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indeed



Small Business Opportunity Creators

peak b

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peak b is the campaigning organisation for small business. peak b runs national campaigns to work with, support and engage with small businesses across the UK. With deep knowledge and access into the small business sector, peak b are the acknowledged experts into all things small. If you want to understand, engage with or help to support the UK's 5.7 million small businesses, then do get in touch at hello@peakb.uk

Foreword

At peak b, we are dedicated to, focused on and you could even say, obsessed with the role of small businesses in communities and the wider economy.

In 2018, we launched our inaugural Small Business Community Impact report to start the process of digging deeper into the positive impact small businesses make in peoples' lives, and the real role they play in the economy.

What the report demonstrated is that there is a broader role for small businesses over and above their contribution to GDP. That role drives culture, community and under-appreciated yet still significant economic outcomes, such as bringing the long-term unemployed back into work.

It is opportunity creation like this that really resonated from our 2018 report. We found that small businesses are much more concerned about creating something positive than making money as an ultimate end goal; they want to have a meaningful role, impacting people and the world around them.

The 'small' nature of the business makes it far more tangible for the sector to make this impact than for larger businesses. Founders, owner-managers, are much closer to the day-to-day running of small businesses, and a lack of bureaucracy leads to an agility that allows the business to create rapidly.

This also allows for more immediate feedback to that same founder, giving an employee a sense of ownership and control over their own lives that may be lost in a large corporation.

Whilst celebrating this creative, positive instinct feels worthwhile in itself, it does have a more important impact that in the current economic and political climate is critical to highlight. With uncertainty hovering over the wider economy and small businesses braced for the biggest impact, understanding and replicating forward thinking, optimistic and creative behaviour can play a significant role in turning this around.

If more businesses, large and small, acted in this manner, the overall impact could be significant in overcoming the uncertain times ahead.

I hope you enjoy hearing the positive stories in this report and that they stimulate all stakeholders in the sector to focus more on creating opportunities.

Our work in this area will continue this year with the second annual Small Business Community Impact survey coming out in May. There is always more to be done to understand and support small businesses, but we hope you find this report a positive step forwards to a more optimistic 2019.

Michelle Ovens MBE
Director, peak b



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We are proud to continue Indeed's support for the small business community through our meaningful collaboration with peak b. Our mission at Indeed is simple: we help people get jobs. Most employment happens through small businesses, and as this research shows, they are a powerhouse for opportunity creation.

This is also a chance to reflect and recognise the role this large community plays when it comes to hiring diverse talent within communities and fostering inclusive working environments.

With renewed focus on the quality of work as well as the quantity of it, the stage has been set by small businesses to deliver truly meaningful work.

As the report notes: this is not just about giving people jobs, but about giving them meaningful, flexible, supportive jobs that account for their needs and make their lives better.

We look forward to continuing to champion this work throughout 2019 and working with peak b to encourage more optimism across the small business community into 2020 and beyond.

Bill Richards
UK Managing Director, Indeed



TSB is proud to support peak b's research into the positive impact small businesses play in local communities and their importance to the wider environmental health of these societies.

The report illustrates the valuable contribution that opportunities driven by small businesses make to the UK's economy and communities. At TSB, our ambition is to understand how we can help small businesses make a difference to their local community and what 'local' means to them.

Small businesses are the backbone and future of the UK economy, employing millions of people and generating billions of pounds in turnover. Despite the economic and social challenges faced by small businesses, it's encouraging to see these entrepreneurs continuing to engage and invest heavily in both their communities and also with local people up and down the country.

Our own business is full of thousands of local people serving small local businesses and communities right across Britain. We want to help small business owners start, run and grow to ensure they receive the recognition they truly deserve.

Richard Davies
SME Banking Director, TSB



Executive Summary

Small businesses are by their very nature opportunity creators.

'Entrepreneurs', 'founders', 'owners', 'owner-managers' – however they describe themselves, have one thing in common: the will to create something new.

This may take the form of a product or service, a job, or an idea.

The common theme? None of them are purely about making money.

They are building, forging, making, thinking. The old adage of "if you want something done, give it to a busy person," can be re-applied here. If you want to create opportunity, ask a small business to step in.

Common among all the interviewees for this report was a sense that they would never say an outright no if they sensed someone needed an opportunity or there was a chance to create one. They might pass it to another small business, they may not be able to deliver on it immediately, but the can-do attitude of small businesses in helping those who need rang much louder than a drive to grow their profits.

Throughout the interview process, there was very little mention of Brexit, or in fact, other economic factors. The small businesses were much more focused on looking at the next opportunity.

Those interviewed all self-identified as "successful" businesses, but what that meant to them varied significantly from business to business. The important factor is that by their own measurement, they are succeeding.

Success is subjective, and so as long as a small business owner views themselves as being successful, they will be more confident and optimistic.



"If opportunity doesn't come knocking, build a door"

Yvonne Gorman, Essential Print Services

There was, in all interviews, a skew towards seeing the future optimistically. None of the businesses disregarded profit, and acknowledged that a business must be functioning financially in order to succeed elsewhere. But profit was not seen as an end in itself. It is a means to: a better life, to create more opportunities, or to make other peoples' lives better; whether that be their staff, customers or wider communities.

It also stood out that our small businesses generally felt like this was something they did naturally, and something they could stimulate, encourage and even teach in their peers.

This has big implications for Industrial Strategy funding and becomes the focus of peer-to-peer and mentoring support for small businesses. Success can be driven not just by 'hard' business skills, but also by a culture of optimism, paying it forward and a drive towards 'good' work.

Attitude and approach can be contagious and play a huge role in business sustainability, and ultimately business success. These qualities provide huge scope for unlocking value in businesses and communities, bringing benefits for customer engagement and loyalty, for local employment, for mental and physical health and to the bottom line.

But ultimately there is a broader attraction and opportunity to be created; the chance to bolster optimism in the economy.

While entrepreneurs are naturally optimistic – in all our research, small business confidence consistently outstrips the wider business sector and economy – they have taken a knock in recent years. Small business confidence is at a negative for the third quarter in a row in the FSB Small Business Confidence Index, released in March 2019, a first since the Index was launched in 2010.

Driven by worries about Brexit and the domestic economy, it is a critical time to turn this confidence around.

Sharing, stimulating and rewarding their problem solving, opportunity creation and optimism will make significant inroads to this downturn in confidence. Regardless of the outcome of any political or economic changes in 2019, this step forward will set small businesses off on a more positive course into 2020 and beyond.

The message is clear – if you can step away from focusing merely on profit, take a leap of faith and focus on the benefit of opportunity creation – you will ultimately create more value and profit in the long-term. It is this attitude that can guide our economy through these uncertain times.



"If you see a problem in the world, rather than looking around for the grown up that will do it for you, go and do it for yourself!"

Jess Sands, Design Jessica



"There is a beauty in creating an opportunity for someone who has taken a knock."

Sarah Ali-Choudhury, Gourmet Indian Catering

Research Methodology

peak b interviewed 50 small businesses across the UK, varying in size and sector, on their approach to opportunity creation to develop this report.

Focus On Profit Does Not Lead To Value

1

Small businesses understand far more than big businesses that focusing on profit alone does not tend to lead to business success.

Small business founders often start their business from a non-financial driver – the need to be self-governing, the desire to turn an interest into a day job, and the need to create something for themselves. That is not to say that making money is not critical – businesses would not be sustainable without it. But the business is not looking to make returns for shareholders, dominate the sector or crush the competition: it is looking to create something meaningful and successful to impact the lives of its owners, staff and communities.

Many small businesses know this instinctively, though some have learnt from experience. In interviews, a number of businesses spoke about how they had in the past focused purely on financial success, but that this had not ultimately been rewarding or sustainable in the long term. Staff, customers and even the supply chain had been impacted by a purely profit driven agenda, but not in a positive way. Staff turnover increased, customers were less loyal and any short term gains were not sustained. The move towards putting something other than profit at the heart of the business is shown to be both a practical financial move and about personal fulfilment for the business owner. Doing something meaningful with the business is often stated as the pay off for the stress, long hours and pressure of running your own enterprise. The sense of achievement from this that is felt by founders, and the drive this gives them to continue, cannot be understated.

It can seem a leap of faith to ask a business to put something other than financials at the core of the business strategy, believing that this will lead to business success ultimately. However that is exactly what successful small businesses are finding, and learning by their example should give confidence to other businesses looking to grow their impact and success. Shifting the focus from profit to impact and value pays its own dividends, financial and otherwise.



“Our number one priority is finding meaningful work and opportunities for our team and our network - this means taking on interesting projects from clients, challenging our team and offering great service. My general view is that if you do meaningful work that adds value, then ultimately you will have a successful business. Clearly in a commercial world that purpose should ideally deliver a profit. That is my philosophy! At the end of the day if you are clear on your purpose - and optimise to deliver it well and consistently then clients, candidates and team will feel the difference.”

James Callander, Freshminds



“We help all we can. It is not always about making money when it comes to supporting a community that you have a passion for. We employ someone in the Post Office – we saved the post office from closure in 2015 and that year we became Community Service Provider for Wales and for the last two years we have been the Post Office Independent retailer of the Year. Since we opened, we have supported local service providers and have just started to work with a local company, a cobbler in another valley, so we can promote his business here. This in turn has brought new footfall by offering a collection point for his services. We firmly believe in supporting local businesses within our Community, who come in to Our Post Office and support us in return.”

Nick Horler, Artie Craftie

KEY RECOMMENDATIONS

- Big business:** Lessons that small businesses have learnt and implemented can benefit big businesses also. Putting something other than profit at the core of the business will lead to positive business outcomes ultimately.
- Government:** Including non-financial drivers in metrics for success, not just measuring productivity, would encourage positive business outcomes for small businesses. Including guidance and support on how to build a positive, creative business would significantly add to the impact of business support.

Opportunity Creation

People, new ideas and good work are part of the positive contribution of small businesses that leads to their success. Financial contribution is the easiest to measure and most obvious contributor, particularly for external organisations to assess such as local and central government, but it is far from the only business benefit.

Creating opportunities for people in particular is a critical driver for many small businesses. Seen historically as the domain of social enterprises or “lifestyle” businesses, increasingly successful small businesses are focused on how they can create good, meaningful opportunities for individuals. This can take the form of reaching out to groups that are struggling for opportunities, such as the young, those without requisite skills, older employees and those with disabilities. Programmes such as apprenticeships, disability confident certification, mid-life MOTs are all opening up awareness in small businesses of the opportunities to step up to help give people opportunities, and they are embracing it with enthusiasm.

Developing new ideas in itself is a creative benefit to businesses, communities and the economy. Small businesses often create ideas, or innovate, based on necessity or a need they have noticed in their sector or community. This is not part of a business development process or NPD (new product development) tool kit, this is largely due to the need to problem solve and create something meaningful that many small businesses state is core to their purpose.

2

Good work is also a driver in itself for businesses. This is not just about giving people jobs, but about giving them meaningful, flexible, supportive jobs that account for their needs and make their lives better. Small businesses are significantly more personally invested in their staff’s happiness and health, partly due to the immediacy of any staffing issues, but also because they have a personal relationship with them. The economic benefits of “good work” reach far beyond tax take and reducing the welfare bill: it can take pressure off health and social care services, improve mental health and therefore take pressure off support services; it can also encourage people to remain in economic activity that would otherwise fall out of the system in some way, avoiding economic difficulties down the line for both the individual and the community.

“95 per cent of FSB small business employers have employed at least one worker from a labour market disadvantaged group in the last three years... Of those that have flexible working, 71 per cent recognise the benefits this has had, including: reduction of staff absences, creation of new business processes, additional business cost savings. Of those offering flexible working, 36 per cent say that providing staff with greater autonomy led to the creation and / or development of a new product.”

FSB Small Business Big Heart Report, 2019



“My business focuses on hiring flexible working staff, in particular I hire mums with young kids. They may purely work on their phone if they need to. They can put kids first if they need to, but at same time they offer fantastic customer service. I have five mums currently, it but seems a lot more! Sadly, a lot of mums are under appreciated. As a result of my trust in them, their work is amazing. I am hoping to create for more roles for parents – and dads too.”

Colleen Wong, Gator Watch

“I have often given people work experience and work. You do this when you see people who really need some help – I saw a friend who was stressed, really not well, so I created a role for him and trained him up to be part of the team. It’s about seeing those people around you that need a chance or are struggling somehow and asking how you can help within your offer and what value they can add, as everyone has some value to give. I find it very rewarding and even gratifying. Talking to other business owners, some are all about dollar and profit, not creating opportunity. I find that odd. It has to be about profit as well as supporting others and creating opportunities.”

Tony Murray, Tony Murray Photography



“I like to pass leads onto other people. I keep my eyes and ears out for this. I like to pay it forward and pass work around. That is one of the lovely things about the entrepreneurial community, we help each other. If someone can do things better than me, I would rather pass it on than fudge my way through. I have also been involved with the project with Nottingham University creating a tool kit for female entrepreneurs to help them out. This is really creating jobs and opportunities.”

Debbie Clarke, Debbie Doodah

“My first employee was hired a year into business. A friend of mine knew someone who had been unemployed for a few months - they thought this person would fit in well with our young, vibrant brand. I did not intend to take on staff, but once I had met them, I offered them a job. I created that job to give them a chance and then, five members of staff later; we continue to experience more and more growth.”

Yvonne Gorman, Essential Print Service





"Now I have a team, what really motivates me is looking after them. Four out of the six of us are mums and I love that by allowing everyone to work flexibly, I am making a real difference in their lives."

Rin Hamburgh, Rin Hamburgh & Co

"We have started to look at putting people on beer academy courses and globally recognised courses such as Cicerone; investing in training and people is key. We already do some of this as I am director of Sheffield Beer Week and through this I create various opportunities. We have had students from both universities complete credits to go towards their degree. I have been able to offer them opportunities such as events management and social media experience to go towards their course points. I see my younger self in that situation and it is a positive thing to have that opportunity offered."

Jules Gray, Hop Hideout



The range of opportunities discussed by small businesses in our interviews was vast. The common thread was the sense of creating something new and positive. Often small businesses can turn a situation into an opportunity by their approach and attitude. In many cases, they have responded to a need they have seen and grown as a result. The common opportunities referenced most related to people and included:

- Job creation
- Job creation specifically for someone who really needed to be given a chance
- Internship, project or work experience creation
- New types of roles that involve flexibility of schedule, location and tasks to adapt to an individual's needs
- New opportunities passed onto other business owners
- Services and products created to support customers and communities
- New ideas to help other businesses like theirs

KEY RECOMMENDATIONS

Government: Recognition via National Insurance contributions of the positive impact of getting people into work. This should reflect the FSB's recommendations for a one year NI holiday for employers of those furthest from the labour market

Government and Local Government: Recognition of the role small businesses play in mental health support and supporting health care services. Local support for small businesses to encourage and facilitate good work and spreading best practice by facilitating peer to peer learning.

Local Government: Investigate opportunities to recognise provision of good work and opportunities in business rate relief calculations

3

Measuring Opportunities

All the small businesses interviewed for this report referenced the scale of how they and others create opportunity, and how it can multiply on through communities as peers are helped by peers, and inspired by the achievements of others.

Measuring this impact however can be challenging. A number of schemes and activities have been set up by small businesses to assess this: customer feedback mechanisms, assessment of pipeline driven by new opportunities, longevity of staffing, staff and customer happiness indexes and more have all been used to assess and understand this impact. There is no one single way of measuring the wider "value" created by the business, which can lead to difficulties encouraging others to adopt a particular approach.

Measurement metrics suggested by small businesses in interviews include:

- Jobs and projects created
- Number of people impacted by the business, e.g. how their onward journey is improved by working with the business
- Level of benefit to customers or stakeholders
- Staff confidence levels
- Staff skills levels
- Time freed up for business owner / manager
- Charity fundraising
- Volunteer time
- Awards recognition

The challenge now for the sector is to look at measurements for a number of metrics that can help businesses to benchmark and demonstrate the value they are adding in a more visible way.



"We don't measure commercial ROI. What we do measure is what we are sharing - knowledge, skill, etc. It is all about the benefit to that person, that is our main focus."

Chris Cooke, Tilt

One key thing holding small businesses back from better measurement is the sense that this is just business as usual and not that this should be measured in some way. The challenge then becomes how to reward this positive contribution to society if it is not measured. This will be the focus of a peak b report due out in September 2019.



"The key measurement we use is getting great full time staff and then watching them grow. They can come to us with no sales experience at all, but we will then train them to deal with big companies such as Asda and Sainsbury's. This then stands them in great stead for their future careers."

Julianne Ponan, Creative Nature



"We can measure good impact in time - my time that I get back - and massive emotional ROI that things are being dealt with in a good way that I can rely on. The money does catch up with this - the additional money I make as a result of having more time to dedicate to it."

Kenda Macdonald, Automotion Ninjas

KEY RECOMMENDATIONS

Sector wide: Development of mechanisms to understand, celebrate and report creation of non-financial opportunity and contribution in small business. See peak b report due September 2019

Local organisations: trade bodies such as FSB with their Small Business Big Heart report, and other local organisations can work with their local communities to better assess the overall impact of small businesses, to include that of reduction in costs elsewhere in the community, such as healthcare or long term welfare costs

4

Good Small Business Behaviour Can Be Taught

The great creative behaviours we see in small businesses are often put down to natural instinct and a tendency towards problem solving. Often these characteristics are what drove the entrepreneur towards setting up their own business in the first place. However if this were the case across the board, there would be less failing or dispirited businesses.

Most businesses when interviewed believed that there were mechanisms for encouraging and supporting opportunity creation in small business, and this largely broke down into three areas:

- Start the training at school
- Drive aspiration through role models
- Peer to peer learning across communities for best practice

In fact, all three of these areas are referenced in the Government backed Rose Report, launched on 8th March 2019. This report recommended these areas for stimulating female entrepreneurship in particular, but the same applies to encouraging positive business behaviour across the board.

Schools can play a key role in developing the functioning entrepreneurs of the future. Encouraging problem solving and espousing the benefits of creation for its own sake help to steer young people towards the right skill set to develop businesses that contribute in a positive, non-financial way. Businesses coming into schools to speak (e.g. the Founders 4 Schools initiative and other ad hoc local initiatives) can play a huge role in inspiring a generation to wanting to emulate their success and achievements. Teaching the behaviours of problem solving and encouraging young people to want to solve social, technical and cultural problems can play a big role in future business success. This also applies at college and University level. Work done by the Small Business Charter to reward business schools that actively teach and engage in enterprise skills and mindset across universities is critical in instilling this into future business founders at an early stage. With at least 35 institutions already receiving the Small Business Charter, this is a strong step forwards that can be built upon.

A key driver interviewees referenced for encouraging their wish to create more was the inspiration they found in local and national role models, who made them aspire to be better people and better businesses. The impact of aspiration can be significant. This tends not to apply so much to financial aspirations – either businesses don't see more financially successful businesses as relevant to them or it does not impact them on such a fundamental level. However, when they see businesses making a positive difference in the world, being applauded by their customers, staff and other stakeholders, business owners tend to want to emulate that success and aspire to do better. Telling the stories of "good" business therefore becomes critical in spreading best practice in this area. Local and national organisations can play a role in this, as can media, digital channels and educational organisations.

Peer to peer networks are the most prolific ways of both encouraging and facilitating opportunity creation. Where they work best, businesses are encouraged to support each other and share what has worked for them. When businesses act in a positive way – offering advice, contacts, referrals, work, training and more – this is then picked up by their peers and where positive impact can be demonstrated, this then grows as a trend in the local community.



"I don't think there's enough recognition or support for smaller businesses. There are some excellent funded business support programmes, but most focus on high growth companies and those that employ five people or more. We have nearly five million smaller businesses, the majority of which are sole traders – if each hired just one person, we would not have an unemployment issue."

Melanie Bryan OBE, Why Not Change

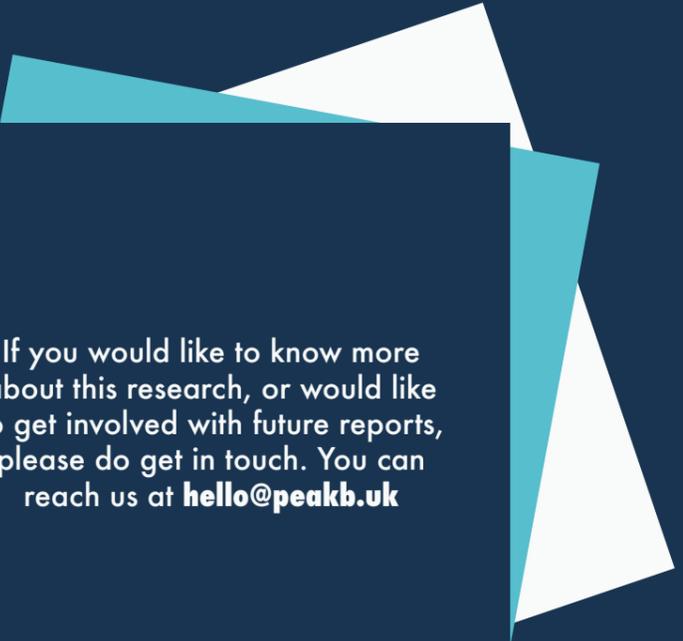


"I think one of the best ways to encourage other businesses is to be an example for other businesses yourself – physically be out in the community and engage with others. Networking also plays a really big part in this. Share the wealth as well as being a role model. I have been helped a lot over the years by other people, people with wider networks or more experience. So I always give back."

Helen Cuinn, Mary Cuinn of Scots

KEY RECOMMENDATIONS

- Government and Schools:** Encourage and support more engagement through education with the small business sector to encourage strong, positive behaviours that will lead to good businesses of the future. Support of and extension to existing schemes that get founders into schools that focus on the wider role of business will help to inspire the next generation
- Small Business Charter:** Further support of the Small Business Charter by universities and business schools, as well as policy makers, will support small business focused local communities to flourish and pass on their wisdom
- Small Business Sector:** Increased volume and visibility of hero stories of businesses reaping rewards from being positive, creative businesses is required. This can be delivered through Government departments, local government schemes and private sector support. Trade bodies such as FSB have a big role to play in creating aspirational business practices, leading on from their Small Business Big Heart report of February 2019
- Government:** Growth in and financial support of peer-to-peer networks locally across the UK is required. This should be a key focus of the Industrial Strategy and the Department for BEIS' approach to local business support. Funding for these networks and setting up of schemes, such as E-Factor in N.E. Lincolnshire, should be a focus for public and private sector investment



If you would like to know more about this research, or would like to get involved with future reports, please do get in touch. You can reach us at hello@peakb.uk

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