

Report Summary

Stimulating Small Business Growth has been produced by the five university partners leading delivery of the Goldman Sachs *10,000 Small Businesses UK* programme. It describes the programme's context and rationale, explains its design, sets out early evidence about its impact and draws some general lessons from the experience of delivering it.

What is *10,000 Small Businesses UK*?

10,000 Small Businesses UK is one of several programmes developed and supported by Goldman Sachs and the Goldman Sachs Foundation focused on accelerating the growth of high potential small businesses to create jobs and grow economies.

Building on the success of the *10,000 Women*, *10,000 Small Businesses* launched in the United States in 2009. This programme, developed by the F.W. Olin Graduate School of Business at Babson College, is delivered through community college partners to underserved entrepreneurs in cities across the US.

In the UK *10,000 Small Businesses* is a partnership between Goldman Sachs, the Goldman Sachs Foundation and leading universities:

- Saïd Business School, University of Oxford – national partner;
- Aston Business School – Midlands programme;
- Leeds University Business School – Yorkshire programme;
- Manchester Metropolitan University Business School – North West programme; and
- UCL – London programme.

The UK programme was first piloted in Yorkshire in 2010, followed by expansion to North West England, the Midlands and London. As of April 2013 almost 500 small business leaders across the country have participated. Through its investment in these small business leaders *10,000 Small Businesses* aims to stimulate employment creation and economic growth.

Programme design

The programme is designed specifically for the leaders of established small businesses who have the ambition and the potential to generate substantial growth in their enterprises. Participants benefit from a full package of support with a strong

focus on structured peer learning and the creation of communities of entrepreneurs. The emphasis throughout is on learning that is practically applicable in participants' businesses and on creating an environment of trust to encourage the intensive exchange of ideas and experience between participants.

Programme impact – early evidence

A rigorous and independent process has been established to monitor changes in participants' businesses for an extended period after they complete the programme. Data collected from this process indicates that the programme is leading to an observable impact on jobs and turnover. For example:

- A large majority – 77% – of participants report in their initial follow up survey that they had increased the number of people they employed in the previous 12 months.
- On average participants reported an annual increase of 23% in their net employment over the baseline position.
- Two thirds – 66% – of participants indicated that, compared to the same period in the previous 12 months, their turnover had increased.

Almost all (92%) participants report that they are now more confident in their ability successfully to grow their business than they were before participating in *10,000 Small Businesses UK*.

What the partnership is learning

The process of developing and delivering the *10,000 Small Businesses UK* programme and monitoring its impact on participants is enabling the programme partners to understand how it is creating value on a number of different levels. A key outcome from the programme is how powerful and self-sustaining entrepreneurial communities can be and the importance of creating the conditions in which these can form and flourish.

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For more information, visit: www.gs.com/10ksb-uk

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STIMULATING SMALL BUSINESS GROWTH

Progress Report on the Goldman Sachs *10,000 Small Businesses UK* Programme

April 2013

Summary Version



Foreword by The Rt Hon the Lord Heseltine CH

No reminder is needed that developed economies the world over, including the UK, face unprecedented challenges. Foremost among these is the need to restore sustained growth in an environment of constrained resources, at a time when markets are more global and competition – for customers, skills, resources – grows more intense by the day. At stake is our ability to sustain and raise the standard of living of current and future generations.

Enabling our most ambitious, innovative and productive small businesses to grow in every part of the UK is a crucial piece of this puzzle. In every thriving economy small businesses are key drivers of job creation and growth and it is from among today's small businesses that tomorrow's national and global players will emerge.

My own experience of starting and growing a small business, albeit in different economic circumstances, and my subsequent career has left me both with an enduring admiration for entrepreneurs and an understanding of the extraordinary challenges they face as they seek to grow their businesses.

The UK has every reason to be optimistic. World leading businesses and industries have been and continue to be built here in the UK, and they are to be found in every region and in every sector. But we cannot be complacent, and entrenched models and mindsets may not be adequate to the task. My October 2012 report to the government, *No Stone Unturned in Pursuit of Growth*, set out my vision of how we can build on our strengths – and address longstanding issues – to enable the UK economy to thrive in both the short and the long term. I emphasise in particular that a necessary condition for achieving our potential as a country is unlocking the growth of all, not just some, of our local and regional economies.

Providing effective small business support should be a keystone of this effort and will require new ways of working together across public and private sectors and an openness to innovative ideas and models. Crucially, in supporting small businesses we should not start from a blank slate but should tap into and where necessary catalyse and link together the local assets, infrastructures and networks that are already serving small businesses.

The Goldman Sachs *10,000 Small Businesses UK* programme is a very welcome and timely practical contribution to supporting small business growth, both in terms of what it does and how it does it:

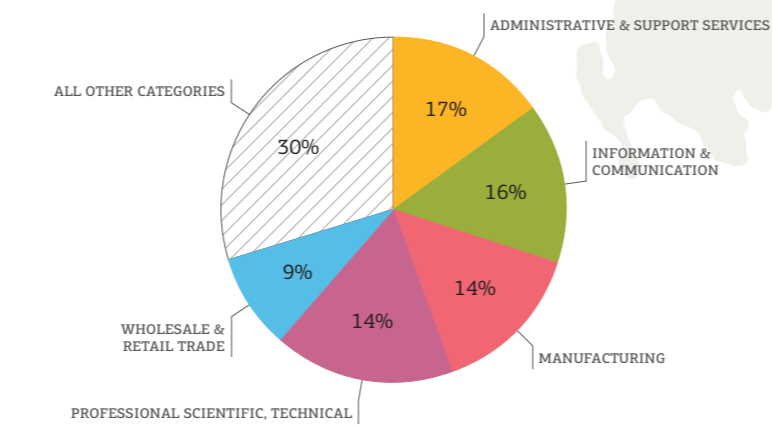
- It focuses its investment where it can make a difference, by providing a practical business and management education to ensure that entrepreneurs preparing their businesses for growth are familiar with best practice across every aspect of their business.
- It adopts an innovative approach, bringing small business leaders together to create entrepreneurial communities whose participants share experience and insight and support one another.
- It is a cross-sectoral partnership that draws extensively on the skills, resources and initiative of local experts, notably universities and business schools, with each partner bringing its unique assets to the common goal of supporting small business growth. It complements and develops the business ecosystems in four of our great cities and the surrounding regions.

The early evidence on the programme's impact presented in this Progress Report suggests that this approach is making a real difference to participating businesses and therefore to local economies across the country. Further, by enhancing small business ecosystems *10,000 Small Businesses UK* provides new opportunities for complementary investments designed to stimulate small business growth. I hope that others will be inspired by the experience of this partnership to bring their unique assets to support this crucial agenda.



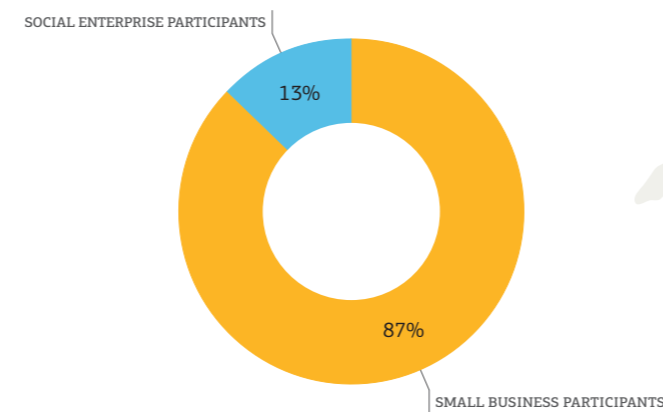
The Rt Hon the Lord Heseltine CH

Participant Diversity



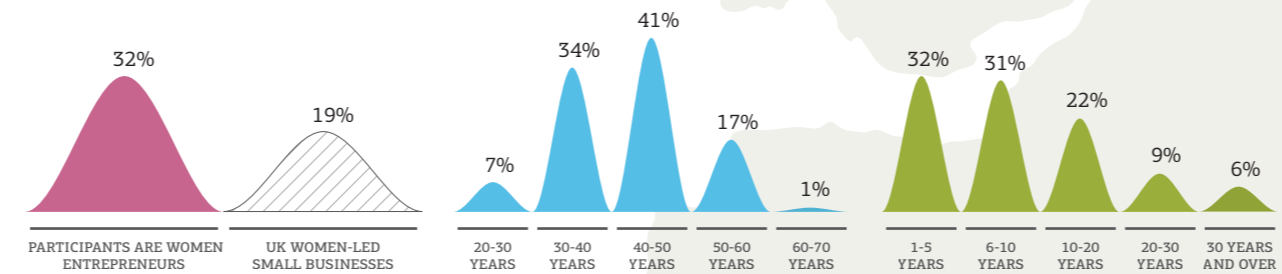
Business sectors

Sectoral breakdown (based on SIC codes) of 10,000 Small Businesses participants



Social enterprises

13% of participants are social enterprises



Gender diversity

32% of participants are women entrepreneurs vs. 19% of women-led small businesses across the UK *

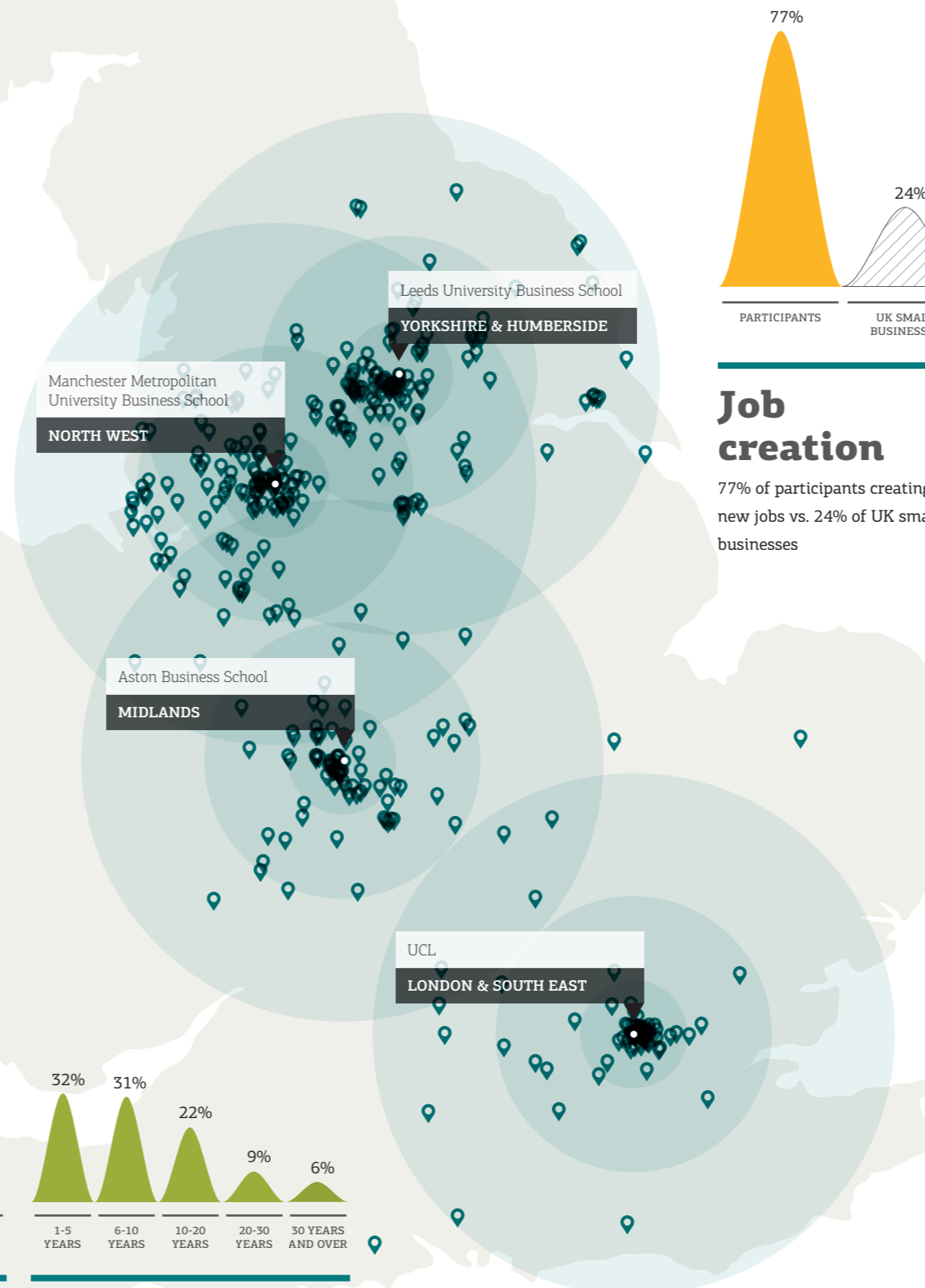
Participant age

Broad range of ages represented, most participants are over 40 years of age

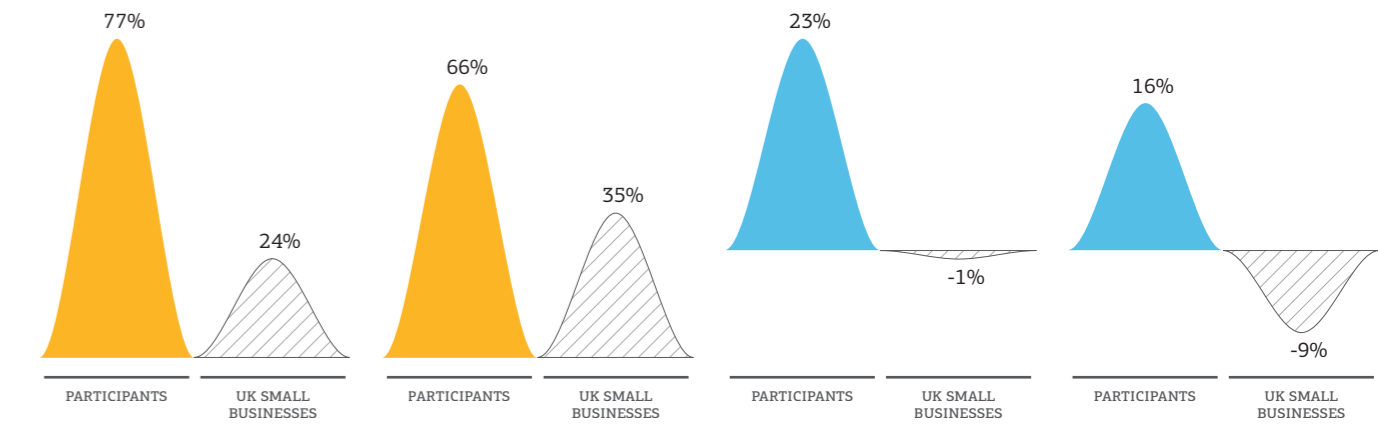
Business age

Most participants' businesses are under 10 years old

Geography



Programme Impact*



Job creation

77% of participants creating net new jobs vs. 24% of UK small businesses

Revenue creation

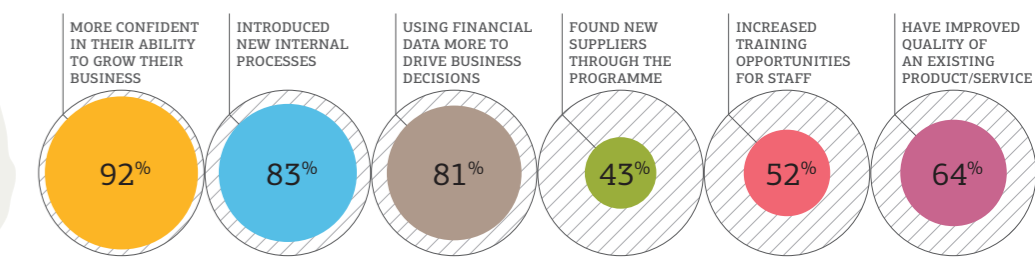
66% of participants growing revenues vs. 35% of UK small businesses

Employment growth rate

Average net employment growth rate of participants 23% vs. -1% for UK small businesses

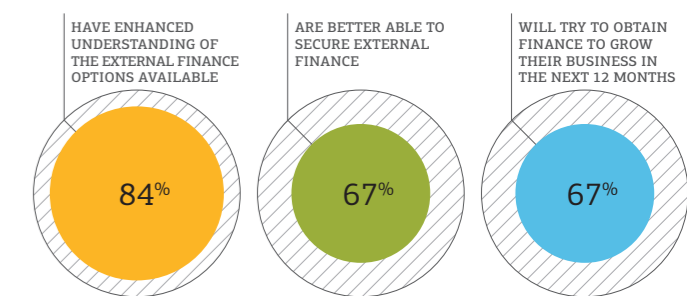
Revenue growth rate

Average growth rate of participant revenues 16% vs. -9% for UK small businesses



Strategic change

Participation in the programme is catalysing major strategic changes in participating businesses



Capital for growth

The programme is helping participants to evaluate and access different forms of capital for growth

* Data for the UK is taken from the ONS Business Structure Database (BSD) and the BIS Small Business Survey (2012).