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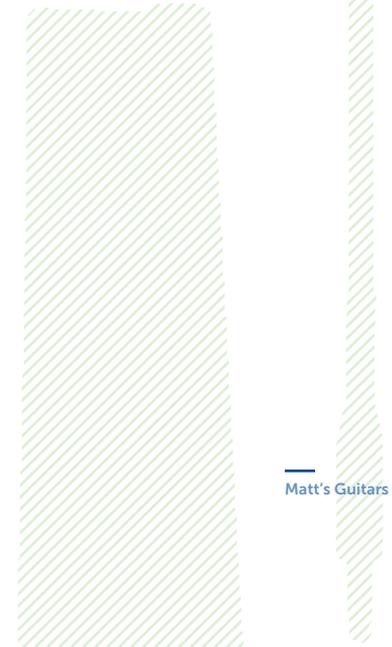
Wear Eponymous



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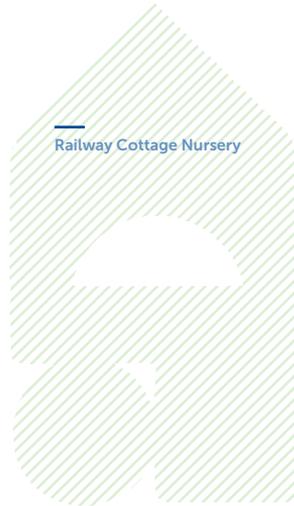
Black Loch Fishery



Matt's Guitars



Alison Moore Design



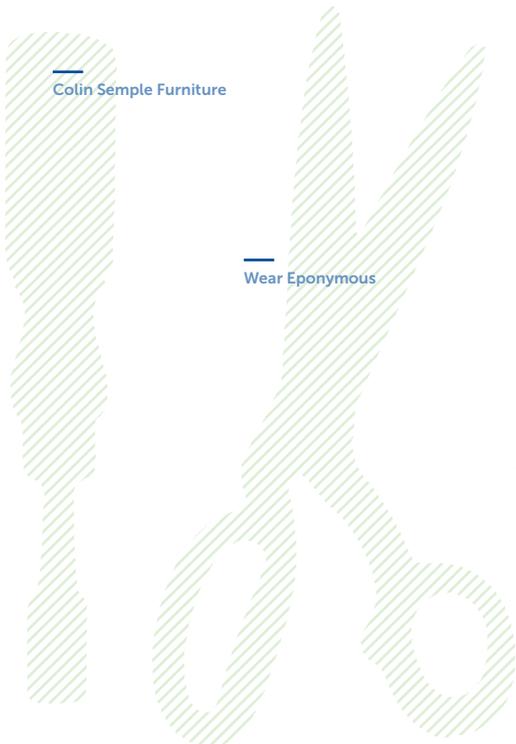
Railway Cottage Nursery



Ooft! Hot Pepper Sauce



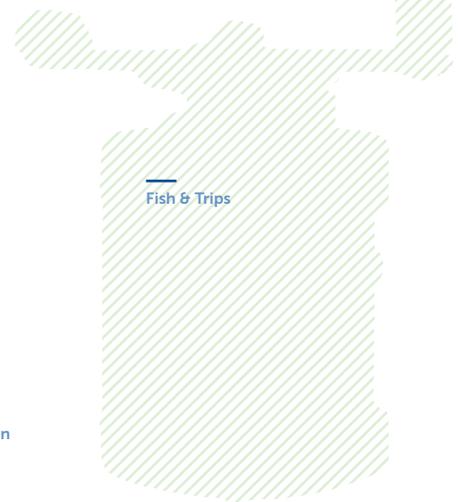
Colin Semple Furniture



Colin Semple Furniture



Hebridean Sea Salt



Fish & Trips



My Beautiful Caravan



West Coast Foods

Welcome

Welcome to the first Business Gateway Annual Review. Business Gateway provides free advice and support for anyone starting a new business in Scotland and, importantly, for existing businesses that have the ambition and potential to grow

The aim of this Review is to provide a national overview of the performance of the service during 2013/14 and to give a greater understanding of Business Gateway and what it delivers for Scotland's SME community. The growing importance of service delivery at a local level and integration with other services provided by local authorities is also highlighted.

To provide a view on factors affecting the delivery of business support particularly for growth businesses – an area that is of particular importance to Business Gateway – Dr Ross Brown, of the School of Management, University of St Andrews was invited to present a brief overview. Dr Brown, along with colleagues Professor Colin Mason of the Adam Smith Business School, University of Glasgow and Dr Suzanne Mawson from the University of Stirling, recently completed a working paper for Nesta entitled "Increasing 'The Vital 6 percent': Designing effective Public Policy to Support High Growth Firms."

Throughout this document references are made to elements within the Business Gateway market segmentation model. To provide a fuller understanding of this segmentation, a glossary of terms is provided on page 17.

Contents

01 Welcome

02 Foreword

04 The Year in Review

08 The Year in Numbers

10 Local Business Services

12 Businesses Need Support to Grow

14 Campaign Creative

16 Business Gateway Regions

17 Glossary

Foreword

89%

stated BG support would provide some/significant benefit to their business.



Councillor Stephen Hagan

Spokesperson for
Development, Economy
and Sustainability, COSLA

We met or
exceeded 87%
of clients'
expectations.

Business Gateway, working in tandem with Local Authority Economic Development Departments and our partners, clearly has an important role to play in improving the prospects and opportunities for local businesses.

Over the past few years, we have seen a significant increase in the number of businesses engaging with Business Gateway at a local level rather than through the national enquiry service. Overall, the number of enquiries handled by local offices increased by more than 63% in comparison with the previous year while businesses contacting the service for the first time increased by 19%. What is particularly encouraging is the growth in the number of existing businesses contacting local Business Gateway offices.

These increases may be seen as a consequence of changes to the contract introduced in 2012. As part of that new contract, opportunities were identified whereby local offices could improve the services they provided by allowing greater flexibility with the range of companies they can help. This allowed the service to respond to local issues with local solutions.

These additional services – Local Adviser Support and Local Expert Help – draw on the expertise and local knowledge of the business advisers who are able to provide support to companies that may previously not have been eligible. From a relatively low start in 2012/13, this local flexibility had grown to offer support to over 7,500 businesses in 2013/14.

I welcome both the introduction of a Business Gateway Annual Review which condenses its performance into a single document and also the local initiatives which draw together the expertise and services of Business Gateway, integrating these services with those of Local Authorities and other partners to provide as seamless a service as possible to businesses throughout Scotland.



Fergus Ewing MSP
Minister for Energy,
Enterprise and Tourism

**62,000 new
businesses**
we've helped to create
in the last 6 years.

Scotland's businesses – both large and small – are the primary drivers of sustainable economic growth. As Enterprise Minister I have worked hard to ensure that Scotland is a good place to do business and a place where a supportive business environment encourages companies to flourish. A key element of that environment is ensuring businesses can access good quality, consistent business support, such as that provided through Business Gateway.

In 2008, we transferred responsibility for the delivery of Business Gateway Service to local authorities. That transfer has helped to ensure local authorities offer a more integrated service to businesses in their areas to help them start up and grow. Through the Business Gateway businesses can access a nationally consistent start up service and support for growth as well as services tailored to local needs and opportunities.

I am delighted to see the continued demand from businesses for the services that Business Gateway offers, both to help them start up and to help them grow their business. The 2013/14 Annual Review shows that the number of business starts that Business Gateway has helped in 2013/14 has grown by 5.5% in comparison with the previous year. It also shows significant increases in the number of businesses contacting BG for the first time, an increase of 15.5% and also in the number of enquiries dealt with, an increase of 14%. The enquiries received from existing businesses increased by some 21% over 2012/13.

During the year, I have enjoyed close working relations with Councillor Stephen Hagan, COSLA's spokesperson for Development, Economy and Sustainability. We co-chair the Local Economic Development Partnership Forum which is part of the oversight scrutiny process put in place by agreement between the Scottish Government and local government following the inquiry by the Scottish Parliament's Economy, Energy and Tourism Committee. The Forum has met two times over the past year and I have found the meetings highly positive and constructive and they have led to clear solid, progress being made.

I welcome this first Annual Review which clearly demonstrates Business Gateway's positive performance over the past year. I look forward to the service going from strength to strength and demand continuing to increase as our businesses emerge from the recent difficult economic times.

The Year in Review



Hugh Lightbody

Chief Officer for Business Gateway
National Unit

Business Gateway provides free advice and support for anyone starting a new business in Scotland and, importantly, for existing businesses that have the ambition and potential to grow.

The aim of this Review is to provide a national overview of the service and to give a greater understanding of Business Gateway, what it delivers for Scotland's SME community and highlight the importance of local service delivery.

The prevailing economic conditions continued to present challenges over the period but, despite that, 2013/14 was an incredibly busy time for Business Gateway. Figures for businesses contacting Business Gateway would suggest that there is a continued appetite in Scotland to start a new business and grow existing companies. The number of enquiries from existing businesses, at 8,786, was the highest on record, an increase of over 20% on the same period the year before. Enquiries from start-up businesses grew by 13% to 48,280, again the highest figure yet recorded.

During the year, with the support of Business Gateway, 10,153 people started a new business and 2,623 existing businesses received intensive one-to-one support that led to agreed action plans for growth. In addition, almost 7,600 businesses received advisory support and expert help from business advisers based in their local communities.

The service has been managed and delivered successfully by Local Government since 1 April 2008. Since then, Business Gateway has supported the creation of over 62,000 new businesses. We have also provided over 28,000 interventions, giving valuable growth advice to businesses throughout Scotland.

Based on the figure above, and if we use the Scottish Government's conservative employment multiplier of 1.1 jobs per start-up (based on businesses that have not registered for VAT or PAYE), we get an estimated 68,430 jobs created by businesses set up with support from Business Gateway. The cost of providing the service throughout Scotland from 2008 to 2014 was £96 million so, as Business Gateway invests around 45% of this budget in support of start-ups, it can be deduced that the cost of each job created is just over £630 – a remarkable return on investment.

These numbers reinforce the need for a business advisory service that works directly with our SME community and assists companies with real growth potential. Our SMEs are the ones that drive economic growth and, with the support of Business Gateway, they will continue to drive our economy forward.

// Business Gateway provides free advice and support for anyone starting a new business in Scotland as well as businesses that have the ambition and potential to grow."

Hugh Lightbody

Chief Officer for Business Gateway
National Unit

There are 57 local Business Gateway offices spread throughout all 32 of Scotland's local authority areas including a number of outreach facilities that ensure, no matter where people or businesses are, they are able to access the free services on offer. The local offices are backed up with a comprehensive website that provides a wide range of practical guides and information - there were almost half a million visitors to the website during 2013/14 viewing over 1.5 million pages. The website also has links to the extensive programme of workshops covering key business skills such as financial management, sales and marketing and e-commerce.

Our free workshops and events provide valuable insights and practical advice for attendees and in the last year we staged over 3,000 workshops throughout Scotland attracting over 20,000 attendees. Research carried out by independent research consultancy IBP Strategy and Research highlights that 95% of those attending workshops were either satisfied or very satisfied with their participation, which is testament to the value they provide for our clients.

In 2011/12, Ekosgen, an independent, specialist economic and research consultancy, evaluated the performance and impact of Business Gateway. Its report highlighted that every £1 spent delivering the Business Gateway service generated £7.20 of additional Gross Value Added (GVA) for the Scottish economy. The evaluation was also the catalyst for a new specification for the service which

underpinned the new service delivery contracts put in place from October 2012. It is our intention to update this research in the current financial year.

These new contracts recognised the need to support our SME communities with flexible local delivery of the core start-up and growth advisory services that businesses expect. This added flexibility gives local areas the opportunity to provide specific services that meet local needs, address local circumstances and exploit local opportunities.

However, it's not just about helping people to start a business or helping a business to grow. The long-term sustainability of those businesses is crucial to Scotland's economic development. Business Gateway carries out regular Survival Monitoring research on the businesses with which we work. This research demonstrates that a higher value start-up business - that's businesses that will trade at or above the level for VAT registration within 12-18 months of starting up - have a significantly better chance of surviving beyond three years than the national average, if they have had support and assistance from Business Gateway. Unfortunately, there are no comparable national figures available for all new starts, to allow us to make a wider comparison.



93% of clients

felt that the advisers had a very good or good understanding of their needs.

This research shows that while Business Gateway helps businesses start up, their survival rate after one year does not vary much from the national average. It is over the longer term that we are able to demonstrate the practical benefits of our support and advice. According to the figures provided by the Office of National Statistics, for businesses started in Scotland in 2009, the national three-year survival rate is just over 60%. For businesses that have worked with Business Gateway, the survival rate is over 81%. It is clear that working with us gives businesses a significantly better chance of survival than the national average.

The support that our customers value most highly is the input from our experienced and qualified business advisers. Every day our advisers are helping businesses to improve profitability and create employment.

Recent academic research suggests that what Scotland's growth SMEs need more than anything is access to support networks and to high quality and specialised advice. Business Gateway meets that role and increasing numbers of businesses recognise this and are making use of the service.

We undertake monthly surveys to assess what clients think of the service received from our advisers. Analysis of over 3,500 responses from the most recent survey for the year to the end of January 2014 highlights overall satisfaction levels of 89%, and 93% each for their understanding of clients' needs and also understanding of their business issues - figures of which we are extremely proud.

Our work continues with a wide range of partners including Scottish Enterprise, Highlands and Islands Enterprise, Scottish Development International, Skills Development Scotland, VisitScotland, The Princes Trust and Entrepreneurial Spark to ensure the people and businesses we assist can access the widest range of support available to maximise their potential and grow successful, sustainable businesses in Scotland.

We are keen too to work closer with business intermediaries in the private sector. Working with intermediaries provides the opportunity to generate quality referrals each way, this ensures that businesses have the opportunity to access the practical support that is most appropriate to meet their specific needs.

Despite the financial crisis and the downturn in the economy over the last few years it has been an exciting time to be involved in business support. Business Gateway has continued to work with and support many superb Scottish businesses with great ideas and vision, to help them realise their ambitions and during 2013/14 we featured many of them as testimonials in our national advertising campaigns. Throughout this document we feature just some of the businesses we worked with during the year.

As we embark on the next twelve months I am confident that the Business Gateway service will continue to serve Scotland's SME community well, supporting those at the many different stages of the business cycle. Be it someone who is simply at the idea stage or an established business with a desire to grow, Business Gateway remains an essential port of call for every Scottish business.



Business Survival Rates 2004 – 2011

Average in Scotland Vs Business Gateway supported Businesses

Year of birth	1 year survival (%)		3 year survival (%)	
	National*	BG	National*	BG
2004	-	-	64.3	89.4
2005	-	-	64.0	87.6
2006	96.5	95.0	65.7	82.6
2007	96.1	94.2	65.5	77.6
2008	93.4	92.7	61.2	77.6
2009	90.8	94.5	60.1	81.0
2010	85.5	92.9	N/A	76.0
2011	93.9	91.0	N/A	N/A



- 1 2 3
- 4
- 5 6
- 7

- 1 Dollar's Deli
- 2 My Beautiful Caravan
- 3 Feel Better Friends
- 4 E&E Conglomerates
- 5 Three Sisters Bake
- 6 Just Slate
- 7 DLE

The Year in Numbers

10,153

New business starts helped

87% of clients

would definitely/probably recommend Business Gateway

57,406

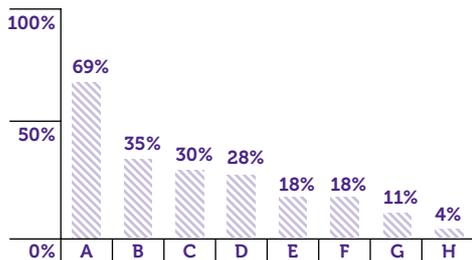
Total enquiries, a 46% increase since 2010/11

Over 3,000

workshops attracting more than 20,000 attendees

48,280

Total Start-up enquiries, a 48% increase since 2010/11



Reasons for contacting us

- A Help start a business
- B Help to access finance/grant support
- C Help grow a business
- D Advice on sales and marketing
- E Advice on IT/online trading/social net
- F Opportunities for networking with other businesses
- G Advice on new product/process development/R&D
- H Advice on HR/team development

19,810

New contacts



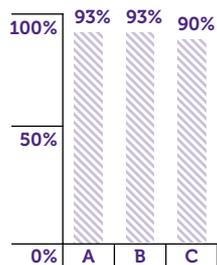
New Business starts 2010/11-2013/14



Total New Contacts 2010/11-2013/14



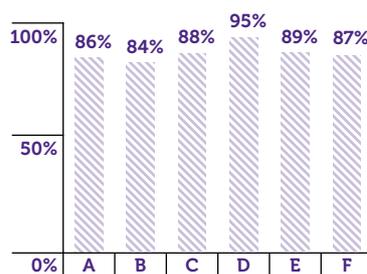
Total Enquiries 2010/11-2013/14



Business Gateway Adviser*

- A Adviser's understanding of your needs
- B Adviser's understanding of business issues
- C Adviser provided relevant information

*Good/very good



Satisfaction*

- A Business Gateway Website
- B Business Gateway Enquiry service
- C Local Office
- D Satisfaction with workshop/events attended
- E Satisfaction with contact with adviser
- F Overall satisfaction

*Very satisfied/fairly satisfied



Local Business Services



Pamela Stevenson
Chair Business Gateway
Operational Network

**95% of
attendees**

at workshops
and events rated
good/very good.

Business Gateway is not a one size fits all service. It provides advice for every stage of the business cycle and to every SME in Scotland. It also recognises the many and varied geographical challenges they all face.

We know that running a business in Aberdeen or Glasgow presents different challenges to running a business in the Scottish Borders or the Outer Hebrides. Business Gateway provides resources and knowledge that responds to that local demand.

We also know that those using the service are established companies at different stages of their development and, at the other end of the spectrum, those simply looking to take their first step into business. Every business's needs are different and we are set up to respond to that. Hence the importance of the regular meetings of the Operational Network, where contract managers from throughout Scotland get together to share experiences, highlight challenges and best practice to ensure clients receive the best possible service, tailored to their needs.

Business Gateway's service levels fall into three categories: 'self-serve', 'one-to-many' and 'one-to-one'.

'Self-serve' reaches the widest group; anyone looking for information quickly, simply and at any time through our comprehensive online library of business resources accessible through our website and 'MyBusiness' app resource. Our regular 'e-zine' and growing social media channels see likeminded people sharing advice and links to valuable information.

For those looking for more specific assistance the 'one-to-many' service level provides a greater level of support. Information from our 'Enquiry Service' includes, but is not limited to, market intelligence reports, property and land searches and important credit status reports on potential customers or partners. Our programme of free local workshops and events are all about helping companies and individuals with training and skills development.

Companies focused on generating maximum business growth will have access to our 'one-to-one' service which sees an experienced Business Adviser working with a business owner to help them achieve specific business objectives. This expertise may include advice on recruitment, expansion of premises, exporting or marketing activity. Importantly, each Business Adviser will have strong knowledge of the environment that the company is operating in and a clear understanding of the geographical challenges facing them.



93% rated
good/
very good

Helpfulness of staff.

2
1
3

- 1 S Manufacturing
- 2 Speyside Craft Brewery
- 3 Alison Moore

In addition to these core services a new category of assistance - Business Gateway Local Services - was introduced in 2012 to provide a further range of Local Authority assistance which complements (but does not duplicate) our national start up and growth services.

The purpose of this is to ensure that Business Gateway services respond quickly and appropriately to changes in the needs or the specific pressures felt by local businesses and to support their survivability and sustainability. These may include Local Adviser support - available to companies that may not meet the national criteria for 'one-to-one' support - with a specific focus for intervention for the particular Local Authority. Local Expert Help Services also provide additional specialist support available to companies on a case-by-case basis, again based on the needs of the particular Local Authority area. These may include recovery/sustainability advisory support; localised bespoke training workshops or networking events to inequality groups including promotion and delivery of a Culture of Enterprise agenda. There is also additional advisory support on recruitment that supports local employment priorities and low carbon advisory services to help businesses improve their environmental and energy efficiencies.

In the twelve months ending March 2014, 7,587 businesses have been assisted through local interventions and over the same period, the overall number of people contacting us for the first time through their local office, increased by just under 20% while enquiries grew by some 63%. Although Business Gateway is most widely recognised for assisting people start up a new business, it is pleasing to report that by comparison, contacts and enquiries from existing businesses to local offices grew by 163% and 248% respectively.

Encouraging contact with local offices also has the benefit of fostering greater collaboration and integration between Business Gateway and the services provided directly by the local authorities. It allows businesses to access wider local economic development support and engage more effectively with planning, procurement and environmental services for example.

Given these trends Business Gateway will allocate more of its national budget on promoting the service locally, working with stakeholders and intermediaries to help meet the ambitions of people who wish to start or grow their business.

As greater emphasis and demand is placed on the local offices to provide flexible, tailored services to businesses in each area, the work of the Operational Network becomes ever more important. As a result, Scotland benefits from a strong, vibrant economy and the public get the best return from their investment in the service.

Contacts and Enquiries to local offices

	2010/11	2011/12	2012/13	2013/14
Contacts	7,737	6,941	8,002	9,504
Enquiries	13,454	14,876	13,714	22,413

Businesses Need Support to Grow

1 2
3 4

- 1 Young Bull
- 2 De Brus Beer
- 3 Hebridean Sea Salt
- 4 Rheign



6,069
businesses
received local
advisory services.



Over 2,600
growth companies
received intensive
one-to-one support
in 2013/14.



1,538
businesses
received local
expert help.



Dr Ross Brown
Lecturer in Entrepreneurship,
St Andrews University

In recent years, data from the Global Entrepreneurship Monitor (GEM), as well as trends from Business Gateway, shows that there has been an increase in entrepreneurial intentions of the Scottish population.

While this obviously augurs well for future entrepreneurship, arguably by simply increasing the levels of start-ups, which is of course important, we will not solve the systemic economic problems within the Scottish economy such as low levels of productivity, weak corporate R&D expenditure and low levels of SME internationalisation.

A key contributory determinant of these problems rests with the relative absence of dynamic, medium-sized firms in Scotland. In contrast, Germany's vast number of medium-sized, family-owned businesses – the so-called Mittelstand - is credited with the country's incredible post-war economic success.

As the key contributor to our economy, we must provide more support to our SME community, no matter what its sector orientation is.

Recent research carried out by researchers from the Universities of St Andrews, Glasgow and Stirling suggests that current public policy is stunting UK high growth potential. The study concluded that the Westminster and Scottish governments have been over-subsidising technology firms, many of which are incapable of growing, while missing the target on businesses with genuine growth potential.

Simply providing funding is not the ultimate way of supporting growing firms. What these firms really need is a more flexible, responsive and relational support, where peer-to-peer support and specialised advice are prioritised. It is that support, not cash, which is paramount.

Scotland needs to urgently address this issue by cultivating existing SME's into more growth-oriented, internationally focused enterprises. Only by developing a sophisticated entrepreneurial ecosystem for growth-oriented SME's will economies like Scotland be able to nurture a thriving 'MacMittelstand'

Campaign Creative



Business Gateway is well known for helping people start up in business but, as has been clearly illustrated elsewhere in this Annual Review, we also provide valuable support to existing business with ambitions to grow.

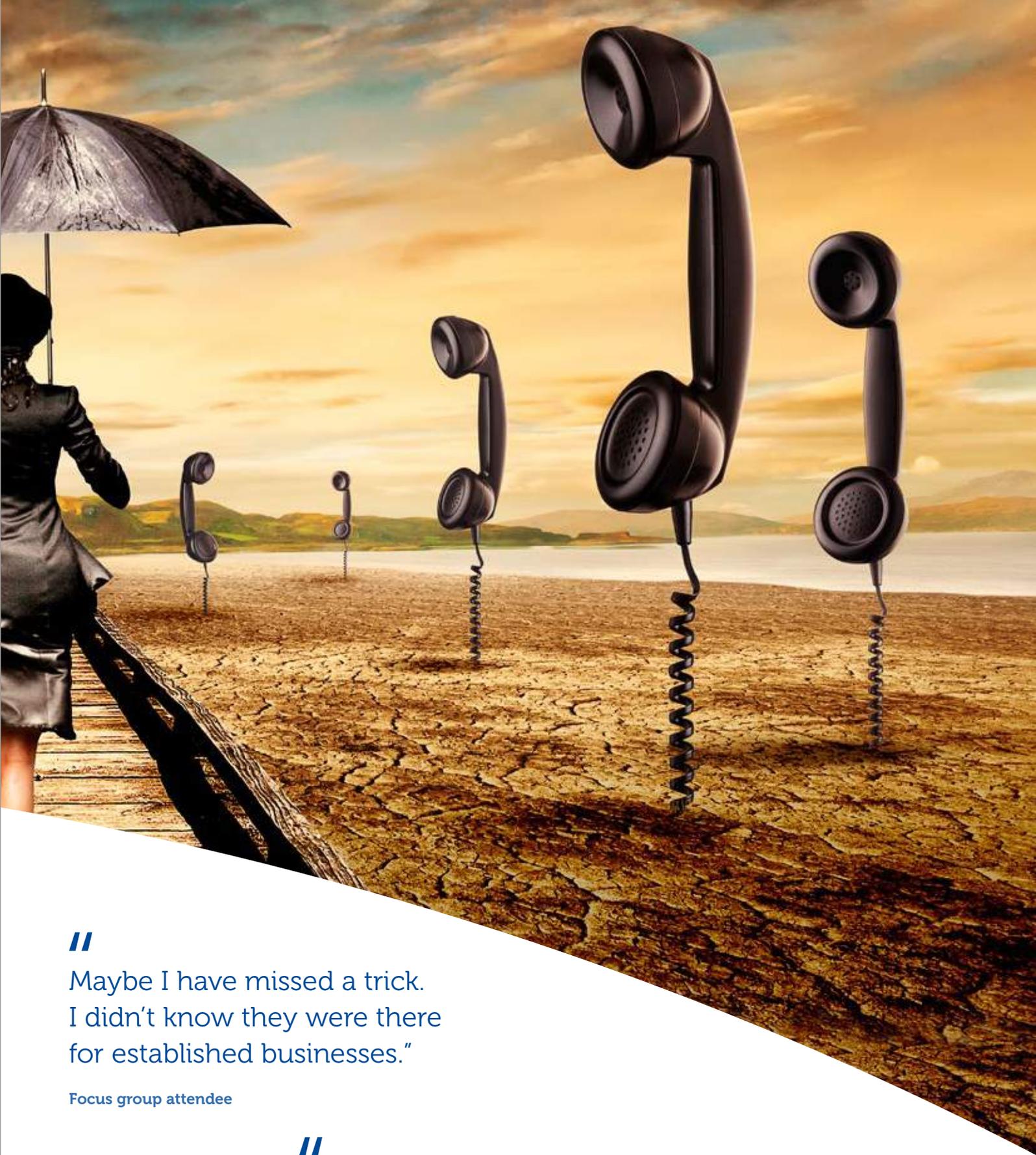
We know that owners and managers of growing businesses are extremely busy and, because they are often responsible for many different roles within their companies and are always focused on achieving their goals, we know that reaching them can be difficult.

Engaging with growing businesses and making the right impression therefore requires high impact in all our marketing materials. We have to capture attention, change attitudes and encourage engagement with Business Gateway. After all, we're asking business owners to make time to consider the various issues that affect their business and we're offering our support to tackle the challenges they face.

In our campaign to reach more of Scotland's growing business we researched a number of creative approaches and selected a style that is visually (and verbally) striking. It has a powerful, surreal quality with strong headlines that demand attention. One of the images used in our new creative route is presented here. We want people who may not normally think of us as an immediate option for business support to re-consider how Business Gateway can help them achieve their business aspirations.

As part of the campaign development, the concepts were tested with focus groups and through one-to-one interviews with growth businesses that have not previously engaged with Business Gateway. The chosen route was well received and, as we hoped, it provoked a lot of positive comment and conversation.

While it's a bold creative approach, it's one that we're confident will change perceptions of Business Gateway and encourage more of Scotland's growing businesses to use the service.



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Maybe I have missed a trick. I didn't know they were there for established businesses."

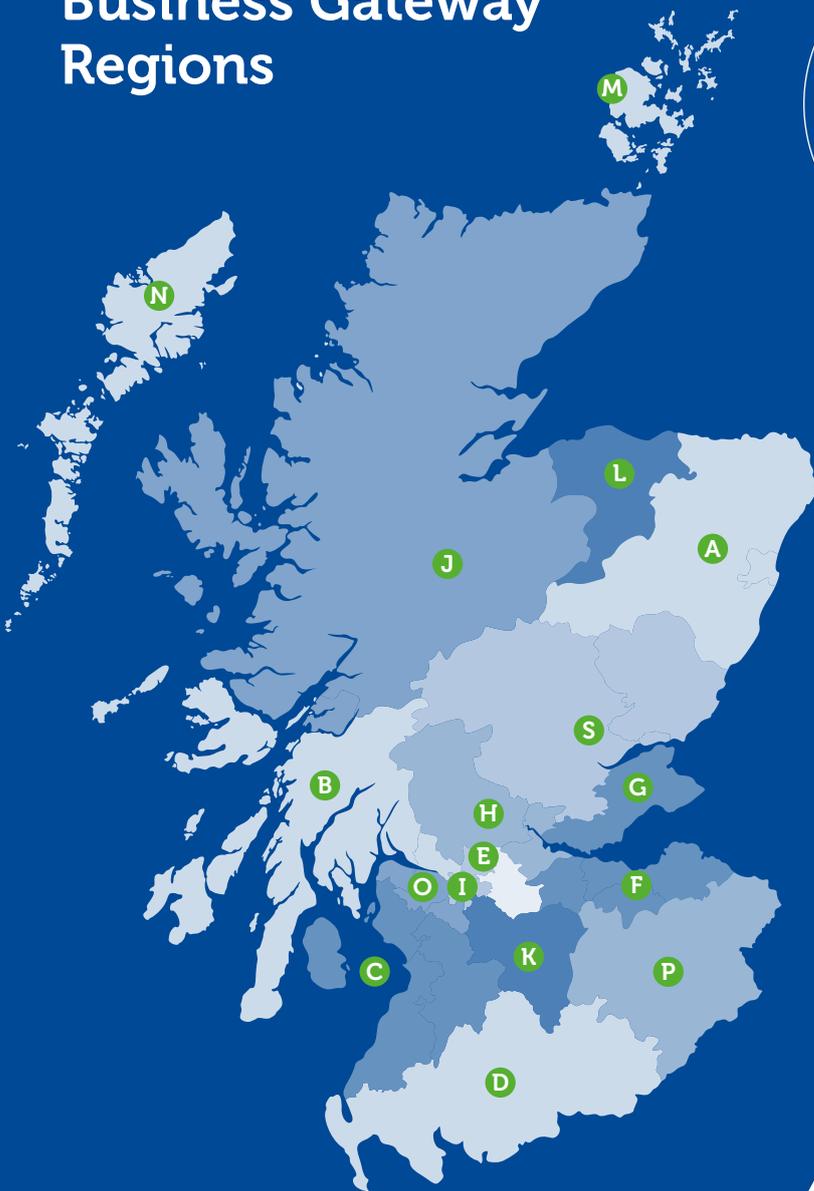
Focus group attendee

//

I have always associated Business Gateway with start-ups. This changes things for me and I may contact them after this."

Focus group attendee

Business Gateway Regions



- A** Aberdeen City and Shire
- B** Argyll and Bute
- C** Ayrshire, Arran and Cumbrae
- D** Dumfries and Galloway
- E** Dunbartonshire
- F** Edinburgh and Lothians
- G** Fife
- H** Forth Valley
- I** Glasgow
- J** Highland
- K** Lanarkshire
- L** Moray
- M** Orkney
- N** Outer Hebrides
- O** Renfrewshire
- P** Scottish Borders
- R** Shetland
- S** Tayside

The delivery of the Business Gateway service is through 12 Lead Local Authorities in Lowland Scotland and 6 Local Authorities in the Highlands and Islands area, representing all 32 councils.

Glossary

New Contacts

A 'new contact' is when a client account has been created in CRM for the first time. This can only occur once and is an indicator of customer growth over a given time period.

Enquiries

Enquiries are indications of the Business Gateway activity undertaken by clients, and are recorded for each activity the client (or contact) undertakes. It is possible for contacts to have multiple enquiries and the activity recorded throughout the relationship with Business Gateway.

Segmentation definitions

Start-Up

Clients expected to trade at less than £70,000 turnover and/or not expecting to employ staff within 12-18 months of starting to trade.

Higher Value Start-Up

Clients who, with the support of Business Gateway, are expected to trade at/or above £70,000 turnover (but no more than £200,000) and/or employ staff within 12-18 months of starting to trade.

Growth Advisory Service

The principal aim of the Growth Advisory Service is to enable Business Gateway Advisers to work intensively on a one-to-one basis with businesses to help them achieve or raise their growth aspirations. Businesses should be projecting growth in excess of £200,000 over a three year period (£100,000 in Highlands and Islands). Growth Advisory Service is also a route by which those businesses with higher levels of growth potential may be able to access further support from Scottish Enterprise (SE) or Highlands & Islands Enterprise (HIE).

Growth Pipeline

Where the customer's expected turnover growth is in excess of £400,000 over a three year period (£200,000 in Highlands and Islands), discussions can take place with SE/HIE to progress the company through the Business Gateway "Growth Pipeline".

Account Management

For Start-Up and Existing Businesses within the Growth Pipeline portfolio which are on target to meet their projected increase in turnover of a minimum of £400,000 within three years (£200,000 in Highlands and Islands), there is the potential for them to transfer to Account Management within SE/HIE. The growth criteria are lower in Highlands and Islands due to the nature of the economy.

Local Advisory Services

Local Adviser Support

This allows Business Gateway to provide support to businesses that may not meet the above growth criteria, but which are a specific focus for intervention for the Local Authority.

Local Expert Help Services

Additional specialist support can be provided to companies on a case-by-case basis.

Local events

Business Gateway may run events that meet the demands of the local area, but are not part of the national catalogue.

