The Research

BACKGROUND AND CONTEXT

WHERE ARE WE NOW?

ANALYSIS OF GAPS/CHALLENGES

WHAT HAPPENS NEXT?

METHODOLOGY
BACKGROUND AND CONTEXT
Background

Last summer, on behalf of the London Growth Hub, Capital Enterprise delivered a piece of research which sought to offer an analysis of the current business support landscape, to identify any gaps to inform recommendations for future strategic direction on areas of intervention by the London Growth Hub, the Mayor of London and the LEAP.

A year later, this already seems out of date, in view of the COVID-19 crisis that has permeated our ecosystem and beyond.

With support from J.P. Morgan and in partnership with the London Growth Hub, Capital Enterprise and Newable have joined forces to explore the impact of COVID-19 on London’s business support providers.
We sought to gain a greater insight into the changing nature of London’s business support landscape in light of COVID-19 and see how key stakeholders had adapted their package of support in response to the shift in demands sought after by London’s SMEs and entrepreneurs.

We wanted in particular to explore ongoing gaps and challenges e.g. are there still some communities and businesses that have not been able to access current support packages?

We have started to explore what the ‘new normal’ might look like in terms of different emerging business support needs and what this might mean for businesses, support providers and funders.
KEY FINDINGS
SUMMARY OF DESK RESEARCH

Innovation vs Survival
COVID-19 brought a short term shift from entrepreneurialism to survival mode.

Signpost Centric
The majority of support consists of signposting to information and resources.

Digitisation
Almost all schemes moved towards an online offer for both 1:1 and 1:many events, support and advice.
WHAT SIZE BUSINESSES ARE BEING SUPPORTED?

**MULTI-SIZE SUPPORT**

Our research shows that most business support schemes do not tailor their support by size of company with 58% of our sample providing their services for businesses of all sizes.

**MICRO SUPPORT**

41% of the sample presented a tailored offer for micro businesses - making them the most represented size business provided for by London's business support landscape's response to COVID-19.
On the whole, London’s business support providers tend to offer holistic packages of support, with little sectoral nuance, with two thirds of schemes falling into this category.

There were noticeable changes in light of COVID-19 however, with many schemes of support, particularly those providing direct funding, placing particular emphasis on the Medical and Social Enterprise sectors, with 5 schemes adopting an explicit criteria centred on supporting businesses that have contributed to the mitigation of the COVID crisis in some capacity.

Interestingly, few schemes seem to make specific reference to support for retail, hospitality or tourism which are the sectors that are forecast to emerge out of this crisis the worst affected.
What **geography** of businesses are being supported?

Unsurprisingly, the digitisation of the entire landscape has widened the reach of many organisations and almost all scheme have been made available **pan-London**.

There are just a handful of schemes that excluded businesses on basis of geography, mostly BIDs that have a responsibility to their local businesses.
WHAT STAGE OF BUSINESSES ARE BEING SUPPORTED?

Perhaps not surprisingly, only a handful of schemes provided tailored support specifically for businesses that were pre-start or for high growth businesses looking to scale.

However, there still remains a rich and diverse landscape of support of startups, with a fifth of schemes providing a specific offer for early stage businesses despite COVID.

80% of schemes were made available to businesses of all stages. This has more to do with the nature of the support available (i.e. Mostly information/resources that all size businesses can glean insight from) rather than a particular absence of support for particular stage of businesses.
Overall, the response from the ecosystem has been characterised by a plethora of signposting services, usually under the title of 'Coronavirus Hub' or equivalent, and consisting of a list of often generic 'one-size-fits-all' resources, both governmental and non-governmental, to assist SMEs to navigate the crisis. 59% of schemes fell into this category.

The nature of finance or grant support has shifted. More than ever, grants have become available to small businesses impacted by the crisis, with 26 schemes offering a form of direct funding (either grant or loan), and 20% of schemes facilitating access to these grants.

Businesses and entrepreneurs are finding it difficult to form and maintain meaningful professional relationships and contacts online. Previously, London's business support landscape was bustling with networking opportunities, both casual and formal. However, just 6% of schemes available amid the crisis made explicit efforts to facilitate this process digitally.

Almost all contributors reported that at least one aspect of their offer was delivered 1:1. It seems 1:1 mentorship has emerged as more important than ever.
GAPS & CHALLENGES
Despite the huge array of additional support offered by Government and others, cash / liquidity was the number one gap cited by interviewees.

The following businesses were said not to qualify for current grants and schemes:

- Businesses in spaces where they do not pay business rates but which have not qualified for the local discretionary business grants schemes
- The newly self-employed and new businesses
- Small limited company owner-directors
- Independent businesses, with an RV in excess of £51,000
- Pre-revenue startups (e.g. those which have bootstrapped)
- Startups which are too early in their venture funding to qualify for the Future Fund i.e. those that have not raised £250k before April 2020
- Startups using SEIS/EIS eligible investment as the Future Fund requires private sector match
Coordination/Navigation

Even during the COVID-19 crisis, London's Business Support Landscape is complex - a melting pot of support organisations, schemes, national and local government funds, workspaces and communities.

There are many similar events which seem to be targeting similar businesses leading to some concerns about duplication of effort and lack of coordination / collaboration between providers. This can be confusing for businesses.

Businesses need support to navigate the multitude of various organisations and schemes on offer.

The difficulty of navigating the space is amplified by not being able to distinguish or get a sense of the "good" from "bad" provision.

Contributors reported that SMEs continue to find it difficult to find the support they need.

It seems that some sort of brokerage model which clearly matches SME needs with business support provider offers is needed more than ever.

SME’s would also benefit from better referrals / meaningful signposting from 1 provider to another.
A lot of support is now being delivered online and pan-London. There is a sense that local, grassroots provision, such as that provided by local Enterprise Agencies, remains relevant, even if it is delivered online. Demand for support by young people also exceeds supply.
Some interviewees expressed concerns that they are not able to meet the demand for their services.

At the same time, some said that whilst output numbers were high (number of businesses accessing support etc), they were not sure that long term outcomes and impact would be positive.

Most contributors have moved an existing business support offer online and therefore been able to extend their reach. The quantity of support schemes remains high.
London is home to some great support providers

- London is home to a wide range of very high quality business support providers.
- Many providers expressed concern about their ability to attract funding to sustain support in the medium to long term.
- There was a plea from some for funders and policy makers to resist the urge to develop lots of new programmes.
- Instead there was a sense that, in most cases, providers will be able to adjust their offer to meet the evolving business needs.
- Clearly space for new entrants, creative approaches and innovation is also important but not at the expense of high quality organisations who ‘know’ their patch and are experienced and experts in what they do (particularly important for local enterprise agencies).
NEW SUPPORT NEEDS

Beyond the gaps outlined above there was a surprisingly low number of suggestions regarding new or future support needs with the following exceptions:

- ‘Traditional’ SMEs need help to ‘pivot’ to an online offer &/or to respond to the new context.
- The main ‘face to face’ offer that providers, SMEs and entrepreneurs are missing is networking. It is hard to replicate random but valuable meetings born from serendipity online.
- The businesses which have still not been able to qualify for direct government grants still need help.
- The uncertainty surrounding Brexit adds another layer to London’s challenges, particularly for companies needing specialist talent &/or with high levels of import/export.
GAPS IDENTIFIED IN STAKEHOLDER WORKSHOP
35% of stakeholders agreed that poor funding remains as the top priority for London's business support landscape.

23% of stakeholders agreed that meaningful networking in a digitised world will exist as a key gap going forward.
FINAL THOUGHTS FROM STAKEHOLDER WORKSHOP

- Retraining
- Upskilling
- Web Tools
- Subsidise Support
- Digital Skills
- Social Inclusion
- Youth Focus
- Time
- Online Networks
- Industry led Demand
SOME CONCLUSIONS
REFLECTION:
Survival
Cash & Funding
Pivot & Digitalisation
Networking

PREDICTION
Consolidation, transformation & routes to market
More digitalisation
Brexit looming – clarity, market, supply chain, talent
Start ups & self-employment
High street – hospitality, health & beauty, events, night life
BUSINESS SUPPORT PROVIDERS

The business support ecosystem is dense and can be confusing for SMEs and support providers when trying to find the best support to suit individual SME needs.

In times of social and economic uncertainty, support providers must coordinate their service offers in order to:

- Demystify the landscape
- Improve efficiency
- Maintain client-centric approach and increase client satisfaction
- Drive positive referral results, where no business is left lost in the system

Business support organisations challenges:

- "The New Normal" – localised & specialised
- Rapid response & flexibility & innovation
- Survival
The business support ecosystem is dense and can be confusing for SMEs and support providers when trying to find the best support to suit individual SME needs. In times of social and economic uncertainty, funding and funders need:

**1. Agile Adaptation**
To be more adaptable, agile and responsive – 3 year programmes with all outputs fixed in advance may be a thing of the past – new business models are needed.

**2. Quantifying Success**
New and different ways of defining and measuring success.

**3. Collaboration and Coordination**
To facilitate collaboration and coordination rather than contributing to additional confusion.

**4. Specificity**
To acknowledge that London is a complex, multicultural city that thrives when business support provision is targeted. Local business communities may be excluded from ‘monolithic’ business support structures.
SOME
RECOMMENDATIONS
Web Tool

- An easy to use support landscape navigation tool for enterprise agencies, membership organisations, networks etc.
- Consisting of up-to-date information to help business support providers in making client referrals.
- Ensuring small businesses are signposted to most appropriate support provider.
- Assisting in managing capacity, increasing collaboration, coordination and efficiency, building and maintaining relationships between support organisations.

Network/Partnership

- Monthly meetings to update the group on recent new initiatives
- Sharing examples of successful referrals and group collaborations
- Share challenges and lobby as a group
Joint Campaign

Building a unified marketing campaign to maximise small business access to appropriate support.

Twitter campaign, through collaborated account or via BEIS (central govt official business support Social Media)

New Funding Models

Development of challenge-based funding models where funders work together to agree the key challenges and providers/funders work together to co-create solutions.

Funders then work with the providers in a (lean) pre-commercial procurement type setting which facilitates innovative solutions to complex challenges.

Similar to Social Impact Bonds – where the funder pays for agreed outcomes
NEXT STEPS
Next Steps

We'd love to hear your thoughts

Please contact us - by the end of week with:

- Your thoughts on gaps and challenges which have not been picked up so far in this report (remembering that we looked for trends rather than individual examples).

- Tangible, impactful recommendations for next steps which have not so far been covered.

- Indication of whether you are keen to continue the conversation / be part of a network / consortium moving forward.

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METHODOLOGY
OUR APPROACH

QUALITATIVE RESEARCH

To garner a more in depth, analytical view of the changing asks, needs and demands of London’s SMEs we engaged with a series of qualitative interviews with key stakeholders, funders and business support providers. Between the Capital Enterprise team and the Newable team, we held 29 interviews and gained insight from a range of other organisations through other events and roundtables.

QUANTITATIVE RESEARCH

To gain a quantitative insight into the ecosystem’s overall package of support available for London’s SMEs and entrepreneurs in response to the COVID crisis, we undertook desk research to generate a sample of 150 schemes on offer from key stakeholders, local enterprise agencies, funding organisations and other sources of business support on offer within London. We analysed the schemes on basis of the size, stage, geography and sector of business they were intended to support.
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