



Centre for Local  
Economic Strategies

# local work

## Strengthening Local Enterprise

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### Introduction

In 2001 a body of research was carried out by the Civic Trust and New Economics Foundation (nef) into the success factors in local economic regeneration. It examined regeneration programmes within the UK and looked at successful models from around the world. Its conclusions began an exciting programme of work which had the potential to reshape local economic growth. The programmes of locally driven enterprise growth that have emerged have established best practice models capable of replication on a wide scale.

Yet here we are, eight years later, with extensive evidence of the benefits of community based enterprise growth programmes, but with limited evidence that this learning has been taken on board as central policy. So, in this Local Work, let's take a look at what has happened in those eight years and try to understand how central policy making has failed to learn from what has been demonstrated.

### Local passion

The work of Civic Trust and nef demonstrated that, while large capital regeneration programmes were successful in improving the physical amenity of deprived areas, the impact that it had on local economics could be limited, and in some cases detrimental. If not properly addressed, levels of worklessness could remain at their previous high levels, or could be reinforced as unemployed people found it harder than ever to secure work within their own local communities. Indeed, the priority placed by many programmes in creating high value jobs within deprived areas has had the effect, in many cases, of specifically excluding local residents and depending on bringing in new people from outside to resource that work.

The work of Ernesto Sirroli<sup>1</sup> in Australia and latterly in the USA had illustrated a different model which started by using the skills and passions of people within communities and facilitating enterprise growth from that point outwards. It demonstrated the value of coaching from within a community, and of working with the existing skills and ambitions of community members.

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<sup>1</sup> Sirroli, E. (1999), 'Ripples from the Zambezi' Ernesto Sirroli' (New Society Publishers)

However, the differences between the types of community with which Sirrolli was working, and those within the UK, are notable. Local cultures differ. For example, communication networks within UK communities are less overt. Existing support available to those in deprived areas, in the form of benefits or existing regeneration programmes often reinforced the status quo rather than generating positive change.

But the need to work from within the heart of such communities and to fit the help provided exactly to 'clients' needs remained valid. This was coupled with other examples of effective programmes of intervention to develop the key values which would underpin the BizFizz<sup>2</sup> programme which nef and Civic Trust piloted in 2002. The process was:

- ❑ locally managed;
- ❑ community centred;
- ❑ entrepreneur focused;
- ❑ led by the passion of potential entrepreneurs;
- ❑ free and flexible;
- ❑ supported by local networks;
- ❑ designed to support, not to initiate or motivate.

The first four BizFizz pilots in 2002 led to eight further programmes starting in 2004, and a steady growth of additional programmes in subsequent years. Initial central funding by the DTI gave way to local funding, such as NRF, as local authorities began to recognise the benefits of the approach in driving local enterprise growth in areas of deprivation.

### **Local ownership**

The BizFizz approach, as highlighted above, recognises that local communities are each unique. They have their own geography, their own demography, their own history, their own culture and their own needs. It may be convenient to try to overlay a 'one size fits all' solution to everyone's needs but it is unlikely to be universally effective.

To ensure local ownership and local relevance, BizFizz was managed by local management teams recruited from within the community including business people, residents and members of local groups and agencies. They defined the local success factors for their area and provided the direction for the work of their own coach.

A coach would be recruited to work with potential entrepreneurs. Ideally this would be a person who had themselves been an entrepreneur and who knew what it was like to create and grow their own business. The coach would recruit a local panel of people with experience, skills or contacts that may be useful to aspiring entrepreneurs, who could help solve problems or overcome barriers that they were experiencing, or who could provide them with important contacts. Panel members could also help as members of 'virtual teams' – the groups of people that aspiring entrepreneurs were encouraged to identify who had the skills or resources that they lacked in developing their businesses.

These are simple concepts and approaches, but when used flexibly within local communities, and when underpinned by a sound set of values, this led to truly exciting examples of community enterprise and economic development.

### **Local examples**

I have been the coach for the BizFizz programme in Clowne, an ex-mining town in North East Derbyshire, for the last four years. Over a hundred new businesses have been started as a result of this work with an astonishingly high survival rate (90+ %). The statistics only tell

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<sup>2</sup> Squires, P, Cox, E. & Boyle, D. eds, 'Who's The Entrepreneur? The BizFizz Story: unleashing the passion, transforming communities' (Tandem Press) ISBN 1 904882 13 7, accessed at: <http://www.bizfizz.org.uk/resources.htm>

part of the story. It is the individual stories, and the impact on the local community that make the most interesting reading.

*Table 1: Qualitative outcomes of the BizFizz programme*

- Simon a young man with learning difficulties, who has grown his eBay selling into a service selling items on eBay for other people. He became a “Power Seller” within weeks and now employs his own father and other local people;
- Dean, the father of a disabled child, who had been on incapacity benefits launching and growing his own car valeting business;
- Maurice, a 72 year old market trader reinventing his own shop, passing his market business onto his daughter and starting his own on-line sales channel;
- Carl, a young man with literacy difficulties manufacturing garden ornaments, receiving physical and moral support from the owner of a large local business, growing his business and latterly having begun work for a literacy charity;
- Maggie, a single mother launching a family portrait business while studying for a photographic masters;
- Jan and Hazel, a mother and daughter growing their wedding stationery business and now managing the wedding business for a local hotel;
- Clive, who had been caring for his wife until her death, opening a specialist garage for servicing four by four vehicles.

Every person that has been helped here in Clowne comes with their own story. Each has had their own specific aspirations and needs and each has benefited in their own way from the coaching they received and from the help of the panel, who have played such a vital role in changing the lives of so many people.

And the programme has already had longer term impacts. A need for office space for people running businesses from home, but who needed to expand into their own office space, was taken up by Clowne’s local management group. In response our local authority made a derelict building available on a peppercorn rent, we created a new social enterprise, Clowne Enterprise, to manage the venture and raise funding to convert this into workspace for small local businesses. The offices are now full, all housing local businesses that have outgrown their home bases. The rental income from this now funds our continued work in supporting and coaching local enterprise growth. A local ‘business forum’ has created a new network for owners of small businesses which has, in turn, created its own local business community.

Small business in Clowne has been given legitimacy and, in the mind of local people, the business environment of the town has changed fundamentally.

### **Why the BizFizz approach is successful**

In 2006 the Local Enterprise Growth Initiative (LEGI) gave us the opportunity to expand on our work within Clowne. A partnership of Ashfield, Bolsover and Mansfield District Councils successfully bid for £7m of funding to develop a programme of enterprise growth initiatives. This included BizFizz programmes in six new areas, along with complimentary projects addressing young enterprise, local procurement, small business premises, small business growth, access to finance, social enterprise and local recruitment by incoming businesses.

Our LEGI programme has reinforced the value of locally driven, flexible programmes of support which centre on community needs and work with those communities, rather than attempting to impose uniform top-down initiatives upon them. Our BizFizz programmes have so far worked with 800 people and have helped 260 new businesses to start. They have created 360 new jobs and safeguarded another 220.

*Table 2: Quantitative outcomes of the BizFizz programme*

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| <ul style="list-style-type: none"><li>• BizFizz has so far worked with 800 people;</li><li>• BizFizz has helped 260 new businesses to start;</li><li>• BizFizz programmes have created 360 new jobs;</li><li>• BizFizz programmes have safeguarded a further 220 jobs.</li></ul> |
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Now, although I can easily trot off the figures which describe some of what has been achieved by our programme, we have chosen not to allow targets to become a driving force behind our work. Indeed this has been a fundamental part of what has made programmes like this successful. Our coaches are free to allocate their time in whatever way seems right to them based on their knowledge of their local communities, and the needs of the people within them. This ensures that people are not rationed as to how much support they can receive, or constrained as to what type of help the coach can provide to them. It has meant that coaches have been free to assist their clients by helping them to identify ways of overcoming their own perceived or tangible barriers to success. It has also allowed them to provide more tangible help such as:

- ❑ assisting clients in meetings with lenders;
- ❑ supporting clients at meetings with customers or suppliers;
- ❑ negotiating leases with landlords;
- ❑ working with clients to produce business plans;
- ❑ drafting promotional materials;
- ❑ accompanying clients on "mystery shopping" studies.

It has also enabled them to work with their communities on additional initiatives, tackling issues which have been identified by their respective communities.

Within my own project in Clowne, we have opened a new business centre providing accommodation for embryonic enterprises, formed a social enterprise to provide long term coaching and support for enterprise growth, used enterprise clinics to reach people in outlying villages in our area, started work to relaunch our local market, produced enterprise newsletters and established a business forum to provide a local network for small businesses.

Elsewhere our coaches have:

- ❑ partnered with another local organisation to create an enterprise centre housing a range of services for business and providing affordable business accommodation;
- ❑ created a new social enterprise which has acquired and converted an old station building to act as an enterprise hub, providing accommodation for small enterprises;
- ❑ begun work to create a local community bank;
- ❑ created a new community market, reserved for local businesses enabling them to trade their goods exclusively;
- ❑ run specialist fairs such as wedding fairs to promote services offered by local small enterprises.

None of these activities were planned or scheduled at the outset of our work. They have been the logical outcome of addressing local barriers to enterprise. They have been the result of a strictly organic approach to local enterprise growth.

### **LEGI as a way of filling the gaps**

This picture has been replicated across the 20 LEGI programmes in England. Some form of community based enterprise coaching has featured in all of them. The exact format has varied slightly but the fundamental approach has remained the same. The programmes have been locally managed, they have involved placing a coach at the heart of their communities,

and they have used coaching methodologies which ensure that the client is driving the process, rather than requiring the client to fit into a prescribed approach.

Each LEGI<sup>3</sup> programme was designed to fill gaps that were left by other mainstream enterprise support agencies and programmes. It was clear in all cases that this provision of free, flexible one-to-one coaching for aspiring entrepreneurs in areas of deprivation was a need that was not being met from elsewhere. The national model being applied by Business Link, the government's preferred provider of publicly funded enterprise support, is one of information, diagnosis and brokerage (IDB).

Users of the Business Link service are provided with valuable information to help their business, receive a diagnosis of their business idea and are then referred (brokered) to providers to fulfil their needs from that point onward. The model precludes Business Link from actually providing the services to meet those needs themselves. If providers of a free coaching service exist locally, this is the point at which they would take over. If no such provider exists then the aspiring entrepreneur is faced with something of a void. The most recent survey by the Federation of Small Business showed that 38% of those surveyed had at any time in the past contacted publicly funded business support agencies and that a half of them had been satisfied with that support.

Reviews now being carried out by LEGI programmes on their own enterprise coaching approaches indicate very high levels of user satisfaction, and extremely high levels of effectiveness when measured by rates of new business formation and the survival rates of new enterprises.

This would appear to be sufficient evidence for central policy to begin adopting some of these learning points with regard to the support of small business and local regeneration. And indeed it seemed that this would be the case, but signs at the moment are that yet another opportunity to introduce a genuinely beneficial programme to support enterprise growth in areas of deprivation is going to be spurned.

## **The Business Support Simplification Programme**

For the last two years work by the Department for Business, Enterprise and Regulatory Reform (BERR) has been attempting to reduce the number of publicly funded programmes of small business support, harmonising these into a standard set of business support products. The thousands of providers of local enterprise support were seen to be confusing to users and were considered to overlap and duplicate each others' activities. The target of the Business Support Simplification Programme (BSSP)<sup>4</sup> has been to reduce to one hundred, the number of publicly funded business support products available.

The first stage in that process has been the production of a 'product list' of thirty business support products which will act as the spine of publicly funded enterprise support. We were delighted to see early drafts of work emanating from this project referring specifically to LEGI and to BizFizz as exemplars of locally based enterprise support. We were further delighted to see that item number one on the list of products to be provided following this simplification process was titled 'Local Community Business Coaching' which sounded exactly like the type of service which we had been providing and which had proved to be so effective. Further reading, however, pricked our optimism.

Now, it has to be said that consultation and review of how these new approaches will be implemented are still continuing. However, the current product description of Local Community Business Coaching in Areas of Deprivation describes it thus:

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<sup>3</sup> The Local Enterprise Growth Initiative (LEGI) is a competitive fund, which seeks to raise levels of enterprise in the most deprived local authorities in England. Twenty areas have received funding to date.

<sup>4</sup> See Department for Business and Regulatory Reform website for more information:  
<http://www.berr.gov.uk/whatwedo/enterprise/simplifyingbusinesssupport/page44805.html>

- ❑ “to find and help people with business potential prepare to enter mainstream business support services”;
- ❑ “to identify and inspire people from deprived communities with entrepreneurial potential to engage with mainstream business support interventions via Business Link”;
- ❑ “ [to walk] the client to the door of Business Link”;
- ❑ “**not** to offer Information, Diagnosis, or Brokerage (IDB) which would duplicate the activity of Business Link”;
- ❑ “**not** to offer business mentoring or advice on the business proposal itself”.

The proposal describes a means of marketing enterprise support within deprived areas and of signposting people to elsewhere in the system to receive that support. This means, therefore, that an element of local discretion is likely to be lost. The proposal also refers to mainstream IDB service and another product ‘Intensive Business Support’ as hand-off points and, while urging care to ensure that clients do not feel as though they are ‘being handed from pillar to post’ seems to create the distinct likelihood that this will be the result.

What we have learnt through our work is that a locally based business coach who genuinely provides a coaching service will help those in deprived areas to overcome the barriers which stand between themselves and their aspirations not once, but on a continuous basis.

Our work has also demonstrated the vital role which local networks provide in stimulating and supporting enterprise growth. Our ‘local panels’ have provided hands on problem solving advice, local contacts, input to ‘virtual teams’ and the core of local networks which will support ongoing enterprise growth long beyond any initial interventions, and way beyond the scope of their initial remits. It is worrying that this important aspect of localised business support may be lost under the BSSP.

It seems that the lessons we have learned through programmes such as BizFizz and LEGI have not yet been fully understood, and may not be acted upon. Furthermore, with LEGI coming to an end, there are concerns about the future of those areas that have previously benefited from LEGI funding, especially those areas that are not in receipt of the Working Neighbourhoods Fund.

### **Local constraints**

But the problem does not end there. Not only do current proposals seem to have missed an opportunity to do great things, they may legislate against others continuing to do those great things which we have proved to be so effective.

Local authorities are now being asked by Regional Development Agencies (RDAs) to sign agreements committing not to provide business support services which would duplicate the services and activities of Business Link. In principle that appears to be sound common sense, but in practice what does it mean? The current list of products produced by the BSSP includes ‘Local Community Business Coaching in areas of Deprivation’, ‘Business Start-Up Support’, and ‘Intensive Start-Up Support’ amongst others. None of these actually replicate, individually or collectively, the type of community based work which we have found to be so effective. But how easy will it be for us to argue that by continuing to provide such services we are not duplicating the work of mainstream services? So not only do current policy initiatives look as though they are going to fail to provide a valuable service to deprived communities, they may legislate against others providing them instead.

Over the last few years we have received money from the Neighbourhood Renewal Fund (NRF), Local Enterprise Growth Initiative (LEGI) and the Working Neighbourhood Fund (WNF) to fund the progressive development of our approaches to supporting small enterprise growth within our deprived communities. Changes of funding regimes are often held as being a major barrier to the evolution of successful local community development initiatives. With our

own work, though, we have been successful in getting ongoing support from successive funding regimes. Separate policies may legislate against us being able to do this in the future, however.

## Local futures

At present it looks possible that we may have a change of government within a year or so. It seems prudent, then, for us to begin looking at what impact a different government might have upon the support for local enterprise growth in areas of deprivation.

The Richard Report on Small Business and Government<sup>5</sup> was recently produced for the shadow cabinet by Doug Richard, the entrepreneur and BBC 'Dragon'. He had been asked to look at publicly funded business support, to assess its effectiveness and make recommendations for the future.

He discovered that around 66% of Business Link's current services are dedicated to signposting to other parts of its service; that at least 33.5% of government spending on SMEs is lost to administration, and that 0.5% of small businesses had both used publicly funded business support and had been satisfied with it.

Unsurprisingly the report recommends many changes to the way in which publicly funded business support is provided including a move to web-based Business Information Systems, with business support being provided by organisations that are rated on an eBay type feedback system, with the government intervening only when reasonable access to appropriate support is not practically available. How in fact a future Conservative government might approach the support of enterprise within deprived areas where individuals were unable to pay for their own support remains to be seen.

What is clear is that whilst economic development more broadly has been characterised by an emphasis on the regional and sub-regional levels, it is important that local authorities retain the capability to fill gaps in business support at the local level.

We are continuing to argue our case locally, regionally and nationally. We hope that the proven success of the local work carried out by ourselves and many similar organisations across the country will eventually contribute to the shaping of national policies which genuinely help our deprived local communities.

We live in hope.

**Paul Davies** is the Chair of the Executive Board of Alliance for Enterprise, the LEGI programme for Bolsover, Ashfield and Mansfield Districts. He is also a Director of Clowne Enterprise, a social enterprise supporting enterprise growth within areas of North East Derbyshire. He continues to work as Clowne's BizFizz Coach, continuing this successful programme which began in early 2004.

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<sup>5</sup> Doug Richard (2008) 'Small Business and Government: The Richard Report – Submission to Shadow Cabinet', accessed at: <http://www.conservatives.com/pdf/document-richardreport-2008.pdf>

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