Supporting Sustained Growth Among SMEs – Policy Models and Guidelines

*Stephen Roper and **Mark Hart

*Enterprise Research Centre and Warwick Business School
University of Warwick, Coventry, CV4 7AL, UK.
stephen.roper@wbs.ac.uk

**Enterprise Research Centre and Aston Business School,
Aston University, Birmingham, B4 7ET, UK.
mark.hart@aston.ac.uk

Among SMEs high growth is often episodic and not sustained. How can we best support SMEs to achieve sustained growth? In this paper we review a number of international support measures designed to give SMEs the capabilities and resources to sustain fast growth. The paper draws on evidence compiled in a recent international benchmarking exercise undertaken by the authors with the OECD-LEED programme. Policy guidelines emerge suggesting the need for partnership, for regionalised delivery and the potential value of holistic supports for sustained growth.
Support measures are of three main types:

- **Systemic measures** which focus on informational or strategic market failures and aim to remedy perceived weaknesses or blockages in innovation or entrepreneurship systems.

- **Holistic approaches** – which combine business development and leadership development. These schemes are either place-based or based on a long-term and intensive relationship between support scheme staff and SMEs.

- **Functional or thematic approaches** – which focus more narrowly on financial support, on management and leadership development or technology adoption or use.

Reviewing these schemes suggests seven design or implementation guidelines for measures aiming to support sustained growth. These are:

1. **Enabling effective self-selection** - a strong element of self-selection is inevitable in the provision of support for sustained growth. Enabling effective self-selection by firms requires a clear proposition from the scheme as well as a clear statement of required commitments. The proposition needs to be both ambitious and emotionally engaging, participating in the scheme needs to carry a certain cachet.

2. **Selecting participants** - a strong element of selectivity by the scheme itself is also necessary as these programmes are typically intensive and often involve peer-group and shared-learning activities.

3. **Recognising spill-overs** - selectivity should include the notion of ‘national benefits’, positive spill-overs which may be stronger from some SMEs than others.

4. **Sustained engagement** - schemes to support sustained growth are likely to involve continued engagement with a business over a period of years.

5. **Holistic approaches** - Supporting sustained growth is likely to require a holistic rather than thematic support model, with a dual focus on the development of the business and the capabilities of the firm’s leadership team.
6. **Partnership based** - measures to support sustained growth should be partnership based drawing on the expertise and networks of a range of support organisations.

7. **Delivery is likely to be regionally organised** - a regional model has proved valuable in facilitating attendance by firms at scheme events and sessions and making face-to-face mentoring and peer-group sessions more feasible.

Over the next couple of months ERC aim to develop concrete proposals for improving the support for sustained SME growth in the UK. We welcome comments or suggestions which we can consider.