

New Deal for Communities

The National Evaluation

Research Reports

Enterprise: Business Start-up in Two NDC Areas

Research Report 65

The Neighbourhood Renewal Unit is currently sponsoring the 2002-2005 national evaluation of New Deal for Communities. This evaluation is being undertaken by a consortium of organisations co-ordinated by the Centre for Regional Economic and Social Research at Sheffield Hallam University. The views expressed in this report do not necessarily reflect those of the Neighbourhood Renewal Unit.

Those wishing to know more about the evaluation should consult the evaluation's web site in the first instance
<http://ndcevaluation.adc.shu.ac.uk/ndcevaluation/home.asp>



Sheffield Hallam University

Enterprise: Business Start-up in Two NDC Areas

Research Report 65

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CONTENTS

Executive Summary	i
1. Introduction	1
1.1. Policy context	1
1.2. Objectives, methodology and report structure.....	2
2. A review of business start-up activity in two NDC areas	4
2.1. Project overview	4
2.2. Local intervention	5
3. The views of beneficiaries	10
3.1. Introduction.....	10
3.2. Sample	10
3.3. Entrepreneur characteristics and Motivation	11
3.4. Links with the local community	12
3.5. Experience of support process	13
4. Monitoring, review and learning	16
4.1. Contract monitoring and review	16
4.2. Towards an assessment of the NDC Business Start up interventions	18
4.3. Learning from the NDC intervention	18
4.4. Mainstreaming.....	21
5. Summary and key issues for partnerships	22
5.1. A checklist for local partnerships	23

Executive Summary

Providing employment opportunities is seen as a key route to alleviating worklessness in disadvantaged communities. This report is the third in a series of publications relating to the availability of Jobs which are accessible to NDC residents. It focuses on business start-up in two NDC areas and explores the interventions which have been developed and implemented in each area. Interviews were undertaken with those responsible for the management and delivery of the interventions and with entrepreneurs who had experienced the intervention and gone on to start a business of their own. The research is based on a small sample of beneficiaries and care should be taken in generalising the findings.

The aims of the research are:

- To explore the motivations driving start-up and self employment initiatives in selected NDC areas
- To explore the extent to which new businesses have delivered local services and local employment opportunities
- To explore the efficacy of the start up process, to identify what has worked well and to identify areas for further development.

Policy Context

Policy documents highlight the vital role that enterprise has to play in helping to renew our poorest and most marginal communities. New business starts or self-employment is advocated as it is seen to provide a range of benefits to neighbourhoods through for example, provision of local employment opportunities, improved access to services and improved physical appearance of the area.

The nature of enterprise means that it falls under the remit of several government departments and a myriad of agencies can be involved at the local level. This can lead to confusion on behalf of entrepreneurs as to what is available, from whom, as well as problems associated with duplication of services.

Overview of business start-up activity in two NDC areas

The two NDC areas contributing to the research are Bradford Trident and North Earlham, Larkman and Marlpit (NELM) in Norwich. Each of the NDCs operates within very different socio-economic and cultural environments. NELM consists of three predominantly social housing estates two to three miles west of the city centre with a population of just over 8,000¹. There are very few employers (about 35) in the NDC area, with most of these being small enterprises providing very few job opportunities for residents. Working in the 'informal economy' is recognised as a 'way of life' for many in the NELM area. The NDC area in Bradford has a larger, predominantly ethnic minority population (approx 11,200²). The area extends from the city centre towards the ring road and is bisected by a major road. It has excellent transport links to the city centre and the M62. There are several distinct residential communities and a substantial area of commercial activity. Whilst there are few businesses operating in NELM, Bradford has a comparatively large number and wide range of businesses (about 400 businesses supporting over 5000 jobs).

¹ 2001 Census

² 2001 Census

In both areas, the NDCs had supported the development of employment opportunities through business start-up and/or self employment as part of a wider demand-side strategy³.

In Bradford, the NDC interventions sought to address crime, security and the physical appearance of the area and to encourage businesses to bring forward investment plans which had the potential to create job opportunities along with assisting people to start new businesses or to relocate existing ones into the NDC area. Bradford Trident commissioned Business Link Bradford and District (now Business Link West Yorkshire) to deliver business support packages in the NDC area. The support includes a combination of skills development, advice and guidance, financial support, and networking and the support process is based on a similar intervention running in an adjacent area of Bradford. The key difference between the two interventions is the use of a dedicated business advisor to work specifically in the NDC community.

In NELM the interventions sought to encourage self-employment with a view to improving the quality of job opportunities for residents as well as encouraging the formalisation of some of the work activity being undertaken in the local informal economy. The approach to encourage enterprise and business start-up has two key strands. Firstly, the Women's Employment, Enterprise and Training Unit (WEETU) were commissioned to provide an intervention to encourage enterprise and to support business start-up in NELM. The intervention is based on the delivery of a range of practical information, advice, guidance and financial support known as Full Circle. The established Full Circle model was further developed for NELM NDC through increased outreach resources and opening up the service to male residents in the area. NDC expenditure

The second strand of the strategy has involved the establishment of an Enterprise Zone. Twenty-five units for a light industrial purposes are being developed in two phases (First phase of ten units to be completed Sept 2005). It is hoped that local people starting up in business will be able to make use of these units.

The views of beneficiaries

The contact details of a small number of businesses (five in Bradford and four in Norwich) benefiting from the intervention were forwarded by the organisation delivering the intervention in each area. A total of eight entrepreneurs contributed to the research, most had started their businesses in 2003. The findings emerging from the small, pre-selected sample should not be viewed as representative, however they do provide an insight into the NDC business support process and its impact.

Motivations, markets, employment and premises

- In Bradford, several entrepreneurs participating in the research had 'always wanted to run their own business'. In NELM the motivations appeared more mixed with two of the three female entrepreneurs citing lifestyle issues associated with caring for members of the family as their prime reason for the pursuit of self-employment
- In both areas, start-up businesses tended to supply their services to markets beyond (but including) the NDC area. Several of the start-ups were servicing business to business markets as opposed to the local community
- The majority of start-ups employed less than five people although one had grown dramatically to employ more than 40 people (However only 4 or 5 of its employees were drawn from the NDC area)

³ For further information see Availability of Jobs. New Deal for Communities National Evaluation. Research Report No 16.[Online] <http://ndcevaluation.adc.shu.ac.uk/ndcevaluation/Reports>

- The lack of suitable premises in a neighbourhood can lead to residents starting their business in other areas. Alternatively, the 'run down' nature of commercial premises in an area can provide an opportunity for entrepreneurs to develop.

Experience of the support process

- 'Word of mouth' recommendations or face to face visits by 'outreach workers' were cited by beneficiaries as the prime motivator to become involved in the NDC supported interventions
- All the interviewees reported overall satisfaction with the support process. The advisor input in both areas appears to have been proactive and responsive to the needs of the client.

Monitoring, review and evaluation

- Both NDCs undertook regular monitoring and review of progress
- The two NDCs viewed their business start up interventions as 'a success'. All the targets for Bradford Trident were exceeded whilst in NELM the key targets for business start-ups were exceeded but other targets were not. The absence of 'soft indicators' was seen to be a limiting factor in the utility of the NDC monitoring and review process
- There is a degree of deadweight associated with the intervention as the majority of the entrepreneurs suggest that they would have (or already had) started their business without the support provided through the NDC start-up intervention
- The intervention added value in a variety of ways including: providing the entrepreneur with greater confidence, helping them to formalise their business ideas and planning, helping them to develop at the business at a faster rate than they would have done without the support and connecting entrepreneurs with a wider support network.

Summary and key issues

There is no 'one strategy fits all' approach to business start-up intervention largely because of the diversity of the potential entrepreneurs, their range of needs and the varying local socio-economic, environmental and cultural contexts in different areas. However, there is clearly a need for local intervention in order to deliver a range of services to support business start-up as part of a balanced approach to economic development. Effective partnership working is a key characteristic of successful delivery to entrepreneurs who require a variety of different services at different times.

This research has provided an insight into new enterprise support interventions in two NDC areas. Both NDC areas saw their business support interventions as a means to encourage the start-up of new businesses either within the area or by residents in the area. Key issues emerging from the research include:

- Motivations driving business start-up are many and varied in disadvantaged areas. For some it offers the opportunity to use their skills and generate greater income than is offered by occupations open to them more generally in the labour market. For others it offers the flexibility to be able to care for others whilst generating sufficient income
- Start-up businesses do not necessarily create a large volume of general employment opportunities. What employment opportunities there were, often appeared to be filled by members of the family or by non-residents of the area
- The physical appearance of an area may deter some entrepreneurs starting new businesses in deprived areas; however, it may also present opportunities for other entrepreneurs who can contribute to the improved appearance of an area and the services available in it

- Marketing and promotion can be effective in terms of the numbers attracted to an intervention, however it may not be equitable if the information flow is dependent upon limited social networks. Some residents, potentially those most at risk of exclusion, may not be aware of local opportunities
- Successful implementation is dependent upon effective outreach work to attract and encourage local people to 'sign up' for the intervention. Sufficient resourcing of this work is a critical success factor for the intervention
- Maintaining and/or passing on the relationship with the entrepreneur to others is an important element of the support process which needs to be considered.

Some issues emerging from the research have been outlined in the form of a checklist in section 5 of the report. This checklist may be of use to local partnerships seeking to develop their approach to alleviating worklessness through business start-up interventions.

1. Introduction

Public policy increasingly recognises the potentially vital role that enterprise can play in helping to improve communities through the development of new or established enterprises. The local challenge is to rebuild livelihoods and restore robust local markets. The benefits associated with promoting enterprise include developing the provision of local services, providing local employment opportunities and building confidence at the personal and community level, all of which make a positive contribution to area regeneration.

This research report is one of a series of reports that explore the role of active labour market intervention within the New Deal for Communities programme. It complements other research reports completed as part of the NDC thematic evaluation associated with worklessness exploring job brokerage, intermediate labour markets, the recruitment and retention practices of employers and broader employment strategies. This report focuses on the role of new business starts within two selected NDC areas.

1.1. Policy context

The Policy Action Team (PAT) report 'enterprise and social exclusion'⁴ highlighted the vital role enterprise has to play in helping to renew our poorest and most marginal communities. The term enterprise is seen to embrace both the creation of new businesses and the growth of existing ones. The policy priority remains today and has been re-stated more recently with the government's aim to encourage more enterprise in disadvantaged communities through an increase in the overall rate of business start-up and growth⁵. The PAT report emphasised the role of enterprise through for example encouraging self-employment as an option for residents in these communities and the development of social enterprises to provide access to services needed by the local community. The attraction of new private sector businesses also has a key role to play in neighbourhood renewal.

It is suggested that larger employers are often absent from deprived areas and that self-employment may be a more viable employment option for many local residents. Consequently the starting up of a new business is seen to provide a route for people in deprived areas to move from economic inactivity into productive activity or for those in poorly remunerated positions to improve their standard of living. However self employment will not be the right option for everyone and for various reasons the level of new business starts tends to be lower in deprived areas than that apparent in more affluent areas. Research underpinning the PAT report and conducted by policy actors, planners and academics identifies a range of problems facing those seeking to start-up or grow enterprises in deprived areas. These include:

- uncertainty surrounding the impact of self-employment on tax and benefits and uncertain income in the early stages of trading
- accessibility and quality of business support
- problems developing and or accessing the necessary financial resources
- absence of an 'enterprise culture'

⁴ Enterprise and Social Inclusion. National Strategy for Neighbourhood Renewal: Policy Action Team 3. HM Treasury. November 1999 [Online] <http://www.socialinclusionunit.gov.uk/publications.asp?did=116>

⁵ A government action plan for small business. Making the UK the best place in the world to start and grow a business. The evidence base. [Online] www.sbs.gov.uk/content/7-strategies/ActionPlan.pdf

The nature of enterprise in deprived areas means that it falls under the remit of several government departments. For example the Department of Trade and Industry have an interest in stimulating high-growth and social enterprises and new business starts through, for example, the Phoenix Fund. The Department for Work and Pensions has an interest in encouraging self-employment as a means of re-entry to the labour market for those experiencing unemployment. The Department for Education and Skills have an interest in the skills of entrepreneurs and other departments such as the Home Office and Office of the Deputy Prime Minister have an interest in self employment as a means of regeneration and fostering both social and economic inclusion. There is considerable overlap of these agendas, which requires effective joined up government at various levels including for example the local, regional and national levels.

At the regional and local level there remain many agencies involved in policy development and implementation. The Regional Development Agencies have a key interest in the development of enterprise through for example the Business Link Network and the Small Business Service retains a remit to promote and support business growth in deprived areas. Universities and other educational providers have an interest in both encouraging 'high-tech' spin out enterprises and in widening access to education and training opportunities amongst residents of disadvantaged areas. Local Authorities have a key role to play providing strategic leadership and encouraging enterprise through for example, their property portfolios and their role in social, economic and community planning. There are also many social, voluntary and private sector enterprises engaged in supporting the start-up of new enterprises at the local level.

Enterprise support is a key element of NDC regeneration. The aim of many local enterprise strategies underpinning NDC activity is to encourage more new businesses to start up and more existing businesses to grow and prosper. This broad strategy is shared by agencies, Institutions and Government Departments although the way in which they choose to implement it often differs and problems of duplication, substitution and 'customer' understanding is often apparent at the local level.

A variety of types of intervention are available to policy planners. These include

- community development to raise the self employment aspirations of local residents
- the development of social enterprises to retain and/or reintroduce local services
- improving access to business support services (such as advice and guidance)
- improving access to finance (loans or grants) and/or availability of suitable local premises

A previous report (research report number 16) highlighted different models used to stimulate the availability of jobs in three NDC locations and drew attention to the importance of interventions which addressed specific local needs. However there remains a considerable knowledge and information gap associated with enterprise initiatives within NDC, particularly those aimed at encouraging start-up enterprises which this report seeks to explore.

1.2. Objectives, methodology and report structure

The main aim of this research is to investigate, understand, and to learn from the experiences of those setting up local businesses in NDC areas.

1.2.1. Objectives

There are three key objectives associated with this research project:

- to explore the motivations driving start-up and self employment initiatives in selected NDC areas
- to explore the extent to which new businesses have delivered local services and local employment opportunities
- to explore the efficacy of the start up process, to identify what has worked well and to identify areas for further development

1.2.2. Methodology

The research underpinning this report was undertaken in two NDC areas. These areas had contributed to research previously conducted as part of the thematic evaluation of worklessness and exhibit very different socio-economic and cultural characteristics which are outlined in a previous report⁶. These areas are based in Bradford and Norwich. An element in the overall jobs and enterprise strategy in each of these areas focused on support for individuals wishing to start up a business or to become self-employed.

The research draws upon both primary and secondary sources of information. A targeted literature search and review drew on academic, policy and grey literature to identify the evidence base associated with start-up and self-employment in disadvantaged areas. Local plans, strategies and bid documents along with monitoring and evaluation information were also requested and reviewed.

The primary research was based on qualitative interviews with those responsible for developing, managing and implementing NDC interventions at the local level. This involved interviews with relevant NDC staff and the staff of the delivery agency in each area. Interviews were also conducted with a small number of local people who had benefited from the NDC supported intervention and were in the process of, or had already started up a business. Semi-structured discussion guides were designed to provide the foundation for all the interviews.

The research is reported in four further sections of this report. The following section provides an overview of the development and implementation of the initiative in each local area. Section 3 of the report draws on interviews with residents who have gone on to start up a business. Section 4 outlines issues associated with monitoring, review and learning associated with the interventions. Section 5 provides a summary and identifies some key issues for NDC partnerships to consider.

⁶ Availability of Jobs. New Deal for Communities National Evaluation. Research Report No 16.[Online] <http://ndcevaluation.adc.shu.ac.uk/ndcevaluation/Reports>

2. A review of business start-up activity in two NDC areas

This section of the report provides an overview of the business start up projects in two NDC areas and goes on to describe the intervention process in detail.

2.1. Project overview

The two NDC areas contributing to the research are Bradford Trident and North Earlam, Larkman and Marlpit (NELM) in Norwich. Each of the NDCs operates within very different socio-economic and cultural environments. NELM consists of three predominantly social housing estates two to three miles west of the city centre with a population of just over 8,000⁷. There are very few employers (about 35) in the NDC area, with most of these being small enterprises providing very few job opportunities for residents. Working in the 'informal economy' is recognised as a 'way of life' for many in the NDC area. The NDC area in Bradford has a larger, predominantly ethnic minority population (approx 11,200⁸). The area extends from the city centre towards the ring road and is bisected by a major road. It has excellent transport links to the city centre and the M62. There are several distinct residential communities and a substantial area of commercial activity. Whilst there are few businesses operating in NELM, Bradford has a comparatively large number and wide range of businesses.

In both areas enterprise activity has been used to support the development of employment opportunities through business start-up and/or self employment. Whilst there are few businesses operating in NELM, Bradford has a substantial area of commercial activity within the NDC and business support has been provided to encourage local businesses to improve their competitiveness.

Business start-up activity is delivered through the Jobs and Business programme in Bradford and NELM. In both areas, the NDCs had supported the development of employment opportunities through business start-up and/or self employment. The activity is part of a much wider range of interventions to encourage both the demand and supply side of the labour market. In Bradford, the NDC interventions sought to address crime, security and the physical appearance of the area and to encourage businesses to bring forward investment plans which had the potential to create job opportunities along with assisting people to start new businesses or relocate existing ones into the NDC area. In NELM the interventions sought to encourage self-employment with a view to improving the quality of job opportunities for residents as well as encouraging the formalisation of some of the work activity being undertaken in the local informal economy.

The approach to business support in each of the NDC areas is outlined below.

2.1.1. Bradford Trident

Bradford Trident have utilised the existing support infrastructure to encourage enterprise in the area. Business Link Bradford and District (now Business Link West Yorkshire) were commissioned to deliver business support packages in the NDC area. The main project is known locally as *New Deal for Business* and runs from 2001 to September 2006. The project includes a combination of skills development, advice and guidance, financial support, and networking and the support process is based on a similar intervention (known as Regen 2000) running in an adjacent area of Bradford.

⁷ 2001 Census

⁸ 2001 Census

Bradford Trident also commissioned a further project known as the New Enterprise Development Project. This project ran for 18 months between 2002 and 2003. The project was developed in response to local needs which emerged in the formative stages of the New Deal for Business project. The reluctance on behalf of a number of local residents to participate in the training element of the support package associated with the New Deal for Business project led to changes in the delivery model. The key change was increased outreach work in local community centres and the substitution of the training element of the intervention with in-depth one to one support throughout the process of developing a business plan and making an application for a grant. A dedicated business advisor provided both the outreach work and the support for the grant application.

2.1.2. NELM

The strategy to encourage enterprise and business start-up in NELM has emerged as the NDC has progressed through a consultation process and explored a variety of options to encourage start-up businesses. Two key strands have been developed. Firstly, soft support for business start up to promote and encourage self-employment as an employment option in NELM and secondly the development of commercial premises in the NELM area.

The Women's Employment, Enterprise and Training Unit (WEETU) were commissioned by NELM to provide an intervention to encourage enterprise and to support business start-up in NELM. WEETU is a social enterprise, established in 1987 and based in Norwich. It provides services to encourage women in Norfolk and Waveney (with priority given to those at most risk of disadvantage) to explore self-employment and the start-up of new businesses as an employment option. WEETU works with key partners to deliver a range of practical information, advice, guidance and financial support known as 'Full Circle'. It is based on training provision and the establishment of a peer lending group as a way of supporting individuals pursuing self-employment or new business start-up. The Full Circle model has been developed in order to offer micro-credit (small loans) within the peer lending structure and this unique part of the programme runs alongside the more traditional training offered. The Full Circle model was further developed for NELM NDC through increased outreach resources and opening up the service to male participants resident in the area.

The second strand of the strategy has involved the establishment of an Enterprise Zone on an old school site which has remained unused since the 1960's. Constructing road access has been a major development. Industrial Units are currently being built and managed workspace is to be made available. The Fire Service are due to locate a station on the site bringing 60 jobs to the local area, with those on emergency stand by required to live close by and extensive local promotion and advertising planned, this development is expected to provide local people with local jobs. Twenty-five units for a light industrial purposes will be developed in two phases (First phase of ten units to be completed Sept 2005). It is hoped that local people, some of whom will have benefited from the intervention delivered by WEETU, will be able to make use of these units.

2.2. Local intervention

The following section provides an overview of the approach used to attract local people and the support process adopted in each area. It draws on interviews with members of the NDC and the agency responsible for the delivery of the local project.

2.2.1. Attracting local people

Attracting local people to become involved with the start-up projects was undertaken using a variety of approaches in both NDC areas. Articles in community newsletters, advertisements and outreach work in the community including drop-in sessions at local community centres, presentations at public meetings and 'stalls' at local events such as car boot sales.

In Bradford, a free phone number for Business Link was provided and interested people were invited to call this number and were sent an information pack. Outreach work was undertaken by the business advisor through drop in sessions held at the three community centres in the Bradford Trident area. Contact details of prospective beneficiaries were recorded by the business advisor and subsequently an information pack was sent by Business Link. In some instances the business advisor would follow up the prospective client to ascertain his/her interest in the services on offer.

In NELM, a dedicated outreach worker (Enterprise Development Officer) was assigned to work in the NELM area to encourage participation in the support intervention. It took considerable time to develop the approach to marketing, promotion and outreach underpinning 'Full Circle' in NELM and to build relationships within the NELM area, both with potential clients and NELM staff. NELM represented a departure from the implementation of the established 'Full Circle' model implemented by WEETU in two respects. Firstly it was open to participation by men (previously it had been female only) and secondly it was targeted on a very specific small area (whereas it had previously been open to a much broader area i.e. Norfolk and Waveney).

There appears to be a marked difference in the ease with which people have been engaged by the business support intervention in each area. Bradford Trident and Business Link West Yorkshire report 'no problems' attracting sufficient people to meet their targets. This is in direct contrast to WEETU and NELM where it was reported that attracting people to the intervention had been a considerable challenge.

The reasons for the different experiences are not however transparent and will potentially include both area specific social, economic and cultural factors as well as factors associated with the delivery process. WEETU had reflected upon the delivery process and they suggested a number of reasons which were felt to contribute to the difficulty recruiting local people. These included:

- a very closely knit community suspicious of 'do-gooding incomers'
- chaotic lives which meant that local residents would sign up ' for the course and then not attend the NELM events to a far greater degree than had been apparent previously in Full Circle more generally
- WEETU's reputation as a provider of services for 'women only'
- lots of 'informal economic activity' which local people do not wish to jeopardise by becoming involved with an enterprise which may encourage them to become 'official'
- the small geographic size of the NELM area

2.2.2. Skills development

All the projects involved an element of skills development as part of the business start up support process offered free of charge to the participant. This element of the support process generally involved the firming up of business ideas and progressed on to the development of a business plan.

In Bradford Trident, the New Deal for Business Project offered an awareness raising seminar 'Is self-employment right for you?' to encourage prospective beneficiaries to consider the 'pros and cons' of self-employment. An initial meeting would take place between the prospective beneficiary and the business advisor. At this meeting the business advisor adopted a diagnostic approach to explore the viability of the business ideas and to encourage the prospective client to develop a business plan. Following this, those retaining an interest in self-employment or starting to run their own business were encouraged to undertake further training and to enrol on the 'Business Planner Training' course provided through Business Link. This course was delivered by a local provider and involved the development of the skills necessary to create a business plan. The presentation of a business plan to the body awarding the grant was a necessary requirement in order to obtain the financial support offered by NDC.

The New Enterprise Development Project differed in that in-depth one to one support for the participant was provided by a business advisor. The business advisor worked in an interactive manner to firm up business ideas and to present them coherently in a business plan to be presented to the grants panel. Both the New Enterprise Development Project and the New Deal for Business project were designed to be provided as an encouraging and enabling process and adopted an informal approach as far as possible.

In NELM the support process involved two key routes both delivered by the outreach worker in NDC premises. Firstly, an interactive training process named 'Is Enterprise for Me?' allowed individuals to reflect on their skills and home life and to test their business ideas amongst a small group of similar-minded individuals. The process lasted 6 weeks and is equivalent to Open College Network (OCN) Level 2 unit. Enterprise for me provides a process to reflect on the feasibility of a business or self-employment idea. It also provides a forum for participants to develop their ideas in a group setting and to explore how setting up in business may impact on their home and family life. Starting a small business often involves a considerable element of risk. During the 'Is Enterprise for Me?' process their ideas are challenged in a supportive manner. The group discussions and peer review enable the participant to develop greater confidence and undertake what is in effect an 'informal feasibility study and business plan' which highlights not only business issues but also the potential impact on other aspects of the participants lives.

The subsequent route available through Full Circle is a 'Business Skills' course. This is a training course which provides an introduction into key skills associated with marketing, book keeping and cash flow, costing and legal issues. It lasts 5 weeks and participants are expected to attend two days a week. It is designed to support the development of a business plan and introduce participants to business issues such as marketing, regulation and book keeping. OCN accreditation for this course currently being pursued.

2.2.3. Financial support

Bradford Trident offered up to 50% match funding as a non-repayable grant for each start-up business. Table 2.1 provides an indication of the grants available:

Table 2.1: Business support Grants

Type of grant	% project costs	Maximum grant
Business Development Grant	15	£25,000
Business Security Grant	50	£3,000
Training Grant	50	£2,000

In order to access the grant in Bradford Trident, the beneficiaries were encouraged to undertake a business planning process either through attendance at a Training course (in the New Deal for Business Project) or through one to one coaching (through the New Enterprise Development Project). Prospective beneficiaries also had to fill in an application form in order for their request to be considered for funding by a grants panel consisting of local representatives drawn from the local community. The grants panel was held in a very informal atmosphere in order to encourage rather than intimidate prospective beneficiaries.

The business advisor in the New Enterprise Development Project helped the prospective beneficiary to fill in an application form for the grant and provided directed coaching prior to attendance at the grant panel as well as providing moral support through attending the grant panel with the potential beneficiary.

A different type of financial support, and process of accessing the support, was used in NELM. This was based on the establishment of a peer-lending circle by those engaged in Full Circle. The peer-lending circle (usually 4-6 people) was established by participants in the training courses, with initial support provided by the Enterprise Development Officer towards the end of the training period. The lending circle provides a forum to discuss and to test out business ideas and encourage further business planning. The circles meet regularly (about every two weeks) to discuss issues associated with the potential development of a business and its impact on the current lifestyle of the individual. The circle is expected to become self-managing and sustainable and they often provide business (and social) support for members over several years.

The lending circle review process is used to further assess the viability of a business idea and the degree to which the necessary planning and commitment exist to make it work. The social capital established through the circle is used instead of traditional approaches to loan assessment (e.g. credit checks, collateral). Once the lending circle is convinced that a case for a returnable loan has been made the application is presented to a Loan Committee made up of accountants, bankers and WEETU finance staff. WEETU provides the funds if the loan is approved. The Lending Circle is a supportive environment in which to discuss business, and often home-life issues. It provides access to a loan (limited to £1500 in the first instance) at a preferential rate of interest (three per cent above Bank Base Rate). There is a three per cent administration charge which is refundable on successful repayment of the loan. The circle itself is responsible for loan defaults although very few have been experienced in the 18 years of operation of Full Circle by WEETU across the region. For the first year of the loan, participants can also access funds to contribute towards the costs of business travel and childcare to support the growth of their business.

Four lending circles have been established in NELM which is lower than expected at the outset of the project. Furthermore the sustainability of the Lending Circles is less than might have been expected when compared with experience at the regional level. There appears to be a tendency in the NELM for beneficiaries to attend lending circles less regularly (if at all) once the loan has been granted.

2.2.4. Advice and guidance

Throughout the support process in Bradford, the business advisors provided a variety of advice and guidance. For example, through existing links Business Link West Yorkshire has access to the local council vacant premises register and the advisor is able to advise clients on the availability of potential premises. The business advisors also visited potential premises and drew on their experience to provide advice and guidance. They would respond to a variety of ad hoc requests for information and advice and where appropriate, refer the business to an appropriate agency in the support network.

In NELM, the Enterprise Development Officer delivered the pre-enterprise training course and facilitated the lending circles. She tended to provide advice and guidance on a range of business issues as well as other broader issues associated with family and home-life.

3. The views of beneficiaries

This section of the report draws on primary research with beneficiaries in the two NDC areas. It briefly describes the characteristics and motivations of the local entrepreneurs and explores the impact of the businesses on the local community in terms of, for example, the markets they serve and the employment opportunities they result in. Their experiences and views of the intervention support process are summarised to provide an insight into the implementation of the intervention from the 'customers perspective'.

3.1. Introduction

The majority of deprived areas have lower start-up rates than more affluent areas. These lower rates of start-up are attributed to a variety of factors including for example a lack of appropriate role models and/or an ability to generate ideas or identify potential markets. Entrepreneurs tend to be well-educated and the relatively poor educational standards apparent in many disadvantaged areas may impact on start-up. Young people who tend to have less experience to draw on are also less likely to start their own business than older people, particularly those in the 35-45 age group.

Anecdotally local people working in the NDCs suggested that there 'was plenty of entrepreneurial spirit' in both Bradford Trident and NELM. A variety of occupations were filled by either working from home or on a mobile basis including for example childminding, vehicle repairs and hairdressing. 'A lot of this work' is conducted on an informal basis and, by definition, is not recognised by official statistics and is difficult to quantify.

The NDCs did not collate data on the nature of the types of start-up businesses that they had supported. It was reported in Bradford that many were operating at registered business premises either within the NDC area or in an adjacent area. In NELM the absence of suitable local premises meant that the majority of business start-ups were either based at home, as a mobile unit or in premises in other areas of Norwich.

3.2. Sample

The organisation delivering the intervention in each NDC provided contact details for some of the local participants. A small number of businesses were forwarded in each area, five in Bradford and four in Norwich. Five beneficiaries in Bradford and three in Norwich participated in the research. The sample should not be viewed as representative in any way as the delivery agencies selected the entrepreneurs to be contacted. A summary of the businesses contributing to the research is contained in the following table:

Table 3.1: Characteristics of interviewees

Type of business	Beneficiary characteristics	Area	Status
Asian food shop and rental property	Asian, female, family business	Bradford Trident	Trident resident currently renovating premises in area
Sells gas and plumbing equipment	White, male, family business	Bradford Trident	Started in 2003. Based in Trident area.
Supply of kitchen fittings	Asian, male	Bradford Trident	Started in 2003. Resident in Trident area. Business based in adjacent area
Manufacture and sale of sliding doors	White, male, family business	Bradford Trident	Started in 2003. Based in Trident area.
Newsagent and gift shop	Asian, male	Bradford Trident	Started in 2003. Based in Trident area
Hairdresser and holistic therapist	White, female	NELM	Started in 2003. Mobile radius of 15 miles inc. NDC area.
Cross-stitcher/ Embroiderer	White, female	NELM	Initially working at home to develop the business
Supply of stage equipment	White, female, family business	NELM	Working from home.

3.3. Entrepreneur characteristics and Motivation

Entrepreneurs are drawn from a variety of socio-demographic and cultural backgrounds however neither of the delivery agencies collated information which enabled a general assessment of characteristics of those involved in the support intervention. Two issues were identified by the delivery agencies anecdotally. Business Link West Yorkshire suggested that the intervention had struggled to engage members of the white community in Bradford, particularly in the New Enterprise Development Project. In NELM, participants tended to be 'younger' than had been apparent more widely in implementation of Full Circle in the region. As might be expected given the reputation of the delivery agency the intervention dealt with more females than males.

The entrepreneurs contributing to the research are drawn from a range of ages, ethnic groups and represent a 50:50 gender division.

Four of the respondents suggested that they 'had always wanted to run their own business'. A female entrepreneur in Bradford noted:

'my mum and dad have owned and run several businessesit has provided a good income.....my husband also wants to run a business and my two brothers who are mechanics are starting one up soon'

Two of the male entrepreneurs, with a longstanding aim of starting up in business in Bradford, suggested that they wanted to benefit from the autonomy that 'being your own boss' would bring. Two had recognised the existence of a niche market whilst working for another local employer. They talked to people to assess the opportunity they had identified and through this process they realised that a market of sufficient size existed to support a viable enterprise. Both these entrepreneurs were drawn from craft based occupations and reported that owning a small business provided an opportunity 'to earn more that they would working for someone else whilst using the same skills'. Another

entrepreneur suggested that because he was not 'well educated' he would struggle to gain employment for someone else and so starting his own business offered him the 'best chance of success'.

In NELM the women contributing to the research suggested varying motivations underpinning the start-up of their business. One suggested that she had started her own business in order to be able to better accommodate the needs of her family. As a mother of two young children (one of who is disabled) she had chosen to pursue a self-employment route because:

'paid employment is just not suitable for me ...its not even that an employer won't be helpful it is just that you need so much time for hospital visits and often have to rush home that it is just not fair (on the employer) if you are unreliable....it means that I can work the hours that suit me.'

Another entrepreneur in NELM reported an interest in sustaining a craft (cross stitch/embroidery) as 'pieces of art' rather than solely as pieces of decoration. She had recently established the business whilst continuing to work part-time as a researcher/administrator. The remaining entrepreneur had worked 'in the theatre' for many years and had spotted a 'niche market' supplying services to theatre groups which dovetailed nicely with her wish to be at home with her school age children.

3.4. Links with the local community

3.4.1. Markets

The start-up businesses supply a variety of differing geographical markets. Two are largely dependent upon the local NDC area for its customers. Several serve local (urban/regional) markets and a minority national markets. Several businesses provide local services for example newsagents, food retail or the supply of fixtures and fittings, whilst other businesses provide business to business services which are more likely to be consumed outside the area.

NDC representatives in both areas reported that the NDCs had supported the development of social enterprises to enhance local services. For example, Bradford Trident had supported a Community Enterprise Development Project to provide support to existing or new social enterprises. A Job Brokerage Agency is also located in the Bradford Trident area. In NELM the development of a new community building had been supported and employment for local people had been provided in the small café.

3.4.2. Employment opportunities

Most of the start-up businesses in Bradford employed less than five people and may be termed micro-enterprises. Most of these businesses were based in the Bradford Trident NDC area itself with the remaining business established in an adjacent area by a Trident resident. Several businesses aimed to employ local people and currently use other services provided through the NDC such as the local Job Brokerage scheme to source recruits or the wage-subsidy scheme to part-cover costs. The jobs they had, or planned to create were generally part-time and relatively low-skilled occupations such as sales assistants.

However the largest business participating in the research (Bradford Trident) employs 42 employees with most of these being drawn from outside the NDC area. This employer suggested that there were problems associated with recruiting from the Trident area due, in part, to the prevalence of English as a second language and the associated problems for communication within the business which this brings.

In NELM the businesses were smaller employers, providing employment solely for the entrepreneur at this time. Their aspirations for growth tended to be lower than those in Bradford due in large part to considerations of the impact growth may have on their aspired to lifestyle.

Table 3.2: Number employed by the business start-up

Business	Numbers employed (including owner)
A	5 part time drawn from NDC area (proposed)
B	3 people (all drawn from NDC area)
C	1
D	42 employees, 4 or 5 from the Trident area
E	1
F	1
G	1 (part time)
H	1 (plus 1 part time)

A further point of interest emerging from the research is the role of the family in these start-up enterprises. The majority of the businesses in Bradford may be classed as 'family businesses' as they employ other members of the family. The majority of these reported that family members were important for the management and/or supervision of the business because of the 'trust' which came through family ties.

3.4.3. Local premises

A lack of local employers and the poor condition of commercial premises characterises several NDC areas. In NELM, the area has very few commercial premises and following a considerable consultation and planning process the NDC decided to build its own new light industrial units to encourage employers to invest in the area and to provide employment opportunities for local people. Where there is an existing business infrastructure, such as Bradford Trident, several NDCs have chosen to improve the local business environment using the provision of grants to contribute to the renovation and improved security of commercial premises in the area.

The interviews with beneficiaries provide an insight into the behaviour of entrepreneurs and their actions associated with the business premises. The owner of the largest employer contributing to the research was not a resident of the NDC area but had chosen to locate the business there because of the existence of an appropriate space at an affordable price. However one resident of the Bradford NDC area had chosen to locate his business in an adjacent area due to the 'run down' appearance of the place. Two of the entrepreneurs in Bradford had chosen to renovate local premises within the NDC area, thus contributing to an improvement of the physical appearance of the neighbourhood. One premises is now a newsagent/gift shop and the other will provide an Asian food retail outlet and flats for short term lets when ongoing renovations are completed in April 2005.

In NELM, the businesses tended to work from home or be mobile in nature. This reflects the nature of the businesses in terms of what they produce as well as reflecting, at least in part, the lack of local premises, the stage of development of the business and the 'lifestyle' considerations of the entrepreneurs.

3.5. Experience of support process

The interviews with local people receiving business support provide an insight into their experiences in terms of the promotion and delivery of the start-up business support intervention.

3.5.1. Promotion

Two of the beneficiaries in Bradford contributing to the research reported that they had seen advertisements or articles in the local newsletter or press which prompted their awareness of the support initiative, the others had heard about it through talking to local people. Most of the entrepreneurs contributing to the research in Bradford appear to have been encouraged to become involved with the support largely through word of mouth within the local community and hearing 'encouraging stories' about the availability of the grant and the advice and guidance available.

In NELM, word of mouth appeared to be the key approach to promotion of the project in terms of attracting people to become involved. One of the entrepreneurs in NELM had been working at a local summer fete when she was approached by the Enterprise Development Officer working for WEETU. Based on the subsequent conversation about her work, the entrepreneur was motivated to participate in the local support project. The other entrepreneurs had all been recommended to the programme by others in the community and gone on to become involved in the project.

3.5.2. Support process

All the interviewees in Bradford report overall satisfaction with the support process. Generally, the level of advisor input appears to be responsive to the needs of the client and sufficient from the beneficiaries perspective. In some instances individuals had already developed business plans and/or attended relevant training events prior to the NDC support. In this instance the advisor would provide guidance to ensure that the plan met with the requirements for funding.

Another beneficiary noted:

'I had considerable contact with the business advisors over an 18 month period - they helped with thinking about the issues that arose and by encouraging the development of a business plan.'

Other beneficiaries provide an insight into the type of input and the value associated with the business advisor in Bradford.

'it was important to know that there is help and advice if I need it ...someone who can look at the problem and give me some alternatives'

'the Business Link advisor was really useful....at the start we didn't know that the premises was located in the Trident area but when we contacted them we found that there were grants available...we had a business plan but the advisor helped us to improve it and to put together an application for a grant'

Entrepreneurs in NELM recounted similar positive stories associated with the delivery model. For example, they drew attention to the informality of the delivery, the opportunity for learning and the responsiveness of WEETU. One entrepreneur noted.

'it's more like a coffee morning really where you get a chance to meet other people who run a business and you can talk to them....find out what they have done ..there is always someone who is going through a similar thing or has been through it before....its amazing what you can learn'

Another entrepreneur noted

'They (WEETU) are always at the end of the phone..... (name: Enterprise Development Officer) has been so helpful and I know if I have a problem I can ring her up and talk it through'

A further entrepreneur reported that;

'the course was really useful...especially the tax....and it was great to meet and talk with other people like me...they gave me a lot of support and guidance'

4. Monitoring, review and learning

This section of the report collates the information provided by the primary and secondary research to provide an assessment of the performance of the business support interventions. The interventions in Bradford Trident and NELM use different delivery models and operate in very different local contexts therefore comparisons should not be made without careful consideration of these factors.

4.1. Contract monitoring and review

Both NDCs undertook regular monitoring and review of progress however, from the perspective of the delivery agency, there appeared to be a difference in the management approach between the two areas. It appeared that Bradford Trident adopted a more 'arms length' approach to monitoring and review with NELM taking more interest in operational aspects of delivery of the intervention.

Quantifiable targets were established in each area and were used to assess performance of the intervention. These are outlined in table 4.1.

Table 4.1: Business start-up performance indicators used in each area

Bradford Trident	NELM
No of business plans (pre start)	Number of 'Is Enterprise for Me?' courses
New businesses in the Trident area	Number of Business Skills courses
No entering self employment	Number of trainees on courses
No of business start-up grants awarded	Additional 1:1 counselling
	Lending circles formed
	Transferable skills sessions
	Businesses established
	Number progressing to Further education
	Loans granted
	Qualification (E4Me)

The indicators in each area reflect the local delivery model and the aims and objectives apparent in the local context. Both Business Link and WEETU are used to this type of approach to monitoring having been subject to reporting requirements of Government Departments. However, monitoring requirements were viewed as far more arduous by WEETU, largely because they were required on a monthly basis and because there were a considerable number of changes that were introduced by NELM with little prior notice. They reported an 'onerous and time consuming' experience and contrasted it unfavourably with their experience of other publicly funded interventions such as the Phoenix Fund.

The following tables provide an insight into the performance of the local interventions based on information provided by the delivery agencies.

Table 4.2 presents the targets and outputs for the New Deal for Business project in Bradford.

Table 4.2: New Deal for Business Start-up Outputs

Outputs Oct 2002 - Sept 2004	Project target	Cumulative total Oct 02 – Sept 04
No of business plans (pre start)	30	38
New businesses in the Trident area	40	50
No entering self employment	30	39
No of business start-up grants awarded	20	38

Source: Business Link West Yorkshire

As is apparent from the information in Table 4.2 all the targets of the New Deal for Business project were exceeded. The local manager noted that 'demand was very high' and that it was 'a particularly vibrant time'.

Business Link reported that the New Enterprise Development Project benefited 23 local residents who received one to one support provided through the business advisor. The majority (approximately 60%) of these beneficiaries went on to start-up their own business.

The project closure report produced by WEETU in conjunction with their own qualitative assessment of the project suggests a more mixed view of the intervention in NELM. In terms of output targets, some were exceeded whilst others were not met (Table 4.3). However it should be noted that the key target associated with the establishment of new businesses had been exceeded. The project was viewed overall as 'a success' by NELM however the delivery agency reported 'a long hard struggle and a lot of learning' had taken place.

Table 4.3: New Deal for Business Outputs

Outputs	Forecast	Actual
Number of 'Is Enterprise for Me?' courses	9	10
Number of Business Skills courses	7	7
Number of trainees on courses	84	92
Additional 1:1 counselling	70	106
Lending circles formed	11	4
Transferable skills sessions	140	148
Businesses established	6	19
Number progressing to Further education	28	Not known
Loans granted	20	4
School workshop participants	225	125
Qualification (E4Me)	62	39

Source: Project Closure Report NELM (2005)

The quantifiable targets and their attainment provide at best a partial view of the value of the interventions to the local community. The ambitions for the project such as encouraging an 'entrepreneurial culture' are long term and notoriously difficult to measure.

Softer indicators and more process oriented measures would undoubtedly help to understand the intervention process and aid organisational learning and contribute to the ongoing improvement of interventions to encourage business start-up.

In terms of other outcomes (not part of the delivery targets), business representatives noted the positive contribution to the physical appearance of the area made by other local businesses which had renovated their premises. Representatives of the delivery agency noted further 'softer' outcomes associated with the New Deal for Business project which was seen to have contributed to the 'well being' of the business community in the Trident area. In particular, Business Link viewed quarterly business forums as a considerable success in bringing employers together and creating 'a feeling of cohesion amongst businesses in the Trident area' and that 'at last someone is acknowledging the worth and value of local businesses'.

There were also indications of the wider multiplier effects of local networking. For example, one of the entrepreneurs in Bradford (the largest business) reported attending the business forum. Largely as a result of this he had begun to source lunchtime meals locally, and to use signwriter and printing services locally provided.

In NELM the delivery agency reported that the indicators 'did not really reflect the value of the support process and its benefits to the community' nor did the targets reflect the challenge involved in working with and changing the general outlook of the local community towards 'more formalised' entrepreneurial behaviour.

4.2. Towards an assessment of the NDC Business Start up interventions

The research has described the business support process for start-ups in the two NDC areas participating in the study. In coming to an assessment of the interventions it is not the intention to make a direct comparison between the two areas but to highlight some of the key issues associated with delivery and additionality/deadweight associated with the support process and its outcomes in each area.

Generally the entrepreneurs contributing to the research valued the support process in both areas and would recommend it to other people in the area. All the interviewees in Bradford Trident considered that they had benefited from the intervention not only in terms of the financial grant but also in terms of the guidance offered through the intervention. There are however some interesting differences apparent between the views of those delivering the project and the beneficiaries. Business Link were keen to stress the importance of developing a close, 'trusting' relationship more based on friendship than a business arrangement. The funding from NDC had enabled the Business Advisor to spend more time developing this relationship with local businesses. However this was not always recognised by beneficiaries who, whilst reporting the usefulness of the support often drew attention to the lack of recent contact with the advisor and several put this down to the fact that they had received the grant and the input was now ended.

It is not evident from the interviews with beneficiaries that the support was a critical factor in helping the business start-up in the NDC area and this draws into consideration the deadweight associated with the intervention. All of the interviewees in Bradford suggested that they would have gone on to form the business without the support and the grant although the case in NELM is far more ambiguous with beneficiaries tending to suggest that WEETU had taken their ideas on another level. The assessment of dead-weight is not a clear cut issue and the entrepreneurs provide an illustration of this along with illustrations of the additionality associated with the intervention. For example in Bradford, two entrepreneurs suggested that their development process would not have been so rapid without the support and the grant. Furthermore several of the respondents had become involved with the Business Link for the first time through the New Deal for Enterprise Project which one would expect would lead to benefits for both the business and the Business Link. Most of these had gone on to become involved with other agencies in the business support network such as the NDC funded Job Brokerage Agency, the local Chamber of Commerce and a local Enterprise Agency. In this way the project appears to have acted as a pathfinder to encourage access into the wider support network.

4.3. Learning from the NDC intervention

Both the NDC and the delivery agencies suggested a number of learning points emerging from the experience of implementing the business support intervention. Furthermore the entrepreneurs experiencing the support process made some comments on the areas of the intervention which could be improved from their perspective.

4.3.1. Promotion and marketing of the programme

The experience of the implementation of the project in Bradford would suggest that the approach to attracting beneficiaries to the New Deal for Business Project had proved to be an effective one. However the project manager was uncertain as to how the project had been marketed and most of the entrepreneurs referred to 'word of mouth' referrals rather than specific advertising or marketing materials as the catalyst for their involvement in the project. One respondent recalled the Business Advisor 'popping into his shop' and encouraging him to become involved in the project, others suggested that talking to other businesses or residents had encouraged them to find out more and to become involved in the NDC sponsored business support. Clearly word of mouth and the recollection of 'good experiences' associated with the business support process are a strong selling point for the intervention. The important role of 'word of mouth' recommendations was replicated in NELM where all the entrepreneurs contributing to the research suggested that talking to the Enterprise Development Officer had encouraged them to become involved. In NELM it was suggested that residents need a lot of hand-holding and support both to encourage them onto the programme and to retain them.

In both areas, the availability of a dedicated business adviser or outreach worker, who has been employed to work in the area, and who had the time and resources to develop relationships and offer in-depth support was identified as the key in enabling the business development opportunity to proceed. The Enterprise Development Project in Bradford Trident emerged in response to a recognition that not all people wanted to go through a training course but some were amenable to a more informal and in depth one to one process with an experienced business advisor. Business Link report that it was particularly well regarded within the community, even though it did not deliver significant outcomes.

The interviewees in NELM had little to say in terms of any improvements that they would like to see to the marketing and promotion of the programme. However several interviewees in Bradford suggested that improvements to the information associated with the support process and 'what was available' through the project and through the Business Link more generally would be useful. Several entrepreneurs suggested that a written 'fact sheet' providing a summary of the services on offer would be valued by them.

4.3.2. Delivery

The beneficiaries all valued the support process in both NDC areas even though the delivery model in each area was very different. The testimony of the entrepreneurs reported in section 3.4 of this report provides an indication of the value that was placed on the intervention in both Bradford and NELM. However the beneficiaries suggested a variety of areas which may be improved from their perspective.

For example, one of the beneficiaries in NELM noted that whilst they got an introduction to business issues through the courses, the introduction to taxation was insufficient and she remained 'a bit unsure' about certain (non-specified) issues. On the other hand, another WEETU client expressed appreciation of the advice on taxation. WEETU had identified 'low attendance' associated with the tax/NI and legal issues session and they were looking to signpost this part of the intervention to experts for them to deliver the necessary information at a time when clients need to do it.

A key challenge identified by WEETU was associated with the propensity of local people to 'sign up' for the intervention and then not turn up for the courses on offer. WEETU responded to this by modifying the content of the courses to match the

interests of the potential beneficiaries. They also identified the timing of the courses on offer to be a potential issue. Previous courses had been offered at 9.30-14.00 during school term time (Jan to Apr, May-Jul, Sept-Dec) to fit in with the needs of mothers with school age children. The model in NELM required them to attract men as well as women and there were concerns that the timing of the course may impact on attendance by men who work full or part time. WEETU tried running courses in the evenings and on Saturday mornings but attendance did not improve. Other timings for the courses are currently being considered.

A further area of delivery which had caused concern for WEETU was the extent to which participants had gone on to access the loan fund. They had considered this and suggested that whilst a variety of factors might be at play, local attitudes towards debt and the wish to minimise it might be an important factor influencing the propensity to request a loan.

In Bradford it was suggested by the delivery agency that the project had engaged people who were already fairly serious about starting a new business. Those who were less serious or who have less well developed ideas are likely to have been filtered out at an earlier stage, either after having had an information pack from the information team (who deal with most of the initial enquiries) or having been on the 'Is self employment right for you?' awareness raising seminar. A number of people tended to drop out and it was estimated that only about 50% move forward to the Business Planner Training. In NELM WEETU reported problems associated with attendance at initial events however there was little evidence of drop out between the two courses run by WEETU.

The beneficiaries contributing to the research in Bradford suggested a number of changes which would enhance the experience from their perspective. For example, one beneficiary suggested that 'less jargon' should be used by business advisors. He reported that

'at times it felt that they were talking a different language'

The entrepreneurs also raised concerns associated with the promotion of the intervention in that they had only heard about it through talking to others. It was suggested that some local residents may 'miss out' purely because they did not mix with 'the right people'.

There also appeared to be concerns associated with the ongoing relationship with the Business Advisor in Bradford once the grant had been received. It appears that the intervention had provided considerable support, with the Business Advisor acting in a proactive manner and maintaining regular contact with the prospective start-up up to the point of the grant application. Once the start-up business is established it appears that the business advisor becomes more reactive, responding to requests from the business as opposed to initiating contact.

One beneficiary noted

'the support tended to disappear once the business was up and running'

In NELM, it appeared that the support provided through WEETU and the peer-support group established by the intervention was ongoing for the local beneficiaries.

4.3.3. Evaluation

The projects were subject to regular monitoring and review by the NDC. Bradford Trident commissioned an evaluation by a local consultant to assess the performance of the delivery. The report, produced in 2002 but not publicly available raised some issues for consideration one of which related to monitoring systems which were described as 'poor'. However, the evaluation concluded that the support was being 'well delivered' and that it offered 'good value for money'.

WEETU carries out a full Social Impact Evaluation annually on its Full Circle programme and NELM clients are included in this external evaluation.

4.4. Mainstreaming

The NDC funding in NELM assured concentrated effort by WEETU in the area. Once the NDC funding period has ended, the Full Circle model will still be available to women in the area but will not be available to male residents. Implementing the programme in a small area like NELM which has little or no 'entrepreneurial history' is a considerable challenge and requires significant outreach resources for relatively few outputs. WEETU suggest that the Full Circle model works for both men and women although women tend 'to take to the process better' even though it is a good process for men to learn the soft skills necessary for much employment in the 21st Century. The WEETU Full Circle model has been successfully 'exported' to other areas of the country.

In Bradford, the NDC has begun to taper the provision of grants for business support and EU funding is likely to expire in the near future. The Regional Development Agency, Yorkshire Forward is becoming the key funder of business support, offering a range of small grants to new (<12 months), young (12-36 months) and established (3 years +) businesses. Most of the grants will be smaller than can currently be obtained through New Deal for Business.

5. Summary and key issues for partnerships

The research has provided an insight into new enterprise support interventions in two NDC areas. It draws on primary research with those involved in the management and delivery of the support interventions and a small number of entrepreneurs benefiting from them. The research highlights a variety of issues which apply to the NDC areas contributing to the research and to NDC areas more generally.

Three questions were posed at the outset of the research namely:

- to explore the motivations driving start-up and self employment initiatives in selected NDC areas
- to explore the extent to which new businesses have delivered local services and local employment opportunities
- to explore the efficacy of the start up process, to identify what has worked well and to identify areas for further development

Both the NDC areas saw their business support interventions as a means to encourage the start-up of new businesses either within the area or by residents in the area. It is clear that motivations driving business start-up on behalf of the local residents are many and varied and the nature of this research means that detailed examination of them is beyond the scope of this report⁹. However there appear to be some differences between those contributing to the research in Bradford Trident and NELM. The entrepreneurs contributing to the research suggest that several of the beneficiaries in Bradford Trident already wanted to run their own business before they became involved in the start-up intervention. Self-employment or owner-management was seen to offer greater potential for autonomy and income generation than the alternative occupations that were available to them in the labour market more generally. Those in NELM appeared to be influenced by other issues such as having the flexibility to be able to care for family members or, as in the case of one beneficiary, to develop a type of craftwork as a work of art.

The research has uncovered some evidence from the beneficiaries and those managing the support process which suggests that the NELM project has been successful in encouraging residents with what may be referred to as 'pastime interests' (although they are clearly more than this) to develop them into a business proposal. However, whilst those that complete the support process comment very favourably on it, there appears to be a relatively large 'drop out rate' associated with the early stages of the process and a reticence on behalf of the majority of beneficiaries to access the loan fund. In Bradford it appears that the support has been successful in supporting the development of those who already had a business idea, which was in an advanced stage of development or already being implemented.

The majority of the start-up businesses benefiting from NDC funded business support served markets beyond the NDC area. There are examples of start-up businesses adding to the services available in the NDC area through for example food retail and accommodation in Bradford or hairdresser and therapist in NELM. However several of the start-ups provided services (e.g. business to business) which would not directly benefit the local residents. However all the businesses provided employment opportunities for local residents. In NELM, this tended to be solely for the owner-manager of the business; in Bradford for other members of the family. In the one

⁹ See the following for a general introduction to the motivations for start-up: *Understanding Small Business*, David Storey, 1994 published by Routledge.

business which had grown substantially since start-up, the owner suggested that they employed 'about four or five local residents' out of forty-two employees.

The lack of suitable premises in NELM has led the NDC to develop some light industrial units that, it is hoped, will provide some space for local entrepreneurs. There is an aspiration to link the 'soft' support provided through advice and guidance with the provision of the units to the benefit of the local population. Premises in varying condition exist in Bradford Trident. Some entrepreneurs viewed the buildings in need of renovation as an opportunity for development whilst another viewed the area as 'run down' and providing the wrong image for the location of his business. These examples illustrate that encouraging business start up by residents can improve the local environment but it can also lead to residents opening businesses elsewhere.

In general the entrepreneurs contributing to the research all talked favourably about the business support provided through the NDC partnership. In Bradford they clearly valued the advice and guidance provided through the business advisor as well as the grant which encouraged them to become involved in the project and which supported the further development of the business. However, there appeared to be an issue associated with the ongoing relationship with the business support agency once the grant had been provided. It appeared that although several of the businesses would have liked to continue to receive proactive support, the level of support diminished once the grant had been awarded. There is a danger that the resource invested in the development of a relationship between the business and the support agency, and its value to both parties is lost if the relationship is not maintained or passed on to another agency effectively.

In NELM the beneficiaries all valued the advice and guidance provided by the Enterprise Development Officer and others in WEETU as well as the chance to talk with other entrepreneurs within the Lending Circle. However, the nature of the financial support - a repayable loan as opposed to a non-repayable grant - appeared to limit the financial contribution of the intervention to the development of the business. The delivery model in NELM encouraged ongoing support through the lending circle and several of the entrepreneurs reported that they 'were still in touch' with WEETU and that they could 'ring and have a chat' any time.

5.1. A checklist for local partnerships

There is no 'one strategy fits all' approach to Business start-up largely because of the diversity of the potential entrepreneurs, their range of needs and the differing local socio-economic and cultural contexts. There is clearly a need for intervention in order to deliver a range of services to support business start-up. Effective partnerships are a key characteristic of delivery as entrepreneurs require a variety of different services at different times. The Small Business Council¹⁰ recommended the drawing together of agencies and particularly JobCentre Plus and Business Link to smooth the transition from benefits to self-employment. The absence of JobCentre Plus in the delivery of the support in both NDC areas contributing to this research is noticeable and something that may be usefully addressed in the future when JobCentre Plus begin to promote self-employment as a viable route into the labour market more effectively.

The research has identified a range of issues associated with the business start-up interventions implemented in two NDC areas. It has discussed a number of issues which may be of use to local partnerships in developing their approach to alleviating

¹⁰ Informal Economy. Small Businesses in the Informal Economy: Making the Transition to the Formal Economy. SBC 2004 [Online] www.smallbusinesscouncil.org

worklessness through Business Start-up interventions. These are outlined below in the form of a checklist:

Planning of the intervention

- Is an intervention to support the start-up of local businesses suitable? Are other strategies such as encouraging inward investment of a large employer or support for existing employers more suitable to meet the goals of the regeneration partnership? How does it add value to the local area?
- How does the proposed intervention link with other initiatives to improve the neighbourhood (e.g. Job Brokerage, Grants for the improvement of premises, availability of local services)?
- What is available already (locally, nationally, internationally)? Who delivers it? Is it suitable for the local area?
- Who are the key partners to be involved in the project? (What is the role of Jobcentre plus? The Local Authority? Business Link? Regional Development Agency?)

Design of the intervention

- Have the aims and objectives of the intervention been clearly defined?
- Have the scale and characteristics of the locality been taken into account in determining the aspirations for, and the design of, the intervention? Are the proposed beneficiaries part of a priority group such as ex-offenders, long term unemployed, people with a disability, women?
- Has the 'intervention offer' in terms of soft support (e.g. advice and guidance) and financial support (grants or loans) been adequately and appropriately determined?
- Has an appropriate approach to marketing and promotion been determined? Are there sufficient resources for the outreach work necessary to make an intervention like this work in a small deprived area?
- Are suitable training providers available? Where appropriate, has the skill development element of the intervention been linked to recognised qualifications?
- When the beneficiary nears the end of the intervention is the agency (or partnership) able to retain (or pass on to others in the support network) the relationship with the beneficiary?

Evaluation

- Have specific, measurable, achievable, realistic and timebound objectives been set for the intervention?
- Are the views of key stakeholders - beneficiaries, delivery agency and other partners used to reflect on the performance of the intervention?
- Has an appropriate combination of 'hard and soft' indicators been used to reflect the performance of the intervention (both process and outcome)?
- Are the systems in place to collect the information necessary to monitor and evaluate the intervention? (Including permission to share appropriate information between partners)