

Problematizing the Value of Advice

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The value of Advice

- ◎ Perceived as economic (Bennett and Robson, 2003; Mole et al., 2008, 2009, 2011; Blair and Marcum 2015, Sah and Loewenstein 2015, Han and Benson 2010, Robson and Bennett 2010, Dyer and Ross 2007)
- ◎ Knowledge gap (Chrisman, McMullan and Hall 2005, Chrisman and McMullan 2004, Kösters and Obschonka 2011)
- ◎ Capability gap

Method

- ◎ We conducted a workshop with advisers based around three key questions.
 1. Reasons that SME managers seek advice
 2. What enables SMEs to act on advice
 3. The value of advice
- ◎ Following up with interviews - 26 so far
- ◎ Presenting a first pass literature review

Reasons that SME managers seek advice

1. The internal characteristics:
 - a) better businesses,
 - b) higher educated managers
2. Management orientation increases challenges

e.g. seeks growth, more complex organization and technology
3. Management's attitude:

concerns with the business

confidence in their ability to deal with issues
4. The sector and location of the firm

Enabling SME managers to act on advice

Factors that boost acting on advice	Factors that inhibit acting on advice
Adviser's expert power (Mole, 2002)	Confidence in task knowledge
Reward power of advisers (Mole, 2002)	A judgment (% increase in the stock market index) rather than a choice (leave a job/stay in a job)
Evidence that the advice is good by either experience or by explanation (Bonaccio & Dalal, 2006)	Routine decisions
Confident advisers are more likely to be heeded	Personality i.e. low in conscientiousness
Face-to-face advice (Hedlund et al 1998)	Being offered unsolicited advice
When advice is additive (Baer & Brown, 2012)	Power makes people overconfident with potential problems for performance (Fast et al., 2012).

Value: tailored ideas

- ◎ “I mean she is aware that not everything she knows is going to work for us, though often, I am sure she doesn’t suggest everything she thinks of, because she thinks, - well that would work well for a certain company, but won’t work well for Chris and his company, so I won’t suggest that.”

Value: advisory team

- ◎ B observes at our Board, so when we have those meetings, its an easy point to talk to him as well about challenges. Beyond that, we go and speak to T fairly regularly, and now we've joined [a new incubator]"

Value: guiding attention

- ◎ “its very much an issue of how are we prioritising what we are doing”
- ◎ “that really helped us to focus our attention on how we could improve our business. It was the marketing strategy that we didn’t really have at the time, and that was what we were after really; some advice and direction in that element. “
- ◎ “it enabled us to reflect on the business,”

Value: accountability

- ◎ “Accountability, yes, giving us some targets for different areas of the business.. for the staff to work to. So you know, we are always looking for improvements. So the next time he comes in we’ve looked to cleared up or discussed and finalised what we talked about last time. So every time I get him to come here, every time to my mind it is another step forward the business has made. “

Value: behavioural change

- ◎ “I think one of the other things that I’ve learnt is to start sharing and talking about my plans, experiences and drawing on other people’s knowledge and experience.”

Value: validation

- ◎ “In the early days there was so much outside my experience, that it was great to be able to pick up the phone, “this is where we are, we are thinking of doing this, what do you think?” Brilliant, absolutely.
- ◎ “validation “ I was going down the right path, [followed with] then a direction of where to go next. “

Value: gives me confidence

- ◎ “We don’t build businesses, we build people who build businesses”
- ◎ “it gives me confidence that we are thinking of everything, as it’s not just me thinking of it now, she’s thinking of it too and suggesting things...we are thinking of most things, most of the time, but it gives you more confidence to know that you’re covering bases ...the confidence of knowing how to approach things.”

Value is a wider concept

- ◎ Although knowledge/capability gaps, processes are evident, value is a wider concept:
 - Not only developing capability though
 - Tailored ideas (knowledge gap)
 - Creating advisory groups
 - Guiding attention
 - Behavioural change
 - But also emotional aspects
 - Validation and support