benefits that have come from the SE support?
7. Business Impacts	<p>NB: Use table of turnover performance from database for reference.</p> <ul style="list-style-type: none"> • Effects of support on company performance <ul style="list-style-type: none"> ○ What would turnover/turnover growth have been without SE support? ○ Why has it happened - what is different/changed/improved to make it happen? ○ If no impacts/benefits what are the reasons - e.g. too soon? ○ Are impacts expected in the future? ○ Probe on timing, scale of turnover performance difference. • Persistence of benefits – how long do impacts (on turnover, employment, profit) last?
8. Overview of experiences of working with SE	<ul style="list-style-type: none"> • What worked well? • What worked less well? • What are the gaps in SE's support?
9. Future support needs/gaps and Wider business barriers	<ul style="list-style-type: none"> • To what extent does Scotland provide the quality business support services (for example, legal accountancy and design) needed to allow your company to grow? <ul style="list-style-type: none"> ○ Have you any evidence that the lack of such services is a constraint on business development?
10. The importance of the external business environment	<ul style="list-style-type: none"> • How have market conditions over the last few years affected the outcomes of your SE project/s? <ul style="list-style-type: none"> ○ Influence on outcomes.

B.3 Telephone survey questionnaire

Scottish Enterprise

P13-0029

Evaluation of Scottish Enterprise Engagement with Account Managed Companies (2008 – 2011) V7

**Scottish Enterprise
150 Broomielaw
Atlantic Quay
Glasgow
G2 8LU**

Record of Changes

Version	Date	Description
1	04 October 2012	V1 Submitted to Scottish Enterprise
2	09 October 2012	V2 Incorporating comments from workshop (KH, KR, VP and SM)
3	19 October 2012	V3 Changes following Dundee AM Workshop
4	02 November 2012	V4 Incorporating changes from SE (Received 25 October)
5	10 November 2012	V5 Incorporating changes from Linda Hanna, 3 x AM Workshops, and Evaluation management groups.
6	03 December 2012	V6 Changes following the Pilot After Action Review on 29 November
7	10 December 2012	V7 incorporates minor refinements made following SE comments on V6

Section 1: Survey Administration

PRE CODE

Business name	
---------------	--

Question 1 - Initial Inquiry

Good morning/ afternoon. My name is [YOUR NAME] and I'm calling from **Research Resource** on behalf of **Scottish Enterprise**. Can I just check, is this [BUSINESS NAME]

CODED OPTIONS		
Yes correct	[1]	GO TO Question 2
No- Company name wrong	[2]	ASK AND CORRECT ABOVE
Hard appointment	[3]	MAKE APPOINTMENT
Soft appointment	[4]	
Refusal	[5]	CLOSE
Refusal- company policy	[6]	
Refusal- taken part in recent survey	[7]	
Nobody at site to answer questions	[8]	
Not available in deadline	[9]	
Engaged	[10]	
No reply / answer phone	[11]	
Residential number	[12]	
Dead line	[13]	
Company closed	[14]	

PRE CODE

Named contact	
---------------	--

Question 2 - Request for contactMay I speak to **[NAMED CONTACT]**?

CODED OPTIONS		
Yes, put through	[1]	GO TO Question 3
HQ referral	[2]	RECORD REFERRAL DETAILS
Hard appointment	[3]	MAKE APPOINTMENT
Soft appointment	[4]	
Refusal	[5]	CLOSE
Refusal- company policy	[6]	
Refusal- taken part in recent survey	[7]	
Nobody at site able to answer questions	[8]	
Not available during fieldwork period	[9]	

Interviewer script: Good morning/afternoon my name is **[YOUR NAME]** and I'm calling from **Research Resource** regarding research that we are currently carrying out on behalf of **Scottish Enterprise**. I believe you will have received a letter or email from Scottish Enterprise to let you know that this research is on-going. You may have also been contacted by your account manager to explain the purpose of the research and to request your participation.

The purpose of this research is to explore the impact of Scottish Enterprise Account Management support for Scottish businesses/ businesses based in Scotland. The research will provide important learning to help Scottish Enterprise develop and refine its offer to better meet the needs of Scottish businesses.

The research will be used by Scottish Enterprise and the Scottish Government to ensure the organisation is accountable to its Funders and the Scottish people. The final report will be available to the public.

Your assistance will ensure that the views expressed are representative of Scottish Enterprise account managed companies. The survey will take around half an hour to complete.

Note: If respondent wishes to confirm the validity of the research or get more information about the study aims and objectives they can contact:

- Upper Quartile: Chris Boyd (07788 710570) or Kathleen Latimer (07572 215736)
- Scottish Enterprise: Vincent Percy (01563 545006) or **[INSERT ACCOUNT MANAGER]**

Question 3 - Confirmation to interview

I would like to ask you some questions about the activities carried out here, and the services you have received from Scottish Enterprise. Your account manager has confirmed that you are the best person to speak to in this regard. Are you able to speak with me now?

Note to interviewer: It is essential that we speak to Account Manager's primary contact in the business. If this contact has changed from the data held on the database please record the change at Question 3. If the lead contact is unavailable at the time of the call we must call back to speak with them as opposed to another person in the organisation

CODED OPTIONS		
Yes	[1]	GO TO SECTION 0
Someone else at this establishment:	[2]	TRANSFER AND RE-INTRODUCE
WRITE NAME:		
WRITE JOB TITLE:		
Hard appointment	[3]	MAKE APPOINTMENT
Soft appointment	[4]	
Refusal	[5]	THANK & CLOSE
Refusal- company policy	[6]	
Refusal- taken part in recent survey	[7]	
Nobody at site able to answer questions	[8]	
Not available in deadline	[9]	

Section 2: Your Business

Interviewer script: This section gathers some background information on your business and its structure. In all questions, in this section and throughout the interview, we are interested in activities and performance **at this site**.

SECTOR - PRE CODE - **Analysis variable**

Sector	
--------	--

CODED OPTIONS FOR ANALYSIS	
Enabling technologies, aerospace, defence and marine	[1]
Creative industries	[2]
Energy	[3]
Food and drink	[4]
Life sciences	[5]
Tourism	[6]
Financial services	[7]
(Other growth sector) Construction	[8]
(Other growth sector) Chemical sciences, Forest industries, HE/FE, Textiles	[9]
Non-sector	[10]

URBAN: RURAL - PRE CODE - **Analysis variable**

Urban: Rural	
--------------	--

Question 4 - Age of business

In what year was the business established in Scotland? (**Record year of establishment [YYYY]**)

CODED OPTIONS	
WRITE YEAR (YYYY)	
Don't know	[88]

Question 5 – Autonomy Analysis variable

Which of the following best describes the decision making in this business? (**Tick one**)

CODED OPTIONS	
All decisions regarding the strategic direction of the business are made in Scotland	[1]
A majority of decisions regarding the strategic direction of business are made in Scotland	[2]
A minority of decisions regarding the strategic direction of business are made in Scotland	[3]
None of the decisions regarding the strategic direction of the business are made in Scotland	[4]

Note to interviewer: Decisions on strategic direction can be defined as those related to business planning, business development, investment, expansion, contraction or anything which fundamentally alters the way a business operates in future.

Section 3: Rationale for working with Scottish Enterprise**YEARS OF SUPPORT - PRE CODE**

Year of AM support	YES	NO
2008	[1]	[0]
2009	[1]	[0]
2010	[1]	[0]
2011	[1]	[0]
2012	[1]	[0]

Interviewer script: I would like to talk about your reasons for working with Scottish Enterprise the growth opportunities and challenges that you wanted to address. We are aware that your business [**IS CURRENTLY ACCOUNT MANAGED**]/ **WAS ACCOUNT MANAGED IN YEARS XXX**]. By Account Managed we mean the organisation has had regular or detailed communication with a Scottish Enterprise account manager – currently [**INSERT ACCOUNT MANAGER NAME**].

Question 6 – Growth opportunities and challenges

Over the period you have been account managed, what are the key growth opportunities and challenges you have identified and worked with Scottish Enterprise to address?

Interviewer script: By opportunities we are referring to opportunities for growth and/ or increased competitiveness.

Interviewer script: By challenges we are referring to internal or external barriers or challenges that you feel are impeding the continued growth or operations of your organisation.

[Record open response - interviewer should prompt for up to three examples then code all that apply.]

Growth opportunity/challenge 1:

Growth opportunity/challenge 2:

Growth opportunity/challenge 3:

Question 7 - Identifying need

Broadly speaking, how would you say growth opportunities, and the specific support needs to achieve these opportunities, are identified? Do you feel that ... **(Tick one)**

CODED OPTIONS	
Opportunities and support needs are identified by AM and shared with the company	[1]
Opportunities and support needs are identified jointly by AM/company with discussion on the best way to address	[2]
Opportunities and support needs identified by company and specific support requested from AM	[3]
Other (please specify)	[4]
Don't know	[88]

Section 4: Relationship with Scottish Enterprise

Question 8 – Type of relationship – Analysis variable

Which of the following descriptions best reflects the role played by Scottish Enterprise in your business? **(Tick one)**

Note to interviewer: Please read out the description only. **Do not read out the title** – non-strategic relationship etc.

CODED OPTIONS	Description	
Non strategic role	Scottish enterprise support does not influence/challenge the future plans and/or strategy of the company	[1]
Indirect strategic role	Scottish Enterprise support has influenced the company to bring in outside external expertise to support strategy development but SE representatives themselves have not provided input to the strategy development process	[2]
A direct strategic role	Scottish Enterprise support regularly provides strategic challenge and feedback on the plans of the company and the company’s capacity to deliver these	[3]

Question 9 – Strengths and weaknesses

Thinking about your Account Manager, your central point of contact with Scottish Enterprise, what would you say are the key **strengths** of your SE Account Manager?

1.
2.
3.

Q9b. What would you say are the key **areas for improvement** for your SE Account Manager?

1.
2.
3.

Question 10 - Changes in account manager

Has your SE Account Manager changed in the past three years? **(Tick one)**

	Tick one	Route to...
Yes	[1]	Question 10b
No	[0]	Question 11

Q10b. [IF YES] Did the change affect your relationship with Scottish Enterprise? In what way?

--

Question 11 - The Account Team

Apart from your account manager, have you (or others in the organisation) worked with anyone else when receiving support from Scottish Enterprise?

Interviewer script: This may include Scottish Enterprise staff, such as sector teams, or Scottish Development International (SDI), or external consultants/ specialists introduced to your organisation via your account manager.

CODED OPTIONS	Tick one	Route to...
Yes	[1]	Question 11b
No	[0]	Question 12
Don't know	[88]	Question 12

Interviewer script: [IF YES] We will refer to these people as your 'account team' for the remainder of this interview.

Q11b. [IF YES] Who else has been involved with the organisation as part of the 'account team' and what was their role?

Note to interviewer: The table below provides an indication of the types of organisations/ specialists who may be involved in provision of support depending on the framework interventions received by businesses. **This is for your reference ONLY and is intended to help with prompts, sense checking and understanding responses.**

Note to interviewer: There is not a requirement to record the open response of the respondent. Instead, listen to the response carefully and use it to answer the following three questions:

Interview Observation Questions	Tick one	
	Yes	No
Is the respondent aware of a Scottish Enterprise account team supporting the company?	[1]	[0]
Can the respondent name members of the account team?	[1]	[0]
Is the respondent able to describe the ways in which members of the account team supported the company?	[1]	[0]

Intervention Framework - INTERVIEWER USE ONLY						
Start up	Strategy development	Organisation Development	Market Development	Business Improvement	Investment	Innovation
<ul style="list-style-type: none"> Account manager High Growth Start Up Unit Business Gateway Prospecting team. 	<ul style="list-style-type: none"> Financial readiness specialist Account manager External consultant SDI Offshore wind specialist Non-exec Director (NED) Manager for hire. 	<ul style="list-style-type: none"> Organisation Development Specialist Business mentor Brightpurpose Consulting Future Factory Ltd Matrix Management Moon development Strategem The Leadership Factory Investors in people (IIP). 	<ul style="list-style-type: none"> SDI Advisor SDI Events Team Smart Exporter UK Trade and Investment Enterprise Europe Scotland Talent Scotland Manager for hire Marketing expert. 	<ul style="list-style-type: none"> Sustainability specialist ICT Specialist (internal SE) SMAS Practitioner Talent Scotland ICT Expert (External to SE) Lean Management Thinking contractor. 	<ul style="list-style-type: none"> Financial readiness South of Scotland Loan Scheme – delivered by SEBSED Scottish Venture Fund Scottish SEED Fund Scottish Co-Investment Fund Scottish Loan Fund – delivered by Maven Capital Partners LLP Private investors/angel syndicates 	<ul style="list-style-type: none"> Innovation specialist Innovation Expert New Product Development Expert Tourism Innovation Design Innovation Expert Universities / FE institutions Innovation Collaboration Expert Enterprise Europe Scotland Consortium Expert CDS SMART Scotland R&D Team PoC Team.

Question 12 – Other sources of support

If support to pursue growth opportunities and challenges had not been available through Scottish Enterprise via your account manager and the wider account team, do you think you would have been able to obtain support elsewhere?

CODED OPTIONS	Tick one	Route to...
Yes	[1]	Question 12b
No	[0]	Section 0
Don't know	[88]	Section 0

Q12b. [IF YES] Where do you think you would have sourced this support?

Section 5: Changes in business performance and outlook

Interviewer script: I want to move on to talk about changes in business performance and outlook that have resulted from your involvement with Scottish Enterprise.

PRE CODE (No. of products under each framework in each year) –NB For interviewer ref only

Intervention Framework	2008/09	2009/10	2010/11	2011/12
Start up				
Business Improvement				
Strategy development				
Organisational leadership				
Market development				
Innovation				
Investment				

We are aware that your organisation has received a range of support from Scottish Enterprise over the period you have been account managed and that this has included ‘soft support’ from your account manager and [IF APPLICABLE] an account team as well as [INSERT RELEVANT INTERVENTION FRAMEWORKS e.g. Business improvement support and investment].

Question 13 – Business benefits

Thinking about all of this support, what do you feel have been the **benefits** of Scottish Enterprise support for your business?

Interviewer script: By **benefits** we mean changes in business performance, outlook or approach as a direct result of Scottish Enterprise support. For example, increased or sustained turnover, increased productivity (including cost or waste reduction), successfully accessing finance etc. **[Record open response and then code, tick all that apply]**

Note to interviewer: If necessary, use codes in the table below to probe responses. For example, if a respondent says they have received *investment* you should probe for further detail around the type of investment.

CODED OPTIONS	
Positive impact on sales	[1]
• Started trading [ASK THOSE RECEIVING START – UP SUPPORT ONLY]	[1]
• Increased turnover	[1]
• Enhanced profitability	[1]
• Helped sustain turnover at its current level	[1]
• Stopped turnover falling as much as it could have	[1]
Positive impact on employment	[1]
• Taken on employees [ASK THOSE RECEIVING START – UP SUPPORT ONLY]	[1]
• Increased employment	[1]

• Helped sustain employment at its current level	[1]
• Stopped employment falling as much as it could have	[1]
Positive impact on market entry	[1]
• Enhanced market intelligence/ understanding	[1]
• Development of new products/ services	[1]
• Brought new products/ services to market	[1]
• Entered new geographic markets	[1]
• Entered new sector	[1]
Improved business operations	[1]
• Improved strategic and operational planning	[1]
• Improved business processes	[1]
• Improved productivity	[1]
• Improved quality (inc. achievement of ISO/ Industry standards)	[1]
• New/ improved relationships with suppliers	[1]
• New/ improved relationships with purchasers	[1]
• Identified collaborative opportunities	[1]
Accessed finance/ investment	[1]
• Accessed bank finance (loan overdraft)	[1]
• Accessed grant finance – Scottish Enterprise	[1]
• Accessed grant finance – Scottish Government	[1]
• Accessed grant finance – other source	[1]
• Accessed equity investment – venture fund	[1]
• Accessed equity investment – business angel	[1]
Workforce development	[1]
• Improved job specific skills – employees	[1]
• Improved soft skills – employees	[1]
• Improved managerial skills	[1]
• Improved strategic leadership	[1]
• Introduced a CPD programme	[1]
Leadership benefits	[1]
• Improved confidence of management team	[1]
• Improved people management skills	[1]
• Ambition for growth	[1]
• Improved contacts and networking	[1]
Longer term sustainability	[1]
Other	[1]
No benefits [Route to Question 13c]	[1]

Q13b. [For those reporting ‘NO BENEFITS’ at Question 13]

Why do you feel Scottish Enterprise support has had no benefit for your business over the period you have been account managed? **[Record open response]**

Note: route to Question 14 and then to SECTION 8

Question 14 – Satisfaction

On a scale of 1 to 5 [where 1 is ‘very dissatisfied’ and 5 is ‘very satisfied’], how satisfied are you with the support you have received from Scottish Enterprise? Again, I would like you to think about support from Scottish Enterprise in its entirety **(Tick one)**

CODED OPTIONS	Tick one	Route to
1. Very dissatisfied	[1]	Question 14b
2. Dissatisfied	[2]	Question 14b
3. Neither satisfied nor dissatisfied	[3]	Question 14b
4. Satisfied	[4]	Section 6
5. Very satisfied	[5]	Section 6

Q14b. Can you please explain why you feel this way about the support you have received from Scottish Enterprise?

Section 6: Measuring Impact

6A. Additionality of Scottish Enterprise support - Turnover

Interviewer script: To ensure Scottish Enterprise services meet the needs of growth companies in the best possible way, it is essential that Scottish Enterprise is able to isolate and measure the impact of the support they provide. This section asks about the impact of Scottish Enterprise support on your turnover and employment –two key areas of focus for the account management programme. We are going to start by talking about turnover.

Interviewer note: By turnover we mean the total value of sales of all goods and services, possibly included in company accounts as income, sales or receipts.

PRE-CODE FOR YEARS IN ACCOUNT MANAGEMENT

Year	Turnover (£)
2008/09	
2009/10	
2010/11	
2011/12	

PRE-CODE FOR YEARS IN ACCOUNT MANAGEMENT

Broad Turnover trend	Increase	Stayed the same	Decreased	n/a
Period 2008/09- 2011/12	[1]	[2]	[3]	[88]

Interviewer script: Data from Scottish Enterprise shows that your turnover in the years you have been actively account managed has broadly **[INCREASED/ STAYED THE SAME/ DECREASED]**.

FOR BUSINESSES WITH INCREASING TURNOVER - Question 15

FOR BUSINESSES WHERE TURNOVER STAYED THE SAME – Question 22

FOR BUSINESSES WITH DECREASING TURNOVER – Question 27



FOR BUSINESSES WITH INCREASING TURNOVER

Question 15 – The nature of impact

Thinking about the support you have received from Scottish Enterprise in its entirety, which of these descriptions best describes the situation for your company. We are interested in the support you have received [over the past three years/ over the time you have been account managed **(Interviewer to delete as appropriate if company has been account managed for LESS than 3 years))**

Do you think that...?

Interviewer note: This is a descending scale, when you get a positive answer from the respondent you should route to the next appropriate question e.g. if YES to Question 15a route straight to Question 16.

For companies with INCREASING turnover		Yes	No	Route to...
Q15a	Support from SE has helped to increase your turnover to a higher level than would have been possible without support?	[1]	[0]	Question 16
Q15b	Support from SE has helped you to increase turnover faster than you would have without support?	[1]	[0]	Question 19
Q15c	SE support has made no difference to your turnover (e.g. the same (or equivalent) growth would have occurred in the absence of SE support)	[1]	[0]	Question 20
Q15d	Turnover would have grown more in the absence of SE support	[1]	[0]	GO TO SECTION 6b Question 21 20

Interviewer note: Option [d] is an unlikely response. It is included to ensure a balanced approach. If a respondent answers this way it would mean that SE has had a damaging effect on the company. If anyone answers this way you should ask for further detail to understand if this is actually what they mean and if so, why they feel this is the case.

Interviewer notes:

Question 16 – Turnover impact [If CODE [1] at Question 15a]

Data shows that turnover for the business in [YEAR] was approximately [READ OUT PRE-CODE]. Thinking about turnover in [YEAR] how much lower (in percentage terms) do you think your turnover would have been in the absence of SE support?

PRE-CODE FOR YEARS IN ACCOUNT MANAGEMENT

Year	Pre code – Turnover (£)	% lower without SE support
2008/09	£	%
2009/10	£	%
2010/11	£	%
2011/12	£	%

Q16 ii. [IF RESPONDENT CANNOT ANSWER PROBE USING % BANDS FOR EACH YEAR] You have indicated that turnover would have been lower in the absence of SE support. Do you think this would have been **SIGNIFICANTLY LOWER** (more than 50% lower) or **MODERATELY LOWER** (less than 50%)

Moderately lower		Significantly lower	
1-10%	[1]	51-60%	[6]
11 - 20%	[2]	61-70%	[7]
21 - 30%	[3]	71-80%	[8]
31 - 40%	[4]	81-90%	[9]
41-50 %	[5]	91-100%	[10]

Note to interviewer: Record mid-point of the % band. This should be merged with **Question 16** on data cleansing.

Percentage mid-point	%
----------------------	---

Q16iii. [IF RESPONDENT STILL CANNOT ANSWER FOR EACH YEAR] Over the past three years/ over the time you have been account managed (**Interviewer to delete as appropriate if company has been account managed for LESS than 3 years**) how much lower on average do you think your turnover would have been in the absence of SE support?

Note to interviewer: This is a fall back option and should only be used if respondents are very firm that they cannot answer year on year. This should be merged with **Question 16** on data cleansing.

Average percentage	%
--------------------	---

Q16iv.

Respondent refused to answer	[1]
------------------------------	-----

Question 17 – Source of turnover

You have indicated the SE support has helped you to grow your turnover. In what ways has SE support allowed you to do this. Has this been through? (**tick all that apply**)

CODED OPTONS	
Increased sales in existing markets	
• Scotland	[1]
• Rest of UK	[1]
• International	[1]
Entry to new markets	
• Scotland	[1]
• Rest of UK	[1]
• International	[1]
Diversification to a new sector	[1]
Other (please specify)	[1]

Question 18 - Time Additionality (a)

Thinking about turnover growth over the period your business has been account managed, has growth happened quicker than it otherwise would?

		Route to...
Yes	[1]	Question 19
No	[0]	SECTION 0b
Don't know	[88]	SECTION 0b

Question 19 - Time Additionality (b) [If CODE [1] at Question 15b]

To what extent do you think SE support has helped your business to grow more quickly?

Brought forward growth by up to a year	[1]
Brought forward growth by up to two years	[2]
Brought forward growth by over two years	[3]
Don't know	[88]

Question 20 – Productivity

Do you think SE support has helped boost productivity in the business?

Interviewer script: By 'increased productivity' we mean support has helped you to produce or achieve more (increased output) with the same or reduced inputs.

Yes	[1]
No	[0]
Don't know	[88]

GO TO SECTION 6b

Question 21 – Understanding deadweight [If CODE [1] at Question 15c or d]

Why do you feel Scottish Enterprise support has had no impact on turnover over the period your business has been account managed? **(Record open response)**

GO TO SECTION 6b

FOR BUSINESSES WITH TURNOVER THAT ‘STAYED THE SAME’

Question 22 – The nature of impact

Thinking about the support you have received from Scottish Enterprise in its entirety, which of these descriptions best describes the situation for your company. We are interested in the support you have received [over the past three years/ over the time you have been account managed (**Interviewer to delete as appropriate if company has been account managed for LESS than 3 years**)]

Do you think that....?

Interviewer note: This is a descending scale, when you get a positive answer from the respondent you should route to the next appropriate question e.g. if YES to Question 22a route straight to Question 23.

For companies with turnover that has STAYED THE SAME		Yes	No	Route to...
Q22a	Support from SE has helped to sustain your turnover at its current level? (e.g. turnover would have decreased in the absence of SE support)	[1]	[0]	Question 23
Q22b	SE support has had no impact on turnover	[1]	[0]	Question 25
Q22c	Turnover would have grown in the absence of SE support	[1]	[0]	Question 25

Interviewer note: Option [Q22c] is an unlikely response. It is included to ensure a balanced approach. If a respondent answers this way it would mean that SE has had a damaging effect on the company. If anyone answers this way you should ask for further detail to understand if this is actually what they mean and if so, why they feel this is the case.

Interviewer notes:

Question 23 – Turnover impact [If CODE [1] at Question 22a]

Scottish Enterprise data shows that turnover for the business in [YEAR] was approximately [READ OUT PRE-CODE]. Thinking about turnover in [YEAR] how much lower (in percentage terms) do you think turnover would have been in the absence of SE support?

PRE-CODE FOR YEARS IN ACCOUNT MANAGEMENT

Year	Pre code – Turnover (£)	% lower without SE support
2008/09	£	%
2009/10	£	%
2010/11	£	%
2011/12	£	%

Q23ii [IF RESPONDENT CANNOT ANSWER PROBE USING % BANDS FOR EACH YEAR] You have indicated that turnover would have been lower in the absence of Scottish Enterprise. Thinking about turnover in

[YEAR] do you think this would have been **SIGNIFICANTLY LOWER** (more than 50% lower) or **MODERATELY LOWER** (less than 50%)

Moderately lower		Significantly lower	
1-10%	[1]	51-60%	[6]
11 - 20%	[2]	61-70%	[7]
21 - 30%	[3]	71-80%	[8]
31 - 40%	[4]	81-90%	[9]
41-50 %	[5]	91-100%	[10]

Note to interviewer: Record mid-point of the percentage band. This should be merged with on data Question 23 cleansing.

Percentage mid-point	%
----------------------	---

Q23iii. [IF RESPONDENT STILL CANNOT ANSWER FOR EACH YEAR] Over the past three years/ over the time you have been account managed (**Interviewer to delete as appropriate if company has been account managed for LESS than 3 years**) how much lower on average do you think your turnover would have been in the absence of SE support?

Note to interviewer: This is a fall back option and should only be used if respondents are very firm that they cannot answer year on year. This should be merged with Question 23 on data cleansing.

Average percentage	%
--------------------	---

Q23iv.

Respondent refused to answer	[1]
------------------------------	-----

Question 24 – Source of turnover

You have indicated the SE support has helped you to maintain turnover at its existing level. In what ways has SE support allowed you to do this. Has this been through? (**tick all that apply**)

CODED OPTIONS	
Maintain sales in existing markets	
• Scotland	[1]
• Rest of UK	[1]
• International	[1]
Increased sales in existing markets	
• Scotland	[1]
• Rest of UK	[1]
• International	[1]
Entry to new markets	
• Scotland	[1]
• Rest of UK	[1]
• International	[1]
Diversification to a new sector	[1]
Other	[1]

Question 25 – Productivity

Do you think SE support has helped boost productivity in the business?

Interviewer script: By ‘increased productivity’ we mean support has helped you to produce or achieve more (increased output) with the same or reduced inputs.

Yes	[1]
No	[0]
Don't know	[88]

Question 26 – Understanding deadweight [If CODE [1] Question 22b or c]

Why you feel Scottish Enterprise support has had no impact on turnover over the period your business has been account managed? **(Record open response)**

GO TO SECTION 6b



FOR BUSINESSES WITH DECREASING TURNOVER**Question 27 – The nature of impact**

Thinking about the support you have received from Scottish Enterprise in its entirety, which of these descriptions best describes the situation for your company. We are interested in the support you have received [over the past three years/ over the time you have been account managed (**Interviewer to delete as appropriate if company has been account managed for LESS than 3 years**)]

Do you think that....?

Interviewer note: This is a descending scale, when you get a positive answer from the respondent you should route to the next appropriate question e.g. if YES to Question 26a route straight to Question 28.

For companies with DECREASING turnover		Yes	No	Route to...
Q26a	Turnover would have decreased further without SE support	[1]	[0]	Question 28
Q26b	SE support has had no impact on turnover	[1]	[0]	Question 30
Q26c	Turnover would have grown in the absence of SE support	[1]	[0]	Question 30

Interviewer note: Option [Q26c] is an unlikely response. It is included to ensure a balanced approach. If a respondent answers this way it would mean that SE has had a damaging effect on the company. If anyone answers this way you should ask for further detail to understand if this is actually what they mean and if so, why they feel this is the case.

Interviewer notes:

Question 28 – Turnover impact [If CODE [1] at Question 27a]

Scottish Enterprise data shows that turnover for the business in [YEAR] was [READ OUT PRE-CODE]. Thinking about turnover in [YEAR] how much lower (in percentage terms) do you think your turnover would have been in the absence of SE support?

PRE-CODE FOR YEARS IN ACCOUNT MANAGEMENT

Year	Pre code – Turnover (£)	% lower without SE support
2008/09	£	%
2009/10	£	%
2010/11	£	%
2011/12	£	%

Q28ii [IF RESPONDENT CANNOT ANSWER PROBE USING % BANDS FOR EACH YEAR] You have indicated that turnover would have decreased further in the absence of SE support. Thinking about turnover in [YEAR] do you think this would have been **SIGNIFICANTLY LOWER** (more than 50%) or **MODERATELY LOWER** (less than 50%)

Moderately lower		Significantly lower	
1-10%	[1]	51-60%	[6]
11 – 20%	[2]	61-70%	[7]
21 – 30%	[3]	71-80%	[8]
31 – 40%	[4]	81-90%	[9]
41-50 %	[5]	91-100%	[10]

Note to interviewer: Record mid-point of the percentage band. This should be merged with Question 28 on data cleansing.

Percentage mid-point	%
----------------------	---

Q28iii. [IF RESPONDENT STILL CANNOT ANSWER FOR EACH YEAR] Over the past three years/ over the time you have been account managed (**Interviewer to delete as appropriate if company has been account managed for LESS than 3 years**) how much lower on average do you think your turnover would have been in the absence of SE support?

Note to interviewer: This is a fall back option and should only be used if respondents are very firm that they cannot answer year on year. This should be merged with Question 28 on data cleansing.

Average percentage	%
--------------------	---

Q28iv.

Respondent refused to answer	[1]
------------------------------	-----

Question 29 – Source of turnover

You have indicated the SE support has helped to prevent turnover from decreasing further. In what ways has SE support allowed you to do this. Has this been through? (**tick all that apply**)

CODED OPTONS	
Maintain sales in existing markets	
• Scotland	[1]
• Rest of UK	[1]
• International	[1]
Increased sales in existing markets	
• Scotland	[1]
• Rest of UK	[1]
• International	[1]
Entry to new markets	
• Scotland	[1]
• Rest of UK	[1]
• International	[1]
Diversification to a new sector	[1]
Other	[1]

Question 30 – Productivity

Do you think SE support has helped boost productivity in the business?

Interviewer script: By ‘increased productivity’ we mean support has helped you to produce or achieve more (increased output) with the same or reduced inputs.

Yes	[1]
No	[0]
Don't know	[88]

Question 31 – Understanding deadweight [If CODE [1] at Question 27b or c]

Can you explain why you feel Scottish Enterprise support has had no impact on turnover over the period your business has been account managed? **(Record open response)**

GO TO SECTION 6b

6b. Additionality of Scottish Enterprise support – Employment

PRE-CODE FOR YEARS IN ACCOUNT MANAGEMENT

Year	Pre code – Employment
2008/09	
2009/10	
2010/11	
2011/12	

PRE-CODE FOR YEARS IN ACCOUNT MANAGEMENT

Employment trend	Increase	Stayed the same	Decreased	n/a
Period 2008/09- 2011/12	[1]	[2]	[3]	[88]

Interviewer script: From what you have told me it is apparent that employment at this site in the years you have been actively account managed has broadly [INCREASED/ STAYED THE SAME/ DECREASED].

FOR BUSINESSES WITH INCREASEING EMPLOYMENT - GO TO Question 32

FOR BUSINESSES WHERE EMPLOYMENT STAYED THE SAME – GO TO Question 37

FOR BUSINESSES WITH DECREASEING EMPLOYMENT – GO TO Question 40

FOR BUSINESSES WITH INCREASING EMPLOYMENT

Question 32 – The nature of impact

Thinking about the support you have received from Scottish Enterprise in its entirety, which of these descriptions best describes the situation for your company. Again, we are interested in the support you have received [over the past three years/ over the time you have been account managed (**Interviewer to delete as appropriate if company has been account managed for LESS than 3 years**)]

Do you think that....?

Interviewer note: This is a descending scale, when you get a positive answer from the respondent you should route to the next appropriate question.

For companies with INCREASING employment		Yes	No	Route to...
Q30a	Support from SE has helped to increase your employment to a higher level than would have been possible without support?	[1]	[0]	Question 33
Q30b	Support from SE has helped you to increase employment faster than you would have without support?	[1]	[0]	Question 35
Q30c	SE support has made no difference to your employment (e.g. the same (or equivalent) growth would have occurred in the absence of SE support)	[1]	[0]	Question 36
Q30d	Employment would have grown more in the absence of SE support	[1]	[0]	Question 36

Interviewer notes:

Question 33 – Employment impact [If CODE [1] at Question 32a]

Thinking about employment at this site in [YEAR], how many more staff did you employ as a result of support from Scottish Enterprise?

Note to interviewer: Please record the maintenance in employment in absolute numbers rather than percentage terms. What we need (in the final dataset) is an estimated no. of jobs that are attributable to SE.

Note to interviewer: If the respondent asks if you would like the response in full-time equivalents (FTEs) of headcount, you should respond ‘headcount’ - defined as all staff employed on site regardless of full time or part time working.

Interviewer notes:

2008/09 -

2009/10 -

2010/11 -

2011/12 -

PRE-CODE FOR YEARS IN ACCOUNT MANAGEMENT

Year	Pre-coded Employment	No. employees attributed to SE support
2008/09		
2009/10		
2010/11		
2011/12		

Q33ii [IF RESPONDENT CANNOT ANSWER PROBE USING BANDS FOR EACH YEAR] You have indicated that employment would have been lower in the absence of Scottish Enterprise. What do you think the difference would have been? Would it have been 1-5 employees ... or more?

[INTERVIEWER SHOULD MOVE THROUGH THE BANDS TO TRY AND REACH A FIGURE THAT THE INTERVIEWEE IS COMFORTABLE WITH]

CODED OPTIONS			
1-5	[1]	101- 150	[6]
6 – 10	[2]	151-200	[7]
11-20	[3]	201-250	[8]
21-50	[4]	251+	[9]
51-100	[5]		

Note to interviewer: Record mid-point. This should be merged with **Question 33** on data cleansing.

Mid-point

Q33iii. [IF RESPONDENT STILL CANNOT ANSWER FOR EACH YEAR] Over the past three years/ over the time you have been account managed (**Interviewer to delete as appropriate if company has been account managed for LESS than 3 years**) how much lower on average do you think employment would have been in the absence of SE support?

Note to interviewer: This is a fall back option and should only be used if respondents are very firm that they cannot answer year on year. This should be merged with **Question 33** on data cleansing.

Average no.	Average %.	%
-------------	------------	---

Q33iv.

Respondent refused to answer

[1]

Question 34 – Time Additonality (a)

Thinking about employment over the period your business has been account managed, do you think SE support helped employment growth to happen quicker than it otherwise would?

CODED OPTIONS		Route to...
Yes	[1]	Question 35
No	[0]	SECTION 7
Don't know	[88]	SECTION 7

Question 35 - Time Additonality (b) [If CODE [1] at Question 32b]

To what extent do you think SE support has helped you to grow the jobs in your business?

CODED OPTIONS	
Brought forward new jobs by up to a year	[1]
Brought forward new jobs by up to two years	[2]
Brought forward new jobs by over two years	[3]
Don't know	[88]

GO TO SECTION 7

Question 36 – Understanding deadweight [If CODE [1] at Question 32c or d]

Can you explain why you feel Scottish Enterprise support has had no impact on employment growth over the period your business has been account managed? (**Record open response**)

GO TO SECTION 8

FOR BUSINESSES WITH EMPLOYMENT THAT STAYED THE SAME

Question 37 – The nature of impact

Thinking about the support you have received from Scottish Enterprise in its entirety, which of these descriptions best describes the situation for your company. Again, we are interested in the support you have received [over the past three years/ over the time you have been account managed (**Interviewer to delete as appropriate if company has been account managed for LESS than 3 years**)]

Do you think that....?

Interviewer note: This is a descending scale, when you get a positive answer from the respondent you should route to the next appropriate question.

For companies with employment that STAYED THE SAME		Yes	No	Route to...
Q35a	Support from SE has helped to sustain employment at its current level? (i.e. employment would have decreased in the absence of SE support)	[1]	[0]	Question 38
Q35b	SE support has had no impact on employment	[1]	[0]	Question 39
Q35c	Employment would have grown in the absence of SE support	[1]	[0]	Question 39

Interviewer notes:

Question 38 – Employment impact [If CODE [1] at Question 37a]

Thinking about employment at this site in [YEAR], how many jobs has SE support helped to maintain?

Note to interviewer: Please record the maintenance in employment in absolute numbers rather than percentage terms. What we need (in the final dataset) is an estimated no. of jobs that are attributable to SE.

Note to interviewer: If the respondent asks if you would like the response in full-time equivalents (FTEs) of headcount, you should respond 'headcount' - defined as all staff employed on site regardless of full time or part time working.

Interviewer notes:

2008/09 -

2009/10 -

2010/11 -

2011/12 -

PRE-CODE FOR YEARS IN ACCOUNT MANAGEMENT

Year	Pre-coded Employment	No. employees attributed to SE support
2008/09		
2009/10		
2010/11		
2011/12		

Q38ii [IF RESPONDENT CANNOT ANSWER PROBE USING BANDS] You have indicated that Scottish Enterprise support has helped to maintain employment levels. How many jobs do you think this accounts for? Would it be 1-5 employees ... or more?

[INTERVIEWER SHOULD MOVE THROUGH THE BANDS TO TRY AND REACH A FIGURE THAT THE INTERVIEWEE IS COMFORTABLE WITH]

CODED OPTIONS			
1-5	[1]	101- 150	[6]
6 – 10	[2]	151-200	[7]
11-20	[3]	201-250	[8]
21-50	[4]	251+	[9]
51-100	[5]		

Note to interviewer: Record mid-point. This should be merged with **Question 38** on data cleansing.

Mid-point	
-----------	--

Q38iii. [IF RESPONDENT STILL CANNOT ANSWER FOR EACH YEAR] Over the past three years/ over the time you have been account managed (**Interviewer to delete as appropriate if company has been account managed for LESS than 3 years**) how much lower on average do you think employment would have been in the absence of SE support?

Note to interviewer: This is a fall back option and should only be used if respondents are very firm that they cannot answer year on year. This should be merged with **Question 38** on data cleansing.

Average no.		Average %.	%
-------------	--	------------	---

Q38iv.

Respondent refused to answer	[1]
------------------------------	-----

Question 39 – Understanding deadweight [If CODE [1] or at Question 37b or c]

Can you explain why you feel Scottish Enterprise support has had no impact on employment numbers over the period your business has been account managed? (**Record open response**)

Go to SECTION 8

FOR BUSINESSES WITH DECREASING EMPLOYMENT

Question 40 – The nature of impact

Thinking about the support you have received from Scottish Enterprise in its entirety, which of these descriptions best describes the situation for your company. Again, we are interested in the support you have received [over the past three years/ over the time you have been account managed (**Interviewer to delete as appropriate if company has been account managed for LESS than 3 years**)]

Do you think that....?

Interviewer note: This is a descending scale, when you get a positive answer from the respondent you should route to the next appropriate question.

For companies with DECREASING employment		Yes	No	Route to...
Q38a	Employment would have decreased even further in the absence of SE support	[1]	[0]	Question 41
Q38b	SE support has had no impact on employment	[1]	[0]	Question 42
Q38c	Employment would have grown in the absence of SE support	[1]	[0]	Question 42

Interviewer notes:

Question 41 – Employment impact [If CODE [1] at Question 40a]

Thinking about employment at this site in [YEAR], how many jobs has SE support helped to maintain?

Note to interviewer: Please record the maintenance in employment in absolute numbers rather than percentage terms. What we need (in the final dataset) is an estimated no. of jobs that are attributable to SE.

Note to interviewer: If the respondent asks if you would like the response in full-time equivalents (FTEs) of headcount, you should respond 'headcount' - defined as all staff employed on site regardless of full time or part time working.

Interviewer notes:

2008/09 -

2009/10 -

2010/11 -

2011/12 -

PRE-CODE FOR YEARS IN ACCOUNT MANAGEMENT

Year	Pre-coded Employment	No. employees attributed to SE support
2008/09		
2009/10		
2010/11		
2011/12		

Q41ii [IF RESPONDENT CANNOT ANSWER PROBE USING BANDS] You have indicated that Scottish Enterprise support has helped to maintain employment levels at a higher level that would otherwise have been possible. How many jobs do you think this accounts for? Would it be 1-5 employees ... or more?

[INTERVIEWER SHOULD MOVE THROUGH THE BANDS TO TRY AND REACH A FIGURE THAT THE INTERVIEWEE IS COMFORTABLE WITH]

CODED OPTIONS			
1-5	[1]	101- 150	[6]
6 – 10	[2]	151-200	[7]
11-20	[3]	201-250	[8]
21-50	[4]	251+	[9]
51-100	[5]		

Note to interviewer: Record mid-point. This should be merged with Question 41 on data cleansing.

Mid-point	
-----------	--

Q41iii. [IF RESPONDENT STILL CANNOT ANSWER FOR EACH YEAR] Over the past three years/ over the time you have been account managed (Interviewer to delete as appropriate if company has been account managed for LESS than 3 years)] how much lower on average do you think employment would have been in the absence of SE support?

Note to interviewer: This is a fall back option and should only be used if respondents are very firm that they cannot answer year on year. This should be merged with Question 41 on data cleansing.

Average no.		Average %.	%
-------------	--	------------	---

Q41iv.

Respondent refused to answer	[1]
------------------------------	-----

Question 42 – Understanding deadweight [If CODE [1] at Question 40b and c]

Can you explain why you feel Scottish Enterprise support has had no impact on employment numbers over the period your business has been account managed? (Record open response)

Go to SECTION 8

Section 7: Understanding impact

PRE CODE (No. of products under each framework in each year) –NB For interviewer ref only

Intervention Framework	2008/09	2009/10	2010/11	2011/12
Start up				
Business Improvement				
Strategy development				
Organisational leadership				
Market development				
Innovation				
Investment				

PRE CODE (Value of support in each year) –NB For interviewer ref only

Intervention Framework	2008/09	2009/10	2010/11	2011/12
RSA				
SMART				
Scottish Co Investment Fund				
Large R&D				
Training Plus				

Interviewer script: We are keen to drill down into exactly what it is about support from Scottish Enterprise that leads to impacts for companies. This section concerns the specific elements of support that you have received from your account manager and how this has addressed the growth opportunities and challenges you have described. Again we would like you to think about SE support in its entirety, including ‘soft’ support provided by your account manager and **(IF APPLICABLE)** account team, such as general advice and guidance, access to networking opportunities etc as well as **[INSERT RELEVANT INTERVENTION FRAMEWORKS e.g. Business improvement support and investment]**.

Question 43 – Pursuing growth opportunities and addressing challenges

Considering the range of support you have received from Scottish Enterprise, including the advice and input from your account manager and other specialists, what have been the most significant elements of support in delivering the benefits we have discussed? Please give up to three examples. **[Record open response and then code]**

[Interviewer prompt if necessary] In other words, what do you feel are the ‘critical components’ of account management support that if removed would reduce the impact Scottish Enterprise has had on your business?

Significant support 1:

Significant support 2:

Significant support 3:

NB: CODING FRAME WILL BE BASED ON CODING FRAME FROM PREVIOUS Q51 WITH ADDITIONAL 'SOFTER' ELEMENTS OF SUPPORT ADDED BASED ON RESPONSES TO PILOT.

Note to interviewer: If we are aware that an organisation has received a large grant/ investment (RSA, SMART, SCF etc) but this is not mentioned in the qualitative response this should be prompted at this point.

Q43b. [ADDITIONAL PROMPT] We are aware that the business received finance through [XXX] in years [XXX]. Was this a component the support you have already described?

	Tick one
Yes	[1]
No	[2]
Don't know	[88]

Q43c. How has this finance been used? **(Record open response)**

Q43d. What impact did it have? **(Record open response)**

Question 44 – Sustainability

Has Scottish Enterprise support helped your business to improve its environmental awareness/sustainability e.g. by being more efficient with energy, water, waste or raw materials/or by helping to introduce renewable energy technologies or new processes such as ISO 14001 **(Tick one)**

	Tick one	Route to...
Yes	[1]	Question 44b
No	[0]	Question 45
Don't know	[88]	Question 45

Q44b. [If YES] In what ways has Scottish Enterprise supported your business to become more environmentally aware/ sustainable?

Q44c. What have been the business benefits of this? e.g. Cost savings, reduction in energy, waste etc

Question 45 – Persistence

Thinking about the support you have received from Scottish Enterprise over the period you have been account managed, how long do you feel the benefits will last for? Specifically, do you think the benefits of support will be...?

CODED OPTIONS	
Short term (up to 2 years)	[1]
Medium term (3-5 years)	[2]
Long term (5 years+)	[3]
Don't know	[88]
There have been no benefits as a result of SE support	[0]

Section 8: Other background information

Interviewer script: This final section asks for some background information about your business that we will use to estimate the impact of Scottish Enterprise’s work on the wider economy.

Question 46 - Suppliers

Thinking about your business’s main suppliers, which of the following best describes your business?

CODED OPTIONS	Tick one
All our supplies come from Scottish-based suppliers	[1]
The majority of our supplies, in terms of value, come from Scottish-based suppliers	[2]
Around half of our supplies, in terms of value, come from Scottish-based suppliers	[3]
A minority of our supplies, in terms of value, come from Scottish-based suppliers	[4]
None of our supplies come from Scottish-based suppliers	[5]
Don’t Know	[88]

Question 47 - Competition

Thinking about competition in your main area of business, which of the following statements best describes your business?

CODED OPTIONS	Tick one
All the businesses I compete with are based in Scotland	[1]
The majority of the businesses I compete with are based in Scotland	[2]
Around half of the businesses I compete with are based in Scotland	[3]
A minority of businesses I compete with are based in Scotland	[4]
None of the business I compete with are based in Scotland/ have no competitors	[5]
Don’t Know	[88]

Question 48 - Markets

Q48a. Thinking back over the last three years, in which geographical markets has your business been operating? **(Tick all that apply)**

Q48b. Approximately what % of sales (from this establishment) do each of these markets account for?

	Q50a. Tick all that apply	Q50b. % of turnover NB Check total 100%
Scotland	[1]	
The Rest of UK	[2]	
Rest of the World	[6]	
Don’t Know	[88]	

Question 49 – Market conditions

Thinking about the market conditions over the period you have been account managed, would you say that market conditions have...?

CODED OPTIONS	
Declined strongly	[1]
Declined moderately	[2]
Are about the same	[3]
Improved moderately	[4]
Improved strongly	[5]
Don't know	[88]

Question 50 – Innovation

Thinking about innovation spend over the period you have been supported by Scottish Enterprise, has the level of innovation spend by your business increased as a result of the support received?

Interviewer script: Innovation is defined as major changes aimed at enhancing your competitive position, your performance, your know-how or your capabilities for future enhancements. These can be new or significantly improved goods, services or processes for making or providing them. It includes spending on innovation activities, for example on machinery and equipment, R&D, training, goods and service design or marketing.

CODED OPTIONS	
Yes	[1]
No	[0]
Don't know	[88]

Question 51 – Business support needs

What are the key business support needs that will help your organisation to sustain/ grow its activity in future? **[Record open response]**

Question 52 – Final comments

Do you have any other comments you would like to make about the services provided by your account manager or by Scottish Enterprise?

Question 53 - Follow up research and data protection

Interviewer script: Scottish Enterprise may wish to talk to a small number of companies who completed the survey to develop more detailed case study material. If necessary can we contact you at a future date to clarify responses to this survey or to see if you would be willing to participate in further research? Giving us consent to re-contact you does NOT mean you are obliged to take part in any further research – you may opt out at any time. Do you give your consent to be re-contacted if necessary?

Yes	[1]
No	[0]

Interviewer script: Just before we finish up I would like to explain how your data will be used for the purpose of the research and how it will be held by Scottish Enterprise.

CONSENT AND DATA PROTECTION STATEMENT

The final research report will be published on Evaluations Online and shared with key stakeholders (such as the Scottish Government). Published findings will not name any individual or business – all examples and quotes will be anonymous and figures will be aggregates across the sample.

Scottish Enterprise would like access to survey data in a form which will allow them to identify individual responses.

Your data will be held securely. It will be shared with the SE Economics team but NOT any wider. The data will be used by the SE Economics team to carry out further analysis on the impact of SE support for the Scottish Economy and to ensure SE support develops in line with the needs of individual business.

If you are NOT happy with this, we will NOT pass attributable responses to SE. We will use your responses to carry out statistical analysis of survey findings and they will be passed to SE anonymously.

I am going to read you a statement and I would like you to answer YES or NO!

I am happy for my attributable responses to be passed to the SE Economics Team	Yes	No
--	-----	----

Thank you and close

Appendix C: List of consultees

	Name	Role
1	Julian Taylor	Scottish Enterprise, Strategy and Economics
2	Brian McVey	Scottish Enterprise, Strategy
3	Charlie Stewart	Scottish Enterprise, Company Growth Director
4	Jim Watson	Scottish Enterprise, Company Growth Director
5	Mick McHugh	Scottish Enterprise, Company Growth Director
6	Maggie McGinlay	Scottish Enterprise, Food and Drink
7	Joan Gordon	Scottish Enterprise, Scottish Investment Bank
8	Nick Shields	Scottish Enterprise, Scottish Manufacturing Advisory Service
9	David Smith	Scottish Enterprise, Innovation
10	Paul Hughes	Scottish Enterprise, Financial Services
11	Adrian Gillespie	Scottish Enterprise, Energy and Low Carbon Technologies
12	Ian McMahan	Scottish Enterprise, Aerospace, Defence and Marine (and Technologies Engineering)
13	Allan McCabe	Scottish Enterprise, Regional Selective Assistance
14	Linda Hanna	Scottish Enterprise, Company Growth
15	Ian McCoull	Scottish Enterprise, Innovation
16	Jonathan Slow	Scottish Enterprise, SDI
17	Pamela Stevenson	Business Gateway
18	Hugh Lightbody	COSLA - Business Gateway
19	Leah Rafferty	Scottish Enterprise, SE Prospecting Team

Appendix D: Analysis of ‘limited engagement’ companies

Introduction and context

As part of the Evaluation of Scottish Enterprise Engagement with Account Managed companies 290 companies were excluded from the evaluation survey on the advice of account managers. This was for a series of reasons including issues within the company (such as in financial difficulty), changes in company contacts, company staff already engaged in the survey through other companies they were involved with, and a range of other reasons.

However, the biggest category highlighted by the account managers can be summarised as “limited engagement” as a result of either a lack of activity with the company by the SE account manager or a lack of engagement by the company with SE.

Companies will move between Active and Watching Brief status across an account manager’s portfolio over a normal year, and this will largely be dependent on the growth potential of each company, the assistance that SE is able to provide to the company, and the likely additionality of any product interventions.

At any one time, some companies in the portfolio may be regarded as having “limited engagement”. The normal process, if this applies to an Active company, is that the company will be moved to Watching Brief after a prolonged period of “limited engagement”. For Watching Brief companies, if there is sustained “limited engagement” then it is assumed the company will ultimately leave account management.

In total, 117 companies (representing 8% of the total population available to survey and 6% of total segmented companies) were not included in the survey due to SE highlighting “limited engagement” between the company and SE.

The purpose of this report is to provide a more detailed understanding around “limited engagement”, and to understand further the rationale for it, what it means in practice in terms of company relationships and support provided, and how “limited engagement” is managed and reviewed by SE.

Of the 117 companies identified as having “limited engagement”, there was no specific sector pattern with all industry sectors represented. Energy (21), Enabling Technology (20), Food & Drink (15), and Construction (13) had the largest numbers of companies identified as having “limited engagement”; however these sectors also had the largest percentage of companies provided for the survey sample overall. The majority of companies had been engaged with SE over a 3-5 year period.

Structured telephone interviews were conducted with an account team leader and 10 account managers who together were responsible for around 30 “limited engagement” companies, spread across sectors and the geographies SE works in. The interviews sought to identify the rationale for “limited engagement”, and what it means in practice in terms of the account management of these companies.

Main Findings

- **Finding (1)**

There is no formal process to specifically highlight account managed companies as having “limited engagement” and it is applied internally to both ‘active’ and ‘watching brief’ companies. As outlined above, it will normally be at the discretion of the account manager, in discussion with the account team leader, and discussed as part of the monthly review of each account manager’s portfolio of companies. It will also be discussed with the wider account team, if in place, including representation from the sector team if appropriate.

It is unsurprising that at any one time there will be certain companies across the portfolio where there is “limited engagement”, either if there are difficulties in engaging with the company at a strategic level, or alternatively if there is felt to be little added value or input that SE can provide to the company over a particular period of time, given the individual company’s circumstances.

The key element internally is that there is clear discussion and agreement as to why the company is described as having “limited engagement”, and then how that company is managed within the account manager’s portfolio. The most common reasons given for “limited engagement” by the account managers were that the company didn’t have the internal resources over a period of time to undertake identified growth projects, or it wasn’t the right time for the company to invest; and where there had been significant and intensive interaction with the company in the past where it had accessed the relevant support available, and this was now followed by a period of consolidation.

Where a company is described as having “limited engagement”, contact is maintained with the company, although on a less regular basis, and SE will re-engage the company proactively should a growth opportunity arise or be identified which the account management process could assist with. In a number of cases, regular meetings are still held with the companies but if no strategic projects are being taken forward at that time, the company is still regarded as “limited engagement”.

Each monthly portfolio review meeting between the account manager and team leader will consider companies regarded as “limited engagement”, and agree a process to re-engage the company at the appropriate time, or indeed start to dis-engage from the company if the “limited engagement” persists for a long period of time.

Whilst there is a clear and understood formal process for re-segmenting companies out of the account management portfolio, there does appear to be some variation in the actual decision to re-segment companies, particularly to business base, across account team leaders and their account managers.

This is one area where a more consistent approach would be helpful, based on the overall account management criteria and guidelines, and formal re-segmentation process in place.

- **Finding (2)**

Further to this, and in terms of the recent evaluation and the relatively significant number of “limited engagement” companies across the portfolio, the account managers and their team leaders will formally review and adapt the account management portfolios at key times of the year, particularly over the first quarter of each financial year. There will be on-going churn of the portfolio throughout the year, but the majority of formal changes will likely occur at certain times over the year.

This would imply that the number of companies described as having “limited engagement” at the time of the evaluation was in part due to a timing issue. This is borne out through the interviews where a number of “limited engagement” companies had been recommended to exit the account managed portfolio. This had not happened prior to the evaluation but has now taken place in most instances.

- **Finding (3)**

“Limited engagement” is defined primarily either by the nature of the current relationship with the company, or the lack of strategic project activity and interventions with the company over a period of time.

Other specific reasons given through the interview process were where the account manager was new to the company and had still to establish a relationship; there was a limited ability to

support a company in terms of capital expenditure which was the main avenue of support the company was seeking from SE; or indeed as set out above, where a company had benefitted from SE support over a number of years and there was little else that SE was able to offer to the company in terms of supporting growth and additionality.

Of those companies identified as having “limited engagement”, a number had accessed individual product support over the evaluation period, often in 2008-2010 and not more recently. This is why they have been described as having a “limited engagement” at the current time. However, there may still have been economic impact benefits from this group which have not been fully captured by their exclusion from the evaluation.

In each case it was a judgement made by each account manager and team leader, primarily on the basis that if the active relationship was not in place it, would be difficult to achieve an informed response from the company and to obtain the information required for the evaluation.

The interviews also identified a small number of companies where it was clear that the companies had entered account management through referral from SDI as an inward investor; or where investments or RSA awards had been made to the company. In these instances, there was understandably a desire by SE for a relationship to be established and maintained with the company. However it is questionable as to whether account management was the most appropriate relationship for some of these companies in terms of whether account management could provide the appropriate support for growth, or further additionality, and if the desired strategic relationship with the company could be formed with the individual company.

In a number of company cases this was not so and the company has defaulted to “limited engagement”, because there is not the strategic relationship or potential to assist in the growth of the company through the account management process. It is recommended in future that there should be an alternative relationship mechanism between SE and these companies.

- **Finding (4)**

When a company is felt to have “limited engagement” there are efforts made internally to re-engage the company. This tends to be an informal process. The process may involve allocating a different account manager to the company; ensuring the company receives regular email contact to inform them of forthcoming events/products that may be of assistance; on-going (but less regular) contact from the account manager or wider account team (where appropriate) to try and re-engage the company.

By their nature, company circumstances change and relationships change over time as do contact points. Whilst a number of “limited engagement” companies which were on the point of being re-segmented out of account management at the time of the evaluation have now been re-segmented, a number of the companies are now being actively account managed since the evaluation because a specific opportunity or strategic project has arisen, and they are no longer categorised as “limited engagement”. The account management process is a dynamic one with companies at a different stage of relationship and activity with SE at any one time.

The approach taken is that if a company has entered the account management process, then the onus is on SE to ensure that if there is assistance that can be provided to help the company grow and achieve additionality and impact, then every effort is made to do so, before a formal decision is made to consider re-segmenting the company out of account management, or potentially moving a company from active to watching brief status.

In summary, the number of companies described internally within SE as having “limited engagement” will vary across SE’s account management portfolio, and this engagement will be managed and monitored by the individual account manager and team leader. It is not a formal

process, but largely down to the judgement of the account manager and team leader and efforts will be made to re-engage with the companies over a period of time.

If these efforts are unsuccessful, then it is likely that a company will eventually be moved from active to watching brief; or will exit account management. This will tend to happen at key points of the year, particularly in the first quarter of the operating year.

Recommendations

- The identification of companies with periods of “limited engagement” should not be a formal process but remain as a judgement by the account manager and team leader, and wider account team (if in place);
- Whilst not a formal process, the reasons for “limited engagement” should be captured, challenged and reviewed monthly, and the future intended engagement agreed for the following month. This will allow SE to better understand the reasons for “limited engagement”; what actions can be taken effectively by SE to re-engage; and ultimately to reduce the number of account managed companies that are categorised as “limited engagement” at any one time;
- If a company is described as having “limited engagement” for more than 6 months, then a discussion should take place as to whether to re-segment the company from active to watching brief; to remove the company from account management; or to retain the company in its current segment. The output of these discussions, and any decision made, should be recorded;
- Account management should not be used as the default relationship for all companies SE wishes to maintain a relationship with – the selection of companies for account management should remain based on identifying and facilitating the development of Scotland’s growth companies, supporting them to maximise their growth potential and economic impact; and
- The wider Principal Management Relationship process could provide a means to allocate responsibility to an appropriate individual within SE/SDI to maintain a relationship with a company which does not meet the account management criteria but where there is a requirement for SE to maintain a relationship with that company for economic development reasons.