

The Benefits and Impacts of Support to Scottish Enterprise's Account Managed Companies

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Executive Summary

1. This report is based on an online survey of 725 of Scottish Enterprise's Account Managed companies out of a population of 1,100: a 66% response rate. The size distribution of the surveyed companies was broadly representative of the distribution across all Account managed companies.
2. The survey was to explore views and opinions on the support that SE provided and the impact that this had upon such things as turnover (from which was derived estimates of Gross Value Added (GVA)), employment, exports and Research and Development spend.
3. The types of support that were felt to have the greatest impact upon company performance were: funding (accounting for a quarter of responses), access to advice and Training and Staff Development. Further analysis found that the importance of funding was as it enabled companies to do things that they would otherwise not have been able to do. This included such things as making capital investments in equipment and buildings and being able to recruit additional staff.
4. The less beneficial aspects of support related more to SE's processes and procedures than to specific types of support. These covered such things as the amount of administration and paperwork, the resource pressures on small businesses when trying to access support and the slow speed at which SE made decisions.
5. The extent to which there was additionality because of SE's support was considerable, with almost all survey respondents saying that support had allowed them to do things that they would otherwise not have been able to do. This included being able to do things more quickly, on a larger scale and to a higher quality.
6. The relationship between the company and its Account Manager was highlighted as being a key factor in driving additionality and impacts. The Manager was important in acting as a gatekeeper to other advice and support from within SE as well as the advice and support that was provided directly to the company: a critical friend role.
7. Companies rated highly the benefits to their business of the total package of support received from SE. On a scale from 1 (Very Low) to 10 (Very High) the average score was 8, with a fifth of respondents giving a score of 10.
8. Although the role of Account teams was not directly explored, respondents highlighted the importance of the wider support from staff and teams within SE.
9. The gross impacts of SE support were considerable:-
 - Turnover: an additional £500 million or £0.7 million per company;
 - Employment: an additional 4,487 jobs, an average of 6 per company;
 - Exports: an additional £143 million, an average for the exporters of £0.3 million;
 - Research and Development: an additional £65 million spend, an average of £0.1 million per company; and
 - Capital expenditure: an additional £84 million, an average per company of £0.1 million.
10. In addition, although not quantified, positive impacts were reported on such metrics as profitability (three quarters reporting an achieved or anticipated positive impact) and labour productivity (almost two thirds reporting achieved or future impacts).

11. Companies were asked how long they felt the support received from SE would continue to benefit the business. The average was 5, the median 3.5 years. Of the respondents 15% felt the impacts would persist for more than 10 years.

12. The net impacts (after making allowance for such things as the detrimental effects upon businesses that were not supported (displacement) and the multiplier effects) were calculated using the survey data, information sourced from SE's own data bases and Scottish Government statistics. Over 5 years it was estimated that the net impacts were:-

- GVA of £1,112 million;
- An Impact Ratio (net GVA per £1 SE support) of 8:1;
- The creation of 5,570 jobs; and
- A Cost to create/safeguard a Job of £24,600.

13. Comparison of these impacts with those calculated for the last full evaluation of Account Management in 2013, is difficult because of methodology differences. Accepting that this comparison needs to be heavily caveated, it seems that the Impact Ratio has improved (8:1 compared to the 2013 figure of 7:1) whilst the Cost per Job has increased (currently an estimated £24,600 compared to £17,900 in 2013). The net GVA per company has increased (with the 2013 value being 39% lower).

14. As is found in other evaluations of public sector interventions, the impact distribution was skewed. For example: 20% of the companies surveyed accounted for 72% of the turnover impacts; 77% of the employment impacts; and 97% of the capital expenditure. A more detailed examination by deciles shows that for some metrics (for example, turnover and employment) SE seems to be able to influence most companies. For others, in particular capital expenditure, 70% of companies reported no impact because of SE support.

15. A variety of other business support needs were identified. Most, if not all, of these were things that SE already provided. This may indicate that there is a need to be more pro-active with some companies, to make them aware of the full portfolio of SE support.

16. Although no specific questions were asked about either the digital delivery of services or SE's current digital products, several survey respondents made comments. These were in 2 broad categories: the need for SE to digitise the administration of some services and move away from a reliance upon paper-based systems; and the quality of the existing digital products on offer. However, most comments about digital support were positive, especially about SE's role as a facilitator: providing funding or networking access that has resulted in companies being able to apply digital approaches, especially for marketing purposes.

17. Companies were asked about the likelihood that they would recommend the Account Management service on a scale from 1 (Very Unlikely) to 10 (Highly Likely). The average score was 9 and 55% of respondents gave a score of 10. Comparison with earlier satisfaction surveys is difficult, as the scale and questions used were different. However, over time satisfaction levels seem to have increased: in this survey 95% of respondents were either "Very" or "Fairly Satisfied". The comparable figure for the 2013 evaluation was 91%.

18. The survey obtained responses from two thirds of the target population of companies: a high response rate. What comes out strongly is the high level of satisfaction with the Account Management service and the high levels of additionality that it brings. The relative impact of the service (as measured by the Impact Ratio) seems to have improved since the last full evaluation in 2013. As a result of SE support, companies are helped to do things that they would otherwise not be able to do. What seems to underpin this is the advice and support that the Account Managers, and other SE staff, provide.

19. The survey did identify some areas where improvements could be made: greater digitisation of administration processes; faster decision making; and reducing the administrative load on small companies when applying for support. There may also be times when Account Managers could be more pro-active in making companies aware of the support that is available.

20. Whilst digitisation of administration processes can clearly bring efficiency savings, to both SE and customers, the additionality of the Account Management service is driven by the relationship that the Account Managers, and other SE staff, have with the companies. Were this to be lost, and the relationship become largely transactional, then the effectiveness of the service might be undermined.

1. Introduction

1. This report is based on an online survey of Scottish Enterprise's (SE) Account Managed companies, excluding the following categories:-

- Relationship;
- Watching Brief; and
- Global.

The first 2 were excluded as SE had limited current involvement with them whilst the Global companies were to be the subject of a separate evaluation. These 3 categories accounted for around 1,000 companies. The total in-scope population was around 1,100 companies.

2. The survey contained 36 questions that aimed to:-

- Explore views and opinions of the support that SE offers;
- Assess the impact of this support; and
- Identify additional support needs.

3. The survey was introduced to the companies by their Account Manager and they were requested to fill it in online in their own time. Progress was monitored, and Managers were asked to follow-up those companies that had not responded.

4. This analysis is based on the survey returns to the end of April 2019. By then there had been 725 completed responses: a 66% response rate. For some of the questions reported on here the number of responses is greater than 725 as some of the incomplete returns are included.

The Representativeness of the Sample

5. Table 1 shows the size distribution of the respondent companies whilst Appendix 1 gives a more detailed breakdown of the 0 to 50 and 51 to 100 employee size bands. What can be seen is:-

- Two thirds of the surveyed companies employed 50 or less employees, with the 11 to 20 employee band accounting for 29% of the companies (Appendix 1); and
- Although there were only 42 companies (6%) with more than 251 employees they accounted for 41% of all employees.

TABLE 1 **Distribution of Surveyed Companies by Employment Size**

Size band (number of employees)	Number of companies	Percentage of companies	Total employment	Percentage of employment	Average employment per company
0-50	481	68	10,145	20	21
51-100	107	15	7,752	15	72
101-150	36	5	4,426	9	123
151-200	30	4	5,377	11	179
201-250	11	2	2,480	5	225
251-500	29	4	10,320	20	356
501-1000	12	2	9,063	17	755
1001-1500	1	0	1,350	3	1,350
TOTAL/AVERAGE	707	100	50,913	100	72

6. Table 2 compares the size distribution of the surveyed companies to the 1,954 companies that were Account Managed in 2018/19 and for which employment figures were available. Generally, the survey sample is broadly representative of the wider population. The main deviation is the greater proportion of surveyed companies in the 51 to 100 range when compared to the population. However, there is generally no reason to feel that the survey sample is so biased as to mean that the results cannot be seen as representative of the population of Account Managed companies.

TABLE 2 Comparison of Size Distribution of the Sample Companies with the Population

A	B	C	D
Size band (number of employees)	Percentage of surveyed companies	Percentage of Account Managed companies	Deviation (B/C)
0-50	68	71	0.9
51-100	15	11	1.4
101-150	5	5	1.0
151-200	4	3	1.3
201-250	2	2	1
251-500	4	4	1
501-1000	2	3	0.7
1001-1500	0	0	0
1501+	0	1	0
TOTAL/AVERAGE	100	100	N/A

Methodological Issues

7. The survey questions asked for responses in a variety of formats:-

- Numeric questions on such things as company turnover “with” and “without” SE support;
- Open ended qualitative responses; and
- Ranking of things according to their perceived importance, some of which were on a Likert scale.

8. Prior to the analysis the numeric data was sense checked and some of the responses changed where it was clear that there were errors: for example, the company that gave its Scottish employment as 384,000 and one that gave turnover as £172,262,674. Cross checking the latter company with the Scottish Enterprise’s data showed that the correct figure was £1,722,626. There were also misinterpretations for some questions that had asked for returns to be given in £000s. It was clear that there was a mixture of responses, with some following the guidance whilst others had given a response in absolute numbers. One consequence of this was that all the responses to these questions had to be checked, and changes made to ensure that responses were consistent. There was also a need to check responses where companies were asked to give a “with” and “without” SE support answer. Some of these were not realistic. For example, how likely is it that a large global company would have had no exports without SE support? In these instances, the entries were either deleted or changed after cross checking with internal data.

9. The survey included several open-ended questions. As is invariably the case, not all the responses to these were relevant. For example, when asked to give details of any aspects of SE’s support that were felt to be less beneficial several companies gave details of beneficial support. Some companies also used the opportunity to say something that was of concern to them, regardless of its relevance to the question. These responses have generally been put under the “Other” category in the Tables.

10. Based on the population and sample sizes, the responses are representative at the 95% confidence level (we can be 95% certain that the answer given would be representative of the population) with a margin of error of +/-2% (that is any answer is representative of the population +/- 2%).

11. However, many of the questions are essentially customer feedback the responses to which, even if not statistically valid, are still of interest. Given this, it may be that there is no need to be too concerned about statistical validity but accept the responses as covering a large proportion of the target population which gives a valid representation of population views and opinions.

12. The survey was administered by Scottish Enterprise through the Account Managers. Accordingly, there may be doubts as to its objectivity in that respondents may be tempted to give the answers that they think the Account Manager, or Scottish Enterprise, wants to hear. This is always a risk. However:-

- This would be equally a risk if the survey had been commissioned from external consultants;
- What is encouraging, is the volume of responses to the open-ended questions, with most respondents answering all questions: some at considerable length. For example, the longest single comment is 459 words. Many of the comments indicated considerable thought. Arguably this would not have been the case if there was a desire to second guess the "required" response; and
- There were critical comments and suggestions for improvement. Admittedly these were fewer than the positive comments. However, these were unlikely to have been made if respondents were not taking the survey seriously.

There is still a risk that the survey is biased, although the possibility of bias was borne in mind when the analysis was done by the Appraisal and Evaluation Team. Despite this risk being felt to be slight, these possible biases need to be kept in mind. Appendix 2 looks in more detail at ways in which the survey questionnaire could be improved.

The Report's Structure

13. The report's structure generally follows that of the survey. It is in 9 sections:-

- Views on the support provided by SE that has the greatest impact as well as the less beneficial aspects of support;
- The additionality of this support;
- The relationship with the Account Manager;
- The gross impacts of this support;
- The net impacts of this support with the impacts being estimated from the application of standard metrics to reported changes in company performance;
- Other support needs;
- Digital issues which, although not addressed specifically in the questionnaire, were mentioned by some. This is also a policy issue of relevance to SE given the desire to make greater use of digital platforms;
- The likelihood of Account Management being recommended to others; and
- Conclusions, including some areas where improvements could be made.

The report is supplemented by a number of Appendices that make recommendations for changes to the questionnaire, outline some of the detailed survey responses and explain methodological issues.

2. What Support Has the Greatest Impact on Company Performance?

14. Companies were presented with a list of 8 types of support and assistance that Account Managed companies had said, based on earlier feedback, had an impact upon company performance. They were asked to select the 3 that they felt had the greatest impact and rank these from 1 to 3 (Table 3).

15. What can be seen is that:-

- Funding accounts for 550 responses, 24% of the total. Its significance is even greater when only the first ranked choices are considered: 49% of the total;
- Access to Advice and Training and Staff Development are the close second and third overall choices (15% each);
- Innovation, Strategy, Marketing and Internationalisation/Exporting support all receive over 200 overall responses (ranging from 10% to 12%); and
- The last ranked is Financial Readiness support, accounting for 3% of overall responses. It is first choice for 2% of companies.

In interpreting the Table, it needs to be remembered that the responses may be influenced by the number of companies that received each type of support. For example, Financial Readiness may appear last in the Table because relatively few companies had accessed this support.

TABLE 3 Ranking of Advice and Support Provided by Scottish Enterprise

(ranked by total number of responses)

Advice/support	Ranking			Total Responses	
	1	2	3	Number	Column Percentages
Funding	372	96	82	550	24
Access to advice	64	94	190	348	15
Training and staff development	69	142	123	334	15
Innovation	70	132	70	272	12
Strategy	58	99	83	240	11
Marketing	54	82	96	232	10
Internationalisation/Exporting	60	83	87	230	10
Financial readiness	12	31	28	71	3
TOTAL	759	759	759	2,277	100

16. Companies were then asked to explain why the top three choices had impacted upon their company. The open-ended responses were classified into categories (Table 4). It can be seen that:-

- A quarter of responses highlighted the importance of funding to the company;
- 15% felt that the support received had resulted in clarifications and improvements to the company's strategy and ambition. A similar percentage stressed the importance of training and developing staff;
- Around 10% of respondents highlighted the importance, respectively, of innovation, support enabling them to develop a better market presence and the advice and guidance received; and
- Only 5% highlighted access to specialist support and resources.

17. What can be seen is that companies felt that impacts were driven by:-

- Specific types of support such as funding, innovation or support to improve market presence; and
- More general advice and support that is likely (it is assumed) to come through the Account Manager. This then helps companies to clarify their business focus and direction. This accounts for a quarter of responses.

TABLE 4 **Why the Top Ranked Advice and Support had an Impact on the Company**

Aspect	Number	Column Percentages
The importance of funding	190	25
Clarified/improved organisational strategy and ambition	114	15
The importance of training and staff development	91	12
The importance of innovation	84	11
Improved market presence	83	11
Advice and guidance and acting as “a sounding board”	76	10
Access to specialist knowledge and resources	38	5
Other ¹	84	11
TOTAL²	760	100

N =725

Notes:-

1. “Other” included: general comments about the helpfulness of support, the provision of relevant and useful information, support helping to reduce risk, and the provision of contacts and links into networks.
2. Some respondents gave more than one response.

The Verbatim Responses

18. A cross-section of the verbatim responses to each of the categories in Table 2 are given in greater detail in Appendix 3.

19. Table A3.1 in the Appendix explores the responses given by those who highlighted Funding as having the most impact on their company. Although the responses differ in the detail that they contain, what they generally have in common is that they are highlighting the additionality of funding support in that it has allowed companies to do things that they would otherwise not have been able to do. For some this was making capital investments in equipment or buildings, others had been able to recruit staff, others had been able to do things more rapidly whilst for some public funding from SE had been instrumental in levering in other investment.

20. Table A3.2 shows a cross-section of the comments made as to why SE’s support had helped the company clarify and improve its strategy and business ambition. The overall picture that emerges is of businesses being busy on a day-to-day basis and having insufficient time to think more strategically about the direction of the business. The support and advice provided by SE has helped the companies to stand back, be more reflective, and formulate a plan or strategy to guide development and growth.

21. Table A3.3 looks at a cross section of the reasons given as to why training and staff development were important. Although this is not always explicit in the answers, the theme seems to be that the greatest impact has come from management and leadership training rather than training for specific technical or craft skills, albeit it may be that support for this is sourced from other public agencies.

22. Table A3.4 looks at some of the responses given as to why innovation was important. They tend to fall broadly into 2 categories:-

- Companies that highlight the need to innovate if they are to stay competitive, as innovation was seen as the key to business survival and growth; and
- The responses that highlight specific aspects of innovation support that has been of help, for example Scottish Manufacturing Advisory Service (SMAS) and funding.

At least 2 of the comments demonstrated how innovation support had changed the way that innovation was perceived in the company: not solely about product development but something that can be applied throughout the business.

23. Table A3.5 looks at the responses dealing with the importance of having an improved market presence. Although the responses are varied what can be seen is:-

- The importance of SE support in enhancing companies' digital marketing;
- Support's role in helping companies clarify their marketing strategy; and
- Funding to enable companies to do such things as recruit staff or attend trade shows that they would otherwise have not been able to do.

24. Table A3.6 gives some of the comments made about the importance of advice and guidance. There seem to be 3 main themes:-

- Small companies, with limited management and technical resources, and companies, regardless of size, that may be inward looking. For both, having external advice has been invaluable;
- SE's role as an "honest broker" that isn't promoting a particular course of action and is therefore seen as impartial; and
- SE's role in stopping companies doing something, thereby helping to avoid what might be costly mistakes. This last point is important in that it is something that Account Managers often highlight. Despite its significance, it is not something that can be measured so it may be that an important aspect of the Account Managers' role is often not quantified.

25. Finally, Table A3.7 considers the comments made about access to specialist knowledge and resources. The themes seem to be:-

- Business size, with small businesses being able to access specialist support that otherwise might not have been available to them; and
- The range of specialist knowledge and resources used.

The Less Beneficial Aspects of Support

26. Companies were asked if there were less beneficial aspects of SE's support. Of the 725 respondents 140 (19%) said that there were. Table 5 summarises the responses. What can be seen is that these generally relate to SE's processes and procedures rather than to specific types of support:-

- A third of responses were complaints about the administration and paperwork involved in applying for and receiving support. One of the respondents compared SE's systems unfavourably with that used by East Ayrshire Council: GrantVisor;
- The second most frequent response related to the resource implications for small businesses of trying to access support. To some extent this links into the administration comments in that the amount of work needed is more onerous the smaller the company; and
- The third most frequent response related to the slowness of decision making by SE.

What these responses show is that generally it is not the quality or range of support on offer that is an issue but, for a minority of companies, the way that SE administers this support.

TABLE 5 **The Less Beneficial Aspects of the Advice and Support Provided by SE**

Aspect	Number	Column Percentages
Concerns about administration and paperwork	55	32
Resource pressures on the business	17	10
Slowness of decision making	13	8
Relevance of specific thematic elements of support	10	6
Networking generally	8	5
Perceived lack of support in certain areas	6	4
Availability of specific thematic elements of support	5	3
Quality of specific thematic elements of support	5	3
The need to fit into specific programmes of support	3	2
Irrelevant (generally comments about beneficial aspects of support)	23	14
Other	21	13
TOTAL¹	166	100

N =140

Note:-

1. Some respondents gave more than one response.

Appendix 4 gives a cross-section of the verbatim comments made under these headings.

3. Additionality

27. Figure 1 highlighted the importance of funding in delivering additionality: that is the economic benefits that came about because of SE's support. This was explored in more depth through several questions that sought to clarify the additionality of SE's support.

28. SE's support was felt to have brought additionality to most companies:-

- 99% said that SE's support had enabled them to do things that they otherwise would not have been able to do¹;
- 94% felt that support had enabled them to do things more quickly². Of the 680 companies who specified a time: 24% said this was less than 1 years, 60% 1 to 2 years and 16% more than 2 years;
- 76% reported scale additionality (SE support enabling them to do things on a larger scale than would otherwise have been the case)³; and
- 68% felt that SE support had helped the company to achieve or maintain higher standards than would otherwise have been the case⁴.

The high percentages indicate that additionality is very high as SE is having a positive influence on most of the companies that it supports.

29. Supplementary questions were asked about SE's support enabling the company to do things :-

- That they would otherwise not have done;
- On a larger scale; and
- To a higher standard.

These responses are explored below.

30. Table 6 categorises the comments made about support enabling companies to do things that they would otherwise not have been able to do. In terms of the specific comments (rather than the general ones):-

- The first 4 (each accounting for 10% or more responses) relate to being able to access specialist resources or knowledge, time additionality and market development; and
- There are then several factors cited by far fewer companies, including investment in product development, scale additionality, increases to employment and turnover and capital spend.

¹ 722 out of 725 companies.

² 680 out of 725 companies.

³ 550 out of 725 companies

⁴ 495 out of 725 companies.

TABLE 6 The Additionality of SE's Support – Enabling Companies to do Things They Would Otherwise Not Have Been able to Do

Aspect	Number	Column Percentages
General comments about support enabling things to take place that would otherwise not have happened	106	14
Support enabled specialist resources or knowledge to be brought in	91	12
Support enabled activities to be delivered faster	84	11
Support enabled investment to be made in market development	76	10
Support enabled investment to be made in product development	46	6
Support enabled activities to take place on a greater scale	45	6
Increased turnover/employment	32	4
Facilitated networks and contacts	30	4
Enabled capital investment to be made	23	3
Other ¹	228	30
TOTAL²	761	100

N =727

Note:-

1. "Other" included: general comments about the advice, support and guidance provided through the Account Manager; general comments about the benefits of financial support; descriptions of what funding was used for; and support reducing risk.

2. Some respondents gave more than one response.

31. Table 7 explores in more depth the responses made about scale additionality (doing things on a larger scale). The key factors are that the support resulted in-

- More market development activity;
- Investment in staff;
- Product development; and
- More capital investment.

TABLE 7 The Additionality of SE's Support – Enabling Companies to do Things on a Larger Scale Than Would Otherwise Have Been the Case

Aspect	Number	Column Percentages
Greater level of market development	121	21
More investment in staffing	87	15
Greater level of new product development	69	12
Greater scale of capital investment	52	9
More specialist resources to be used	17	3
Other ¹	232	40
TOTAL²	578	100

N = 558

Note:-

1. "Other" included: general comments about the benefits of financial support; general comments about the advice and support provided by the Account Manager; general comments about additionality (bigger, faster); and comments about the support enabling a more strategic approach to be taken by the company.

2. Some respondents gave more than one response.

32. Some companies (98) said that SE support had not resulted in things being done on a larger scale although all these reported other impacts. The main reasons for this were:-

- The scale of activity had not been affected by SE's support (32%);
- The activity had been delivered faster rather than on a greater scale (27%);
- Support may have an impact on scale in the future (10%); and
- Activities constrained by market conditions (7%).

33. Table 8 looks at the impact of support on quality. The main impacts have been on:-

- Internal improvements to such things as management and staff capabilities, organisational structure, processes and strategy and project planning and monitoring; and
- The ability to improve quality by being able to buy in specialist resources.

34. Several companies said that SE's support had not impacted upon quality (123) because:-

- The company needed to maintain quality standards regardless (63%);
- SE's support had not been focused upon quality improvements (28%); and
- There may be an impact in the future (7%).

TABLE 8 The Additionality of SE's Support – Enabling Companies to Maintain or Deliver a Higher Quality Standard Than Would Otherwise Have Been the Case

Aspect	Number	Column Percentages
Improvements in management and staff capabilities	119	22
Improvements in organisational structure, processes and strategy	97	18
Ability to access higher quality and specialist resources	86	16
Delivery of quality management standards	59	11
Improvements in product and service quality	54	10
Discipline of project planning and monitoring	22	4
Improvements in physical facilities and equipment	16	3
Improvements in productivity and efficiency	14	3
Other ¹	70	13
TOTAL²	537	100

N = 498

Note:-

1. "Other" included: general comments about maintaining and enhancing quality.
2. Some respondents gave more than one response.

4. The Relationship with the Account Manager

35. Companies were asked to reflect on their relationship with their Account Manager and were given a list of 6 factors that other research had found that companies had said they valued from Account Management. They were asked to select the top 3 and rank these from 1 to 3. As Table 9 shows:-

- Whilst access to other SE support received the greatest number of overall responses the most first choices were given to the advice and support received from the Account Manager (270), followed by the relationship with the Manager (256);
- There seem to be 2 main themes shown in the Table: the Account Managers' relationship with the company linked to the advice and support provided and the Account Manager's role in signposting companies to other sources of advice and support, both within and outwith SE; and
- The top 4 choices account for 93% of responses. The other 2 factors (attendance at events and networking) are of far less significance.

TABLE 9 Ranking of Factors Valued from Account Management
(ranked by total number of responses)

Advice/support	Ranking			Total Responses	Column Percentages
	1	2	3		
The access provided to other support within SE	160	208	258	626	24
Advice and support received from the Account Manager	270	209	124	603	23
The relationship with the Account Manager	256	211	108	575	22
The access provided to external support	160	208	258	626	24
Attendance at learning and development events	16	25	81	122	5
Networking opportunities	7	29	54	90	2
TOTAL	869	890	883	2,642	100

36. Companies were asked to rate the benefits to their business from the total package of support they had received from SE from 1 (Very Low) to 10 (Very High) (Table 10). The weighted average of the scores was 8, with a fifth of respondents giving a score of 10.

TABLE 10 **Rating of the Business Benefits of the SE Support Package**

Scale	Number	Column Percentages
1 (Very Low)	3	0
2	8	1
3	20	3
4	14	2
5	32	4
6	56	8
7	144	20
8	203	28
9	92	13
10 (Very High)	145	20
TOTAL	717	100

N = 717

37. Although the focus of the survey was upon the Account Managers the wider support that was accessed through Account Teams was also significant, as the quotations in Table 11 show.

TABLE 11 **Verbatim Comments About Team Working**

“Access & engagement with a wide team of expertise who are willing to aid thought/development”.

“Fantastic support from SE team specialists in all areas”.

“The combination of our account manager, support from the Innovation Team and support from SIB has helped guide our new strategic direction to a place that without this input we may not have seen, or thought was possible”.

“Of all our business support relationships, I can confidently say that the support from the SE team including (the Account Manager) has been the most impactful. Being able to discuss our business ambitions and challenges with people who have expertise and experience are able to point us in the right direction.....has helped us to achieve progress where it may have taken longer or never happened at all”.

“The innovation team helped us clarify our technology road map that we have used to guide the direction of our product development”.

38. How did these benefits translate into impacts? This is considered next.

5. The Gross Impacts of SE's Support

39. Several questions were asked about the impacts of SE's support on:-

- Turnover;
- Employment;
- Exports;
- Research and Development spend; and
- Capital Investment.

For each of these, companies were asked to give the actual value in the last financial year⁵ and to then estimate what this would have been without SE's support: in effect "with" and "without" support scenarios. In this way the gross additionality of support could be quantified. It needs to be stressed that these impacts do not take account of displacement (the adverse impact that there may be on other Scottish companies that do not receive SE support) nor of the knock-on impacts (the multipliers). These are considered in the next chapter.

40. A further 2 questions were asked about the impact on

- Profitability; and
- Labour productivity.

For these no quantification was asked for, as it was felt that there would either be limited responses or companies would find it difficult to quantify a response. Instead they were asked to indicate the impact by selecting from several qualitative options (for example, "No increase" or "Would have grown without SE support").

41. An additional question asked businesses to estimate how long they felt the SE support package would continue to benefit the business. This was then used to provide an impact persistence estimate.

42. Each of these impacts are now considered.

Impact on Company Turnover

43. Has the SE support package had an impact on company turnover (Table 12)? Of the 743 respondents, 87% said that support either had, or would have in the future, a positive impact on turnover. Interestingly almost a quarter reported that support had resulted in a "significant increase". Only 9 respondents (1%) said that turnover would have grown without SE's support. This reinforces the earlier findings about additionality being high (Paragraph 26) with the corollary applying: deadweight is low.

⁵ This is assumed to be 2017/18 although as financial year ends may vary this needs to be seen as approximate.

TABLE 12 Changes to Turnover because of SE's Support

Change	Number	Column Percentages
No increase	57	8
Slight increase	114	15
Moderate increase	217	29
Significant increase	168	23
Maintained (under challenge)	56	8
Fallen at a slower rate than would otherwise have been the case	18	2
No impact yet but anticipate increase in the future	74	10
Would have grown without SE support	9	1
Don't know	30	4
TOTAL	743	100

N = 743

44. To quantify this impact companies were asked to give their turnover in the last financial year "with" and "without" SE support:-

- "With" support total turnover was given as £5,500 million, ranging from £0 to £102 million. The average was £7.800 million;
- The "Without" support total was £5,000 million, ranging from £0 to £85 million. The average was £7.000 million; and
- The estimated SE impact on turnover was therefore to increase this by £501 million, an average of £0.700 million per company over one year.

Employment Impacts

45. How has SE's support impacted upon the number of employees (Table 13)? Of the 736 respondents, 84% felt that the support had (or would have) a positive impact on jobs, with 17% classifying this as being "significant". Interestingly this percentage is lower than those reporting a significant impact on turnover (Table 9: 23%). This might indicate that support is resulting in productivity gains as measured by turnover per employee.

TABLE 13 Changes to Employment because of SE's Support

Change	Number	Column Percentages
No increase	102	14
Slight increase	195	27
Moderate increase	216	28
Significant increase	122	17
Fallen at a slower rate than would otherwise have been the case	24	3
No impact yet but anticipate increase in the future	58	8
Would have grown without SE support	7	1
Don't know	12	2
TOTAL	736	100

N = 736

46. In terms of quantifying employment change in Scotland, “with” and “without” SE support employment figures were reported by 712 companies for the last financial year:-

- “With” SE support, total employment was 50,965 ranging from 0 to 1,350. The average employment per company was 72;
- “Without” support employment was estimated to be 46,478, with a range from 0 to 1,325. The average per company was 66; and
- The impact of SE’s support was therefore to have created or safeguarded almost 4,500 jobs, an average per company of 6.

47. Companies were also asked to report on total global employment in the last financial year, again “with” and “without” SE support: 711 did:-

- “With” SE support, total global employment was 315,000, ranging from 0 to 120,000. The average per company was 445;
- “Without” support total employment was reported as 311,000, with the same range. Average employment per company was 439; and
- SE’s support was therefore supporting 4,300 jobs globally, an average per company of 6.

48. On reflection it may be that the global employment question is ambiguous as it is not clear if the figures reported included or excluded Scottish employment. It seems likely that some did, and some did not. In the next survey iteration, it may be useful to make it explicit that the global employment figure is to exclude jobs based in Scotland or indeed not to include this question as it may add little.

Impact on Exports

49. What impact had SE’s support had upon international exports⁶? Table 14 shows that:-

- Around a quarter of companies did not currently export;
- A further quarter of companies felt there was no impact;
- 50% felt there either had already been a positive impact or there would be in the future; and
- Only 2% felt that exports would have increased without SE’s support which would indicate that again deadweight (SE’s support having no impact) was limited.

Of the 508 who are exporters, 69% said that SE’s support had, or would have in the future, a positive impact on export sales.

⁶ This was defined as the proportion of sales made outside of the United Kingdom.

TABLE 14 **Changes to International Exports because of SE's Support**

Change	Number	Column Percentages
No increase	168	23
Slight increase	100	14
Moderate increase	118	16
Significant increase	69	10
Fallen at a slower rate than would otherwise have been the case	3	0
No impact yet but anticipate increase in the future	62	9
Would have grown without SE support	11	2
Don't know	28	4
Don't export currently	168	22
TOTAL	727	100

N = 727

50. A supplementary question sought to quantify the export impact with companies being asked what their export turnover would have been “with” and “without” SE support. Of the 504 exporters who responded to this question:-

- Total exports “with” SE support were £1,220 million, ranging from £0 to £65 million. The average per company was £2.4 million;
- “Without” support exports were reported as £1,077.000 million, with the same range and an average of £1.500 million. The company average was £2.1 million; and
- Over 1 year therefore SE is supporting £143 million of additional exports, an average per company for the exporters of £0.265 million (540 exporting companies).

It needs to be stressed that this is the increase in exports over 1 year only.

Research and Development Expenditure

51. Had companies spent more on Research and Development because of SE's support?⁷ Table 15 shows the responses. Whilst a third of respondents reported no increase, 57% reported an increase either already attained or expected in the future. Again, deadweight was minimal (2% of responses).

⁷ This was defined as expenditure to improve existing products, processes and services or to develop new ones.

TABLE 15 **Changes to Expenditure on Research and Development because of SE's Support**

Change	Number	Column Percentages
No increase	225	31
Slight increase	82	11
Moderate increase	110	15
Significant increase	155	22
No impact yet but anticipate increase in the future	51	7
Would have happened without SE support	14	2
Would not have happened without SE support	7	1
Don't know	77	11
TOTAL	721	100

N = 721

52. In terms of the quantitative changes in R & D spend, 705 companies gave “with” and “without” figures:-
- “With” SE support total R & D spend was £260 million, ranging from £0 to £15 million. The average across the companies was £0.370 million;
 - “Without” support total spend was given as £195 million, ranging from £0 to £14 million, averaging £0.300 million; and
 - The impact of SE support on R & D spend was therefore an additional £65 million of spend, an average of £0.092 per company. Again, this is the impact over 1 year.

Capital Investment

53. Companies were asked if the amount of capital investment had changed because of SE's support⁸ (Table 16). Almost half (46%) said there had been no increase although 42% said that there either had been an increase or one was anticipated. Interestingly deadweight (capital investment would have taken place without SE's support) was, at 4% of companies, higher than for the other impact metrics which have been in the 1% to 2% range, although this is still low.

⁸ Capital investment was defined as an expenditure or investment on capital goods and equipment such as buildings and machinery.

Table 16 **Changes to Capital Investment because of SE's Support**

Change	Number	Column Percentages
No increase	332	46
Slight increase	87	12
Moderate increase	73	10
Significant increase	96	13
No impact yet but anticipate increase in the future	49	7
Would have happened without SE support	27	4
Would not have happened without SE support	5	1
Don't know	48	7
TOTAL	717	100

N = 717

54. In terms of the actual change in capital spend, companies were asked to give capital investment for the last financial year "with" and "without" SE support: 603 companies did:-

- "With" SE support the average was £0.622 million and totalled £375 million;
- "Without" support the average was £0.483 million and totalled £291 million; and
- SE's impact on capital investment was therefore to create an additional £84 million of capital spend over one year, an average of £0.139 million per company.

Impact on Profitability

55. Table 17 looks at the impact on profitability. The key points are:-

- A fifth of respondents said there had been no impact;
- Almost three quarters reported a positive impact, either to date or in the future. Of these 3% said that without SE's support profitability would have fallen even more; and
- As with exports, deadweight is limited with only 1% stating that profitability would have grown without SE's support.

Respondents were not asked to give "with" and "without" SE's support figures for this question, mainly as it was felt there would be a poor response.

TABLE 17 Changes to Profitability because of SE's Support

Change	Number	Column Percentages
No increase	131	18
Slight increase	177	24
Moderate increase	158	22
Significant increase	67	9
Fallen at a slower rate than would otherwise have been the case	21	3
No impact yet but anticipate increase in the future	112	16
Would have grown without SE support	9	1
Don't know	52	7
TOTAL	727	100

N = 727

Labour Productivity

56. Has SE's support resulted in changes to labour productivity⁹ (Table 18)? The Table shows that:-

- A fifth of companies felt that there had been no increase;
- Almost 60% reported increases either already or anticipated whilst 1% felt that support had stopped productivity decreasing faster; and
- As with the other metrics, deadweight was low: only 1% reported deadweight, that is productivity increasing regardless of SE's support.

Again, no attempt was made to quantify these changes.

TABLE 18 Changes to Labour Productivity because of SE's Support

Change	Number	Column Percentages
No increase	151	21
Slight increase	169	23
Moderate increase	170	13
Significant increase	70	10
Fallen at a slower rate than would otherwise have been the case	7	1
No impact yet but anticipate increase in the future	89	12
Would have grown without SE support	5	1
Don't know	66	9
TOTAL	727	100

N = 727

57. Comparison with the employment figures in Table 13 shows that:-

- Whilst 17% of companies reported a significant increase in employment only 10% reported a significant increase in labour productivity; and

⁹ This was defined as turnover/sales per employee.

- 14% reported no increase in employment and 21% no increase in productivity.

One interpretation of these figures is that SE may be able to influence company growth (with growth here being synonymous with employment) more than it can productivity. One reason for this may be that some grant support is linked to employment growth (for example RSA Aid for Job Creation). At least one academic study¹⁰, on RSA, has claimed that, for what was described as “*low tech manufacturing*”, without RSA support such companies “*would employ fewer inputs but have higher levels of TFP*” (p. 11) The research stated that, given RSA’s aims, this finding should not be a surprise in that it is driven by an attempt to get companies to do something that they would otherwise not do: to create or safeguard employment. The findings of this survey would seem to provide some evidence that this may still be the case. The question posed by the research is whether the resultant gains in employment are worth the lower levels of productivity. This may still be an issue worth considering.

People Investment

58. Companies were asked if they were now spending more on People Development because of SE’s support¹² (Table 19). Of the 720 respondents:-

- A quarter had not increased spend;
- However, almost three quarters reported actual or anticipated increases; and
- Deadweight was again limited.

No attempt was made to quantify this response.

Table 19 **Changes in Spend on People Development because of SE’s Support**

Change	Number	Column Percentages
No increase	169	24
Slight increase	202	28
Moderate increase	162	23
Significant increase	82	11
No impact yet but anticipate increase in the future	47	7
Would have happened without SE support	10	1
Would not have happened without SE support	9	1
Don’t know	37	5
TOTAL	720	100

N = 720

Impact Persistence

59. Companies were asked how long they thought the total package of support received from SE would continue to benefit their business (Table 20). The figures show that SE’s support is felt to have an impact lasting well beyond one year:-

- The median is 3.5 years;

¹⁰ Moffat, J. (2014), Regional Selective Assistance in Scotland: does it make a difference to plant productivity?, Urban Studies, 51 (120 pp. 255 -71. Available at:-

<https://journals.sagepub.com/doi/abs/10.1177/0042098013510568?journalCode=usja>

¹¹ Total Factor Productivity. There are two measures of productivity: (a) labour productivity: total output divided by units of labour, for example turnover per employee and (b) total factor productivity, which equals total output divided by weighted average of the inputs, mainly labour and capital.

¹² People development was defined as such things as investment in people development, leadership, workforce capability, and skills training.

- The average is 5 years;¹³ and
- 15% of respondents felt the impacts would last for more than 10 years.

TABLE 20 Persistence of the Impacts of SE Support

Time	Number	Column Percentages
One year or less	19	3
1 to 2 years	117	16
3 to 4 years	233	33
5 to 6 years	124	17
6 to 10 years	72	10
More than 10 years	111	15
Don't know	40	6
TOTAL	716	100

N = 716

Summarising the Gross Quantitative Impacts

60. Table 21 summarises the annual gross quantitative impacts. The final column looks at the support impact (for example the employment support impact is to create/safeguard 4,487 jobs whilst the turnover impact is to grow turnover by £500 million).

TABLE 21 Summary of Annual Quantitative Impacts

A	B	C	D
Metric	With Support	Without Support	Support Impact (B - C)
Employment	50,965	46,478	4,487
Turnover	£5,500 m	£5,000 m	£500 m
Exports	£1,220 m	£1,077 m	£143 m
Research and Development spend	£260 m	£195 m	£65 m
Capital Expenditure	£375 m	£291 m	£84 m

¹³ The average has been calculated by multiplying the number of cases by the average number of years' persistence, summing the results and then dividing the number of cases (excluding the Don't Knows).

6. The Net Impacts of SE's Support

61. Appendix 5 outlines in detail how the net impact of support has been calculated for GVA and employment. This has drawn on the survey evidence as to impacts and persistence, internal data on average displacement derived from a range of evaluations (commissioned and undertaken by SE), Scottish Government metrics on Type II multipliers¹⁴ and internal cost data. The reported impacts therefore include direct, indirect (supply chain) and induced (supported through wages spend) effects.

62. The GVA impacts have been calculated for 2 persistence scenarios (Paragraph 59):-

- The first for the median persistence of 3.5 years; and
- The second for the 5-year average.

Both calculations factor in an average displacement value (24%) and an average Type II (direct, indirect and induced impacts) multiplier of 1.7. Table 22 shows the results.

TABLE 22 Net GVA Impacts

Persistence Scenario	Net GVA	Net GVA Present Value (PV)	Average GVA per Company (PV)
Scenario 1 – 3.5 years persistence	£833 m	£797 m	£1.1 m
Scenario 2 – 5 years persistence	£1,190 m	£1,112 m	£1.5 m

63. For the employment impacts no persistence adjustments were made, given that employment is, unlike GVA, not cumulative. As with GVA, displacement (27%) and an average Type II multiplier (1.7) were factored in. The net impacts were to create/safeguard:-

- 5,570 jobs; and
- An average of 8 jobs per company.

64. Based on the Present Value estimated costs of support over 3.5 and 5 years (£98.5 million over 3.5 years and £137 million over 5 years: Appendix 5) the relative metrics are estimated to be: -

- For persistence of 3.5 years: an Impact Ratio (net GVA per £1 SE support) of 8:1 and a net Cost per of creating/safeguarding a Job of £17,700; and
- For policy persistence of 5 years: an Impact Ratio of 8:1 and a net Cost per Job of £24,600.

It should be noted that the Impact Ratios are the same as, although the costs of support are proportionately greater over 5 years, the net GVA impact is also proportionately greater. The Cost per Job figures need to be caveated in that the costs are lower for the 3.5 years persistence scenario as only 3.5 years' worth of support costs are factored in, which results in a lower Cost per Job. Over 5 years it is assumed that further support costs are incurred.

65. If the same persistence (3.5 and 5 years) and the displacement (24%) adjustments were made as to the other impacts then the impact of SE's support on creating/safeguarding: turnover, exports, capital investment and R & D spend can be estimated. These are summarised in Table 23.

¹⁴ The Type II multiplier covers the impact on the supply chain as well as the impacts that are supported (induced) by wages spend.

TABLE 23 Summary of Estimated Net Absolute and Relative Impacts of SE's Support Package

Metric	Estimated Impact (3.5 years persistence)	Estimated Impact (5 years persistence)
GVA (PV)	£797 m	£1,112 m
Impact Ratio (Net GVA per £1 of SE support)	8:1	8:1
Jobs created safeguarded	5,570	5,570
Cost per Job	£17,700	£24,600
Additional Turnover (PV)	£1,246 m	£1,779 m
Additional Exports	£353 m	£504 m
Additional Capital Investment	£223 m	£319 m
Additional Research and Development Spend	£173 m	£247 m

66. Are these impacts good, average or bad? The last full Account Management evaluation was published in 2013¹⁵ and looked at impacts over 4 years. It was based on a survey of companies undertaken by a combination of telephone and face-to-face interviews. The complexities of the evaluation methodology mean that direct comparisons with this survey are only possible on certain metrics and even then, need to be heavily caveated. To assist comparison with the current survey, the 2013 impacts have been extrapolated for a further year to provide a 5-year profile and expressed in 2018 prices. Table 24 looks at some of the key metrics:-

- The average GVA impact per company is higher, with the 5-year 2013 impacts (Present Value, 2018 prices) being 39% lower than the 2019 figure;
- The number of jobs created per company has fallen. It is difficult to know if this reflects changes to grant criteria, in particular the difficulty that large firms now have of gaining RSA support unless they are either a new company to Scotland or an existing one that is diversifying. Alternatively, it may be that SE's support is now able to influence labour productivity more than previously;
- The Impact Ratio has improved, being 14% higher than the 2013 5-year impacts when expressed in 2018 prices; and
- The Cost per Job is higher. Expressing these in 2018 prices gives a Cost per Job of £17,900 (2018 prices) for the 2013 evaluation in comparison with the £24,600 for the current study.

TABLE 24 Comparison of the 2013 Account Management Evaluation and the 2019 Online Survey on Selected Metrics

Metric	2013 Evaluation (5 years of impacts)	2019 online survey (5 years of impacts)
Average GVA per company (2018 prices 2013 evaluation)	£0.921 m	£1.5 m
Average net jobs per company	12	8
Impact Ratio (GVA per £1 SE support) (2018 prices 2013 evaluation)	7:1	8:1
Cost per Job (2018 prices 2013 evaluation)	£17,900	£24,600

¹⁵ <http://www.evaluationonline.org.uk/evaluations/Search.do?ui=basic&action=show&id=530>

67. It is stressed that the comparisons in Table 24 need to be treated as broadly indicative because of the many differences in methodologies and assumptions in the 2 evaluations. However, it would seem that the impacts of the Account Management service are roughly similar on some metrics although the Impact Ratio seems to have improved whilst the Cost per Job created/safeguarded seems to have increased.

68. Net GVA per head can be compared with the average for the Scottish economy:-

- Net GVA over 5 years is £1,112 million. This equates to a one-year figure of £222 million and 5,570 net jobs (Table 23);
- This equates to GVA per head of £40,000;
- The Scottish economy figure for 2017 is £49,700¹⁶, ¹⁷; and
- The GVA per head for the companies supported by SE is therefore 20% below the economy "average". Why this is so, is not immediately obvious and more analysis would seem to be called for.

69. A similar comparison can be made for turnover:-

- Net turnover increase over 5 years is £1,779 million (Table 23);
- This gives turnover for 1 year of £355.8 million and net jobs 5,570;
- Turnover per head because of SE support is therefore £63,900;
- The 2017 Scottish economy figure is £129,600; and
- Turnover is therefore around 50% below the whole economy figure.

As with the GVA differences, an explanation is not obvious, and more analysis is called for.

The Population Impacts

70. Calculating the population impacts from a sample is always methodologically difficult as there is no way of knowing if non-respondents differ in some way to those who have completed the survey. For example, do companies not respond because they do not feel SE's support has had any impact upon them? If this is the case, then grossing up will overestimate impacts.

71. Grossing up therefore needs to be caveated and the results interpreted with caution. However, the earlier analysis of the employment distribution of the sample and wider population found that there were relatively minor differences (Paragraphs 5 to 6). Given this it may be that the population estimates are reasonably robust.

72. The survey had 725 responses from a population of 1,110 (Paragraph 4), a 65.9% response rate. The grossing factor is therefore 1.52 (1,100/725). This has been applied to the absolute impacts presented in Table 23 (the relative impacts will not change as it is assumed that the costs of support will increase by the same factor as the impacts). The results are shown in Table 25.

¹⁶ <https://www2.gov.scot/Resource/0054/00547580.pdf>

¹⁷ This figure is for SIC Divisions 1 to 96 and excludes the financial sector & parts of agriculture and the public sector.

TABLE 25 **Population Impacts**

Metric	Estimated Sample Impact	Estimated Population Impact
GVA (5 years PV)	£1,112 m	£1,690 m
Jobs created safeguarded	5,570	8,466
Additional Turnover (5 years PV)	£1,779 m	£2,704 m
Additional Exports (5 years)	£504 m	£767 m
Additional Capital Investment (5 years)	£319 m	£486 m
Additional Research and Development Spend (5 years)	£247 m	£375 m

The Distribution of Impacts

73. Invariably when the distribution of impacts arising from public sector interventions are examined, these are skewed: a minority of companies account for the majority of impacts. The “norm” is the Pareto distribution: 20% of cases accounting for 80% of impacts¹⁸. Whilst rarely are these exact percentages met, SE’s experience, from several evaluations, is that impacts are invariably skewed. For example:-

- The 2013 evaluation of Account Management support¹⁹ found that 20% of companies accounted for:-
 - 72% of net GVA; and
 - 73% of net employment;
- Analysis of the Scottish Venture Fund²⁰ found that:-
 - 20% of companies accounted for 80% of GVA; and
 - 56% of employment; whilst
- The 2017 evaluation of SE’s internationalisation exporting activity²¹ found that 20% of companies accounted for:-
 - 70% of GVA for companies that received intensive support; and
 - 97% for less intensively supported companies.

74. The impact distribution for companies in this survey generally follows this pattern (Table 26). The top 20% of companies are always accounting for more than 70% of net impacts across all 5 activities. For 2 the percentages are in the high 80s whilst almost all additional capital expenditure is accounted for by the top 20% of companies. What this would seem to show is that for some activities SE struggles to have a broad impact. Why this should be, is not obvious although one explanation, given that these figures are based on one year’s data, may be that it takes longer for some interventions to impact upon a significant number of companies. However, given that there seems to be an inevitability about the skewed distribution of public sector economic development impacts, this, perhaps, should not be a matter of great concern.

¹⁸ <http://www.sqw.co.uk/insights-and-publications/the-pareto-principle>

¹⁹ <http://www.evaluationonline.org.uk/evaluations/Search.do?ui=basic&action=show&id=530>

The GVA figure has been extracted from Figure 18 and relates to the 2008/09 to 2011/12 period. Employment comes from Figure 19 and relates to 2011/12.

²⁰ <http://www.evaluationonline.org.uk/evaluations/Search.do?ui=basic&action=show&id=512>

These figures have been extracted from Figure 6.1.

²¹ <http://www.evaluationonline.org.uk/evaluations/Search.do?ui=basic&action=show&id=682>

TABLE 26 Net Impact Distribution

Activity	Percentage of net impacts accounted for by top 20% of companies
Turnover	72%
Employment	77%
Exports	87%
Research and Development Spend	88%
Capital Expenditure	97%

75. Table 27 looks at this in greater detail by considering the distribution of impacts over deciles for the 5 activities for which numeric data was collected. From this the inability to influence a substantial proportion of companies on some metrics can be seen. This is especially the case for capital expenditure where SE can apparently only influence the top 30% of companies. At the other extreme are turnover and employment where it seems to be possible to influence a greater proportion of companies.

TABLE 27 Impact Distribution by Deciles

(Column %s of total impacts)

Decile	Activity				
	Turnover	Employment	Exports	R & D Spend	Capital Expenditure
1st	54%	63%	69%	74%	88%
2nd	18%	14%	18%	14%	9%
3rd	11%	8%	8%	7%	3%
4th	8%	5%	4%	3%	0%
5th	5%	4%	1%	2%	0%
6th	3%	3%	0%	0%	0%
7th	1%	2%	0%	0%	0%
8th	0%	1%	0%	0%	0%
9th	0%	0%	0%	0%	0%
10th	0%	0%	0%	0%	0%
TOTAL	100%	100%	100%	100%	100%

76. Interestingly for turnover/GVA (an appropriate comparison given that GVA for the online survey has been derived from turnover), comparison with the 2013 survey shows that although the degree of skewness has increased, paradoxically the ability to influence the lower deciles has marginally improved in that now the impacts extend to the 7th decile whereas in 2013 they did not go beyond the 5th (Table 28).

TABLE 28

Comparison of Impact Distributions

(Column %s of total impacts)

Decile	2019 Online Survey (Turnover distribution)	2013 Evaluation (GVA distribution)
1st	67%	53%
2nd	14%	18%
3rd	7%	11%
4th	6%	8%
5th	3%	5%
6th	2%	0%
7th	1%	0%
8th	0%	0%
9th	0%	0%
10th	0%	0%
TOTAL	100%	100%

77. The obvious question is: “Are the same companies responsible for impacts across the 5 activities”? The answer seems to be no. Calculation of simple correlation coefficients²² between all pairs of activity impacts found that there was basically no relationship, with the highest coefficient being -0.18 between turnover and exports. However, this was exceptional: the norm was coefficients of 0.007 (turnover against Research and Development spend or 0.02 (employment against exports)). What the data seems to be showing is that SE can influence one metric but rarely more for the same company. However, this needs to be caveated in so far as the analysis is based on data for one year. It may be that impacts for some metrics (for example capital spend (Paragraph 75) take longer to arise.

78. A more detailed analysis was undertaken looking at the top 20 companies for each activity and seeing if there was any overlap. It was found that there was some:-

- Of the 20 companies that had the greatest turnover impacts 9 appeared in the top 20 for other activities: 3 for capital expenditure, 3 for exports, 2 for R & D and 1 for employment; and
- For the top 20 capital expenditure companies 3 appeared in the top 20 for employment and 1 for R & D.

Of the companies 1 appeared in the top 20 for 3 activities (turnover, employment and capital expenditure). There were therefore 12 companies that appeared in the top 20 for at least 2 of the activities.

79. What the data seems therefore to show is that:-

- Overall SE’s interventions seem to have the ability to impact upon 1 metric in isolation: for example, either turnover or employment but rarely both; however
- When a more nuanced analysis of only the top 20 net impact companies is undertaken it seems as if there is the ability to influence more than 1 metric for a minority of companies, albeit that these are the ones contributing the greatest impacts so that their overall contribution may be more significant than their numbers indicate. This would seem to be an area that would repay further analysis.

²² A correlation coefficient shows the relationship between 2 sets of variables and ranges from -1 to +1, with -1 showing a perfect negative relationship (an increase of one unit in the value of one variable is matched by a decrease of one in the other) and vice versa for a perfect positive relationship of +1. However, the coefficients do not necessarily show causation.

7. Other Business Support Needs

80. Several other business support needs were identified by a minority of companies (224 or 31% of respondents). These were needs that companies would like SE to meet (Table 29). What is clear is that many, if not all, of these are types of support that SE already provides. Indeed, the verbatim comments about the impact that support had on the company (Appendix 3) refer to most of these. It may be that what the Table is showing is, less a need for SE to change its product portfolio, and more a need for some Account Managers to be more proactive in identifying companies' needs and then linking these to the support on offer.

TABLE 29 Other Business Support Needs

Business Support Needs	Number	Column Percentages
New market development generally (including exhibitions / trade shows)	50	12
Financial advice	41	10
Capital investment	37	9
Internationalisation	36	9
Manufacturing and operations Support	33	8
New product development / R&D	29	7
Organisation / HR / cultural Development	25	6
Marketing strategy	25	6
Funding for staff	21	5
Other ¹	116	28
TOTAL²	413	100

N = 224

Note:-

1. "Other" includes: general comments not related to any specific aspect of support; digital strategy; business strategy generally; leadership; and management development; addressing the impact of Brexit; and changes to SE's processes such as the approvals process.
2. Some respondents gave more than one response.

81. Given the importance of digital support and procedures, both to companies and SE, this has been explored in more detail.

8. Digital Processes and Support

82. There were no specific survey questions dealing with digital processes. However, several of the comments made covered digital processes and support. The responses fell into 2 categories:-

- The need for SE to digitise existing processes and procedures, that is to improve the efficiency of administration; and
- The digital support that SE provides to Account Managed companies.

83. In terms of SE's processes, the main criticism was the requirement for paper documentation, in part as contracts could not be signed with a digital signature. The following quotation summarises the issues (in response to the question about Other Support Needs).

"Online portal for funding applications and claim submissions. Very often (especially with RSA) we drown in manual paperwork and posting hard copies feels very archaic in the age of digital signatures. Being able to see a log of previous submissions, lifting email trails from inboxes, keeping track of de minimis levels and other helpful stats would allow quicker business decisions".

84. As another respondent said:-

"The application process should be managed online. East Ayrshire Council manage this sort of thing brilliantly through GrantVisor".

85. There was also criticism of the digital support offerings by SE with one commenting that they "are poor". The types of digital support that were identified as being needed covered:-

- Marketing/digital/social media (3 respondents);
- Digital Transformation Strategy assistance (2 respondents);
- In the digital IP area, more funding towards legal advice;
- Innovation/Digitisation; and
- IT project development.

However, some of this support is already on offer (see Paragraph 78) so that there may be a need for better internal marketing.

86. However, these critical comments need to be placed in context. In total there were 11 critical comments related to digital support. There were over 50 that were supportive. Table 30 gives a cross section of these. A common thread is SE's role as a facilitator: providing funding or networking access that has resulted in companies being able to apply digital approaches, especially for marketing purposes.

TABLE 30 **Positive Comments About SE's Digital Support**

"We would not have been able to fund our new website and digital marketing strategy which has proven to be invaluable to our business".

"Without access to the ScotGrad scheme, we would not have been able to recruit a full-time resource to assist in the delivery of our digital strategy and would therefore have lost potential revenue and digital innovation potential".

"Having access to SE's graduate programme has led to the company recruiting an excellent person responsible for digital marketing".

"Digital presence is well designed and meets current standards of bookability. Directly because of SE support".

"The funding support for our website and digital marketing allowed us to engage a digital company with a greater level of skill and experience than we would normally have been able to afford to appoint".

"We have been able to kick start our digital marketing with support from SE that has enabled quality materials to be created and that has been a key driver for growth".

87. What these comments (critical and supportive) may be showing is that the respondents fall into 2 groups:-

- Those whose knowledge and awareness of digital applications and their benefits may be limited and therefore need a proactive approach from SE, which in some cases may not be forthcoming, hence the critical response; and
- Those who have a greater level of awareness and approach SE for support either to allow them to buy-in more advanced support or with specific requests. In these instances, SE is being reactive and a facilitator.

88. Whatever the explanation, there may be scope for SE to identify companies with limited digital awareness and then target them for support. SE also needs to give thought as to how it can make its existing processes more customer-friendly by making greater use of digital platforms, something that is currently underway.

9. Likelihood of Recommending SE to Others

89. Finally, companies were asked how likely they were to recommend the Account Management service on a scale of 1 (Very Unlikely) to 10 (Highly Likely), (Table 31). The weighted average of the likelihood scores was 9 with over half of respondents giving a score of 10 and 88% a score of 8 or higher.

TABLE 31 Likelihood of Recommending the Account Management Service

Scale	Number	Column Percentages
1 (Very Unlikely)	0	0
2	2	0
3	3	0
4	4	1
5	13	2
6	15	2
7	46	6
8	121	17
9	118	17
10 (Highly Likely)	390	55
TOTAL	712	100

N = 713

90. Use can be made of market research techniques to calculate the Net Promoter Score (NPS) (Appendix 6). This is essentially a measure of the likelihood that customers will recommend a company (in this case SE) to others. It was developed in America in 2003 by a management consultant²³ and is calculated using the type of scale shown in Table 29 as the raw data. It ranges from a low of -100 to +100. For the scores in the Table the calculated NPS is 66.

91. What does this mean? It is claimed that the average American company scores less than 10 whilst the highest performing organisations score between 50 and 80, although the scores can vary considerably from sector to sector²⁴. This would seem to indicate that SE achieves a very good score, although ideally the score should be compared to similar public sector economic development agencies, or failing that, to earlier scores achieved by SE.

92. Unfortunately, although earlier Account Management evaluations have assessed satisfaction with the service, a "Likelihood of Recommendation" question was not asked. The satisfaction questions were asked on a scale of 5, from "Very Dissatisfied" to "Very Satisfied". Despite these differences, an attempt has been made to compare the results over time (Table 32). What can be seen is that:-

- Satisfaction with SE's Account Management service has generally been high, with the "Very Satisfied" accounting for a third to a half of all responses. Here the current survey stands out as the combined "10" and "9" scores give a 72% score;
- Over time satisfaction seems to have increased, especially since the 2006 score;
- The corollary applies: very few people express dissatisfaction; and
- The indifferent (neither satisfied or dissatisfied) have generally decreased over time.

²³ Management consultant Fred Reichheld of Bain & Company in collaboration with the company Satmetrix.

²⁴ <https://www.checkmarket.com/blog/net-promoter-score/>

TABLE 32 Comparison of Satisfaction and “Likelihood to Recommend” Scores Over Time

Survey date	Response (%)						TOTAL
	Very satisfied	Fairly satisfied	Neither satisfied or dissatisfied	Fairly dissatisfied	Very dissatisfied	Don't know	
2019 ¹	72	23	4	1	0	0	100 N = 713
2013 ²	91		6	2	1	0	100 N = 601
2008 ³	47	39	9	3	2	1	100 N = 740
2006 ³	32	53	9	3	3	0	100 N = 2,262
2004 ³	40	44	6	6	3	1	100 N = 972

Notes and Sources:-

1. This survey did not ask a satisfaction question but a “Likelihood to recommend” one. It also used a 10-point scale (see Table 29). For comparative purposes this scale has been condensed into the 5 point one used in the earlier evaluations. Thus the 1 and 2 scores were equated to “Very Dissatisfied” and so on.
2. <http://www.evaluationonline.org.uk/evaluations/Search.do?ui=basic&action=show&id=530>
This survey did not give the detailed breakdown of responses for the Very and Fairly satisfied categories. It was reported that 91% of respondents were Satisfied or Very Satisfied.
3. These results are summarised in the 2009 evaluation:-
<http://www.evaluationonline.org.uk/evaluations/Search.do?ui=basic&action=show&id=325>

93. When the survey is next repeated it will be possible to calculate a comparable NPS score. However, accepting the caveats outlined above, and taking these scores in conjunction with the earlier ones (for example Table 8 and Paragraph 34 that look at the ratings of the business benefits because of SE’s support), there are very high levels of satisfaction with SE, the support it provides and those who provide it. These levels seem to have gradually increased over time.

10. Conclusions

94. This survey is the first in-depth assessment of the Account Management service since the 2013 evaluation. It covers two thirds of the in-scope population and, although questions can be raised about the robustness of self-completed questionnaires, the depth and detail of responses indicates that the respondents have taken considerable time and thought when completing it. Accordingly, the findings seem to give a realistic view of how SE's Account Management service is perceived by its users.

95. What emerges strongly is the high level of satisfaction with the service and the additionality it brings: that is, it is helping companies to do things that they would otherwise not be able to do. Underpinning this is the advice and support provided by the Account Managers and other SE staff. Indeed, the strength of the service seems to be synonymous with the quality of the staff, especially the Account Managers. The responses to the open-ended questions mention 32 Managers by name, all in very complementary terms. Table 33 gives a cross section of the comments made with both Managers' and Companies' names removed.

TABLE 33 Comments Made About Account Managers

"Our Account manager has been brilliant, not only in supporting us to access the right products but in his energy and enthusiasm for our product and helping us to connect to the right people".

"Our account manager, demonstrates a strong commercial knowledge and understands our business".

"Our account manager has been able to fully understand our business priorities, pace and agility and this has meant a proactive approach without support I very much doubt that my company would have grown & progressed as well as it has over the last 12 months".

"Our account manager's advice has been instrumental in understanding our priorities and then implementing them with funding".

"Having an account manager to get advice and support from helps to keep our business moving forward".

"With excellent assistance from our Account Manager we made the move into our new factory in August 2018".

"Without the advice of our account manager and the strategy we would have missed key opportunities for growth. When key advice was required it was available allowing us to either choose the correct strategic decision or mitigate risks".

"The constant access to advice is very useful on an on-going basis from our account manager".

"Our account manager is always available for conversations about general business issues."

"Our account manager, demonstrates a strong commercial knowledge and understands our business".

"Our Account Manager is always available and has a vast amount of experience and network capability, her support and knowledge is a fantastic resource to draw on".

"The advice and guidance provided by our account manager is incredibly valuable and helps us immeasurably".

"Our account manager and the range of contacts he has access to have been invaluable on the decision making of the business for a number of years now. It has become the norm to consult with our Scottish Enterprise account manager on anything that occurs within the business that we are unsure of how to proceed with".

"The good relationship that we have with our account manager is vital. It provides a one point of contact and saves the need for us to spend valuable time on trying to access the various departments".

"Our account manager has been fantastic in supporting and putting us in touch with advisors".

"Account Manager is excellent at connecting us with the correct people / advice within SE".

"Our SE account manager has been available and proactive in supporting not only the company but also myself as the MD with advice".

96. The impacts of the service, in economic development terms, are positive. Levels of additionality are very high and deadweight (the extent to which support does not achieve anything) is low. Those supported have increased turnover, employment, exports, capital investment and spending on Research and Development. There has also been an impact upon profitability and labour productivity albeit these 2 factors were not quantified.

97. The net impacts of support are, in absolute terms, similar to those found in the 2013 evaluation, although the Impact Ratio has improved. However, the differences in methodologies mean that it is unwise to place too much emphasis upon the detailed quantification of these differences.

98. The survey does identify some areas for improvement:-

- Greater use of digital approaches for grant applications and monitoring;
- Reducing the administrative load for small firms when applying for support;
- Ensuring that speedy decisions are made when companies apply for support; and
- The need for Account Managers, at times, to be more proactive in linking the support needs of companies to the support that SE can offer. This reflects the views of a minority of companies who identified additional support needs. Virtually all of these were products and services that SE already offered.

99. Digitisation is a way of ensuring that resources are used effectively. However, the clear message that comes from the survey is that the additionality of the Account Management service is provided by personal contact: between the Account Manager, other SE staff and the company. If this is lost, and the links with SE become purely transactional, then there may be a danger that the positive impact of the Account Management service decreases.

KH

31/5/19

19/6/19 (impact distribution added)

18/09/19 (final edit and grossing up added)

5/11/19 (KR comments)

8/01/20 (company size added and impacts reworked)

APPENDIX 1 The Employment Size Distribution of the Surveyed Companies

TABLE A1.1 The Employment Size Distribution of the Surveyed Companies

	Number of companies	Percentage of companies	Total employment	Percentage of employment	Average employment per company
0-10	129	18	785	2	6
11-20	141	20	2,163	4	15
21-30	89	13	2,295	5	26
31-40	71	10	2,522	5	36
41-50	51	7	2,380	5	47
51-60	30	4	1,684	3	56
61-70	25	4	1,657	3	66
71-80	17	2	1,295	3	76
81-90	23	3	1,951	4	85
91-100	12	2	1,165	2	97
101-150	36	5	4,426	9	123
151-200	30	4	5,377	11	179
201-250	11	2	2,480	5	225
251-500	29	4	10,320	19	356
501-1000	12	2	9,063	17	755
1001-1500	1	0	1,350	3	1,350
TOTAL/AVERAGE	707	100	50,913	100	72

APPENDIX 2

Questionnaire and Methodological Issues

A2.1 In the light of the analysis it is useful to reflect upon those questions where the responses indicate ambiguity or add little to the findings. The main ones are:-

- All the questions that asked for a numeric response in £000s for such things as turnover, export sales and capital investment²⁵. This question was modified once but it still seems that the responses are ambiguous: not all follow the guidance (giving a response in £000s). It is not immediately clear how this can be improved given that the changes already made do not seem to have resolved this;
- The questions where respondents are asked to rank things (for example, the importance of Account Management support, Question 5), should explicitly state that 1 is “Most Important”;
- Is question 9 needed? This asks for an explanation of Question 8, which asks if support has enabled companies to do things that they would otherwise not have been able to do. The verbatim responses to this question tend to cover the same ground as the subsequent questions which deal explicitly with time, scale and quality additionality;
- Questions 22 and 24 that ask for Global Employment “with” and “without” SE support. Question 22 asks for a Global Employment figure whilst 24 asks what this would have been without SE support. On reflection these 2 questions do not add much. They could either be dropped or rephrased. If rephrased, we could ask:-
 - Question 22: “What is your total company employment **outside of Scotland?**”; and
 - Question 24: “What would employment **outside of Scotland** would have been without SE support?”;

If we did this, then we would have an indication of what impact SE’s support was having on employment elsewhere in the world (questions 21 and 23 estimate SE’s impact upon Scottish employment);

- Questions 28 and 29 (SE’s impact on company profitability and labour productivity) ask for a qualitative response. Should we think about how we can try, either directly or indirectly, to quantify these metrics, especially productivity?;
- Question 37 (business benefits of SE support) should have a scale 0 to 10 rather than the current 1 to 10 with 0 being “No impact; and
- Questions 41 which asks respondents to rank (from 1 to 10) the likelihood of their recommending SE’s Account Management service, should be slightly changed:-

“On a scale of 0 to 10 how likely are you to recommend SE’s account management service to other companies with 0 being Not at all Likely and 10 Extremely Likely”.

This would then conform to the Net Promoter Score methodology.

A2.2 There are also some methodological issues that need to be thought about:-

- The economic impacts of SE’s support have been calculated using a mixture of survey responses and Scottish Government economic statistics as outlined in Appendix 5. Is this an approach that we are happy with? Do we think that it is credible and will be able to withstand scrutiny; and
- There are currently several open-ended questions. These have generated a large number of responses many of which are very detailed. Whilst these have been categorised by a consultant there is still a need to spend a lot of time making sense of them. Do we want to continue with these open questions, or do we

²⁵ The relevant questions are 18 (turnover in the last financial year), 19 (what would turnover have been without SE support), 26 (export value in the last financial year), 27 (export value without SE support), 31 (R & D spend with SE support), 32 (R & D spend without SE support), 35 (capital investment with SE support), 36 (capital investment without SE support). This is 8 questions in total.

want to use the categorisation in this paper to replace these with closed questions? This would make analysis and reporting easier. There would, however, be a loss of the granularity which can be seen in Appendix 3 and elsewhere in this paper.

APPENDIX 3 Verbatim Comments About Top Ranked Advice and Support

TABLE A3.1

The Importance of Funding

"Funding contribution has assisted the business to continue to grow and expand into new areas which is crucial to our business".

"Funding has been important to commence new initiatives within the business".

"It allowed us to find a suitable investor to grow the business quicker".

"Funding has had the largest impact as it has supported temporary positions and market entry into the US which would not have otherwise have happened".

"Funding allowed our company to expand".

"Funding for training and Innovation have been key".

"Funding has been applied in several areas of the business and allowed us to explore more options that we would have on our own account."

"Marketing workshop at Dalmahoy - opened our eyes into the art of the possible with respect to European funding support for corporate development."

"Funding support for the flexo press transformed this business."

"Funding allows us to grow more quickly than we could ever do alone."

"The company received a RSA grant towards a large investment program which was invaluable".

"Funding is very important for us at the stage we are, and support from SE helps us move the business forward faster and make investment decisions easier."

"Funding - support for a dedicated digital resource that will assist in the delivery of the AGS digital strategy".

"The funding has been essential in allowing us to carry out projects we would not otherwise have been able to afford".

"Helped us set up a business in France. Funding support was crucial."

"Funding has allowed us to expand our expertise and team."

"The funding has helped us make important investments which we wouldn't otherwise have been able to make".

"Grants have helped us take on new staff and gain experienced input".

"Funding has helped us procure plant that otherwise would not have been achievable. We utilise the training funding that helps us stay well trained for the market demands and the advice keeps us informed of the help available."

"Funding assisted us in accelerating our growth plans. We are very focussed on international markets and financial readiness has helped us achieve external funding and positively impacted our financial reporting/budgeting".

"Funding has help keep the business alive as we had to go through a change in regulator which severely impacted turnover".

"Funding has enabled us to improve our websites".

"Funding for a technology development project".

"Funding allowed us to implement a new ERP system and website".

"Funding has allowed us to carry out projects e.g. Process Mapping using experts which will allow us to improve how we operate".

"Funding to help purchase equipment to grow sales".

"We have been able to secure funding from SE that has allowed us to put improvement and growth strategy in place".

"This has also allowed us to focus more heavily on marketing which is of utmost importance in our industry".

"Funding to underwrite trade show attendance abroad means the difference between being able to attend and not".

"Funding helped us visit 2 trade Shows".

TABLE A3.2 The Importance of Clarified/Improved Organisational Strategy and Ambition

“Strategy workshop has assisted directors in maintaining focus on longer term objectives; good to have time out from the day to day activities to focus on strategy”.

“Work to date with SE has been based on building a Strategic Growth Strategy for CSI - they have been excellent in both support, advice, assisting with the foundation plans and roadmap to kick start our strategy”.

“We have received great advice which has given access to funding and enabled a strategy to be formed where our business will grow”.

“Strategy support helps us to formulate our future plans from an external perspective and brings options we may not have been aware of”.

“We have struggled with strategy over the last 2 years due to changes in the market and support to help understand our strategy has been important”.

“The right Business Strategy is fundamental to our growth and the exercise completed by was excellent”.

“A facilitated strategic workshop really forced the board to reconsider priorities and where we should take the business.”

“Focused the management team on KPI's and strategy”.

“A SE strategy workshop identified that the company's limited marketing especially its website and lack of social media was limiting its growth aspirations”.

“Strategy support is being accessed for the first time in March '19 and is helping to bring focus. No defined strategy so helpful for SE to facilitate that for directional clarity. Great to receive external advice as business inward focussed”.

“The support allowed us to define a clear business strategy, looking at all aspects of the business strategy - specific strategic training for our senior management has helped us formalise our strategy”.

TABLE A3.3 The Importance of Training and Staff Development

“Training as it is difficult to recruit personnel in the geographic where the business is located, so it is necessary to train from within”.

“We utilise the training funding that helps us stay well trained for the market demands.”

“Training and development helped our staff.”

“The Training and Development will allow us to operate flexibility and change the culture of the business”.

“We had funding for an International Manager for Hire, which has helped the company understand its international sales process”.

“SE helped us recruit our first ever marketing manager. This has made a huge difference to our marketing intelligence and action”.

“SE helped locate training for our new management team. This has helped transform our customer service and freed up senior managers to work at a more strategic level”.

“We've grown quite quickly and people have grown up with the company and therefore need a bit of polishing. SE have provided useful courses and advice on that”.

“Training new staff and current employees helps with quality and efficiency.”

“Main impact is Training/development due to the young staff, and the growing number of staff.”

“Good advice on available external training.”

“Training was very helpful for folks to learn the benefits of the Calvin system as well as internal training.”

“We are undertaking a review of some internal processes with SE support at the moment relating to training and development which is proving very useful. We have also attended Brexit planning events which have been useful.”

“We have been able to retain certain staff and R&D projects through the O&G downturn thanks to support from SE. Strategy support is being accessed for the first time in March '19 and is helping to bring focus”.

“We have a shortage of people who can do this kind of work and training is the only way to go”.

“Training essential to maintain lead in knowledge -based enterprise”.

TABLE A3.4

The Importance of Innovation

"Innovation to remain at the forefront of what we are doing, and also enabling the business to become more agile".

"Innovation sets us apart from the rest..... Innovations are getting us into the export market".

"We are a tech lead business, so innovation is key".

"Innovation is important to ensure that what we can deliver to the market is something new and exciting".

"Innovation - Great support through SMAS, an innovation R&D grant and opening doors to technology institutes we were not aware".

"Innovation and the support around this has been key to assist with the development of our product roadmap".

"We would not have been able to get our product to market without the funding/innovation support we've received from SE over the year".

"Innovation has allowed us to complete projects we would not have been able to do without support".

"We are always looking at ways to innovate and we have received good support from SE".

"The innovation team helped us clarify our technology road map that we have used to guide the direction of our product development".

"Innovation is a core value within our business so having access to innovation support is crucial as we develop our new products".

"We received a lot of support on innovation which has had a positive impact".

"Innovation funding helped radically improve our product".

"As a manufacturing business based heavily on the development of intellectual property, the grant support for innovation and research and development has been hugely beneficial".

"Innovation, I used to think innovation was only about product development but by going on the deeper innovation course with Scottish Enterprise, I have learned that it can be used in all parts of the business which we have now done, and it has become infectious throughout the staff with various innovative improvements being made all across the business".

"The innovation project we have recently undertaken has helped us develop many new internal systems opening up many new opportunities for the business".

TABLE A3.5

The Importance of Improved Market Presence

"We have been able to secure funding from SE that has allowed us to put improvement and growth strategy in place. This has also allowed us to focus more heavily on marketing which is of utmost importance in our industry".

"Funding to underwrite trade show attendance abroad means the difference between being able to attend and not".

"Marketing support is needed as we often do not have the resources to do it properly".

"We had a great Marketing Strategy Expert Support package which has helped to unlock expertise within our team".

"SE helped us recruit our first ever marketing manager. This has made a huge difference to our marketing intelligence and action".

"A SE strategy workshop identified that the company's limited marketing, especially its website and lack of social media, was limiting its growth aspirations".

"We are an online company and the digital aspect of marketing is pivotal to our business and SE has supported us in this rapidly changing area".

"Marketing was something we were not good at and we realised the importance of this and embarked on work supported by SE".

"We have received help with our Digital Marketing and Website launch - which for an SME such as ours will have massive impact in the development of our brands, marketing, route to market and hopefully turnover and profit".

"We have been able to kick start our digital marketing with support from SE that has enabled quality materials to be created and that has been a key driver for growth".

"Marketing has helped us to put forward our new branding and services that we otherwise wouldn't have been able to do".

"Marketing allowed us to identify new markets and prospects and funding allowed us to have a resource to access these".

"Redefining our marketing messages in a crowded market was important in order to stand out. The funding helped us with a new marketing strategy as well as the great advice given to us".

"We found the help obtained with marketing to be both timely and invaluable in shaping our market positioning".

"Marketing helped us get to overseas trade shows we might otherwise have missed and we now have a sales presence in Japan".

"Our marketing and strategy were unrefined. SE really helped us get this in order. Strategy and marketing are much clearer now".

"We have not marketed the Company well over time and the help that SE have given on getting to a point with a new website and PR agency has helped promote the company".

TABLE A3.6 The Importance of Advice, Guidance and Acting as a “Sounding Board”

“As a small company, having good access to high quality advice has been invaluable to us”.

“We have received great advice which has given access to funding and enabled a strategy to be formed where our business will grow”.

“Advice is always available as required and provided in a timely fashion”.

“Access to advice is invaluable to allow us to make informed decisions”.

“Advice on procuring the most suitable partner and explanation of all options available.”

“Access to advice was key as being a family business we needed guidance along the way, which SE provided”.

“The marketplace is flooded with lots of companies and when you are looking for experts within specific areas the use of SE to assist in identifying the more reputable reduces perceived risk in undertaking work whether funded or not”.

“The advice and guidance provided by our account manager is incredibly valuable and helps us immeasurably”.

“He (the Account Manager) has also provided a variety of guidance on our marketing strategies and given us advice on taking our product to market”.

“The advice gave us a wealth of ideas we could put into action, without the potential mistakes that are made without experience”.

“Access to advice has always been critical.”

“Access to advice allowed us to test/check our assumptions”.

“Advice to make sense of the market in an uncertain political and economic climate”.

“Great to receive external advice as business inward focussed”.

“SE has been invaluable in supporting our vision and helping advise on funding options and mis-steps we can avoid”.

“Having an account manager to get advice and support from helps to keep our business moving forward”.

“It has become the norm to consult with our Scottish Enterprise account manager on anything that occurs within the business that we are unsure of how to proceed with”.

“Without (Account Manager’s) support and guidance, our company would not have developed”.

TABLE A3.7 The Importance of Access to Specialist Knowledge and Resources

“Export sales and marketing are the areas where we benefit most from support from external providers”.
“In the last year we have consulted SE advisors with respect to Intellectual property, investment, strategy, marketing, innovation, and international opportunities”.
“Expert marketing review recently completed will provide the basis of marketing plan”.
“Marketing support has allowed us to understand target markets, help us with promotion etc, which is important for a small business like ours”.
“We would not have been able to get our product/service to market without the funding/innovation support we've received from SE over the year”.
“As we look to international markets to grow, we have found information shared from SE resources in country has helped us avoid some pitfalls.”
“The ability to tap into advice on a wide range of topics adds depth to our engagement.”
“Access to advice on a number of matters has allowed us to fast track through some issues”.
“We have managed to raise a significant investment with financial readiness support and are improving our marketing on the back of expert support. As a small company we have found the support of Scottish Enterprise invaluable”.
“It lets us access specialist advice to improve our business that would normally be unavailable to us. SE are at the heart of the ecosystem and always looking to connect us to other companies, advisors or training events”.

APPENDIX 4 Verbatim Comments About the Less Beneficial Aspects of Advice and Support

TABLE A4.1 Cross section of the Comments Made about Administration and Paperwork

“The amount of time required to complete paperwork for applications. It is hugely time consuming.”

“Very complex long-winded paper exercise to obtain travel funding which we have now given up on!”

“To many forms and hoops to jump through to get things done. A more agile, fleet of foot approach would be good.”

“The payment process is unreliable, slow and tedious, where you are treated like a criminal rather than a valued partner.”

“Volume of paperwork, slow payments, not accepting digital signatures.”

“The very time consuming and somewhat iterative requirements when providing the very specific documentation on claiming costs.”

“The online system for claiming grants and the support network in SE behind it has been far from smooth. The online system has failed to work on numerous occasions, uploaded files often never seem to be received and email/phone call communications from us to SE in respect of grant enquiries were too often never replied to”.

“I am grateful for all the financial support we have received, and it has been instrumental in the growth of our business, however the administrators can forget that their goal is economic development. It should not be forgotten that the "triage" takes days, the grant claimed for takes hours, the money is taxed, and the grant claims take days. To be asked to provide repeat evidence 2 years after a claim and resubmit bank statements and wage slips, with no explanation is in my opinion someone losing sight of the aim - economic development”.

TABLE A4.2 Cross section of the Comments Made about Resource Pressures on the Business

“As we are still a smallish business it is difficult to dedicate resources to access the funding, and Advice.”

“The application process and claim process consumes a lot of time from the project managers. The time spent on claiming funding diverts attention from the project's profitable aspects.”

“RSA grant is hugely beneficial, but it is also hugely financially debilitating when you have to wait until you have spent the amount in cash of the fund borrowed before you can get it back. Has caused us (and continues to cause us) some financial challenges.”

“Retrospective funding means cash flow can be very stretched before any funding is claimed.”

“The process of paying first and receiving the grant later is difficult”.

TABLE A4.3 Cross section of the Comments Made Speed of Decision Making

“Some grant applications can be difficult to complete & it can take too long for some decisions to be made. Modern business requires quick, concise decisions”.

” It is sometimes a lengthy process to get approval for support.”

“Sometimes reaction times to getting grants can be frustrating.”

“SE and SIB, processes and timescales are unrealistically slow in the real business world”.

A4.1 The first 3 less beneficial aspects of support in Tables A4.1 to A4.3, above, accounted for 50% of responses to this question. The other 6 specific aspects are less important. However, the responses are worth considering in that they give some insights into specific aspects of SE’s support that could be improved:-

- The relevance to business of some specific thematic elements of support was questioned:-

*“Owing to the size and restrictions on shipping (cost) internationalisation (Europe) is restrictive for us and there seems to be a heavy focus on this by SE, where our focus is the UK and possibly Ireland”; and
“There are many meeting/workshop opportunities offered to us every year. They all sound worthwhile, so it is sometimes difficult to choose which offer new information and are relevant to us as a company”.*

- Some felt that SE could do more to facilitate networking:-
*“Marketing. I feel with such great stories SE could make more of the successes of Scottish Business through their networks in Scotland and International”; and
“I want to be connected to other business leaders so we can share stories as they come up Normally it is a few well-worn heads who are asked to talk and mostly might be people pedalling their expertise”;*
- The quality of some specific thematic elements of support was criticised:-
*“Digital and Marketing products are poor”; and
“Marketing strategy so far has been geared to bigger companies. Introductions to mentors of micro organisations would be much more important than the broad-brush marketing advice we have had so far from marketing specialists”;*
- In some areas there was perceived to be a lack of support:-
*“I've found direct innovation expertise hard to get my hands around”;
“The stinginess that says 'you have been to that trade show before, so you can't get funding again' suggests that SE miss the point on these shows. Things change, and it costs a lot to refresh the product offering - short sighted thinking”; and
“Manufacturing is still seen as low-tech and unattractive by SE”;*
- There was some criticism of the availability of specific thematic elements of support:-
*“It has been challenging to navigate the SE organisation and obtain account support from those with specific knowledge of our sectors (oil and gas and defence). As these don't strictly align with the Scottish Government's agenda we have found sector specific support lacking, particularly on the defence side”; and
“Lack of marketing expertise”;* and
- Some felt that there was a need for a company project to fit into general support programmes in order to be eligible for support:-
“Sometimes feel the advice and help is constrained by fitting into programmes and initiatives rather than a focus on what the business actually requires”.

APPENDIX 5 Estimating SE's Economic Impact

A5.1. Estimating the impact of SE's support is based on 4 main data sources:-

- The survey responses, in particular the "with" and "without" responses to the employment and turnover questions;
- Data collated by SE from the evaluations that it had commissioned and delivered;
- The use of standard metrics drawn from such sources as Scottish Annual Business Statistics (SABS) and the Scottish Input Output tables; and
- Internal data on staff and product/service costs.

GVA Impacts

A5.2. The overall approach used to estimate the impact on GVA because of SE's support is as follows:-

- The annual turnover impact is derived from the survey responses (deducting the figure for "with" SE support from the "without" figure);
- This is then translated to GVA based upon the GVA:Turnover ratio derived from SABS;
- To this annual figure is then applied a displacement adjustment, that is the adverse impact upon Scottish based competitor companies because of SE's support. This is taken from work done as part of SE's Impact Model which summarises GVA displacement values from several evaluations. This averages 24%;
- To this is applied a persistence factor, taken from the survey responses (3.5 (median) or 5 years (average));
- A Type II average multiplier was applied to estimate the wider impacts of support: on the supply chain and through induced (wages) spend; and
- Finally, the cost of support was estimated and applied to the net GVA to derive an Impact Ratio (net GVA per £1 SE support).

The Approach in Practice

A5.3. SE's impact on company turnover was to increase this by £500 million in one year. Based on SABS the GVA:Turnover ratio for the Scottish economy was 0.369²⁶. This would imply that the GVA created by SE was £184.5 million (£500 million x 0.369).

A5.4. The GVA figures account for deadweight (in that the survey respondents were asked to provide "with" and "without" SE support figures). They do not take any account of displacement, that is the impact that SE's support has upon non-supported companies who may suffer a fall in turnover because of the growth of competitor companies supported by SE. Looking across a range of evaluations commissioned in recent years the average displacement value was 24%. Applying this reduces annual GVA to £140 million (£184.5 x 0.76).

A5.5. Table A4.1 shows the average multipliers for the Scottish economy. The Type II for GVA is 1.7. Applying this gives annual GVA of £238 million (£140 million x 1.7).

²⁶ The total GVA in 2016 is given as £83,321.0 million whilst turnover was £225,693.9 million. This is based on SIC Divisions 1 to 96, excluding the financial sector and parts of agriculture and the public sector.

TABLE A5.1 Type I and II Multipliers for the Scottish Economy (SIC Divisions 01 to 97)

Metric	Type I	Type II
Employment	1.5	1.7
GVA	1.4	1.7

Source:

<https://www2.gov.scot/Topics/Statistics/Browse/Economy/Input-Output/Downloads/IO1998-2016Latest>

Note:-

1. The average multipliers are for 98 industrial sectors, some single SIC Divisions, others a more fine-grained classification.

A5.6 Companies estimated that SE's support would last, on average 5 years (median of 3.5). This would imply that support to the 725 companies generated:-

- Over 3.5 years: £833 million of net GVA (£797 million Present Value). This gives an average per company of £1.1 million; and
- Over 5 years £1,190 million of GVA, and £1,112 million Present Value. This gives an average per company of £1.5 million Present Value.

The Costs of SE's Company Support

A5.7 The costs of SE support to Account Managed companies are made up of 2 main elements:-

- Account Management staff costs; and
- The costs of the products and services that are provided to these companies.

A5.8 The costs of employing a customer facing staff member were estimated in 2015/16 to be £99,200. Updating this to 2018/19 figures gives a value of £105,500. On average an Account Manager has a portfolio of around 14 companies. Accordingly, the annual cost of Account Manager support per company is £7,500.

A5.9 How much support has SE given these companies? Based on the cost information in the Economic Team's database the average annual cost of support per company over the period 2008/09 to 2014/15 was £30,730. Updating this to 2018/19 prices gives an annual value of £33,000.

A5.10 Based on these figures the annual costs of supporting an Account Managed company, in 2018/19 prices, was £40,500. Accordingly:-

- Based on the 725 surveyed companies, the annual costs of support are estimated to be £29.4 million;
- Over 3.5 years this equates to £102.8 million (£98.5 million Present Value); and
- Over 5 years £147 million (£137.3 million Present Value).

A5.11 Based on the estimated net Present Value GVA at 3.5 and 5 years the Impact Ratio (net GVA per £1 of SE support) is 8:1 (the ratio is the same for each of the persistence scenarios as the greater impacts are paralleled by proportionately greater costs).

Employment Impacts

A5.12 Calculation of employment impacts was done in a similar way:-

- The survey provided an annual estimate of the employment impact of SE's support;
- A displacement factor was then applied to this, based on the average value from a range of evaluations. In this case the value was 27%;

- A Type II average multiplier (1.7, Table 5.1) was applied to estimate the wider impacts of support: on the supply chain and through induced (wages) spend; and
- Finally, the cost of support (Paragraphs A5.7 to A5.11) was applied to the net GVA to derive the Cost per Job.

A5.13 It should be noted that, unlike GVA, the jobs are not cumulated. However, we can assume from the 5-year average response to the persistence question that the jobs will last longer than one year. The calculations are:-

- The survey shows that in one-year SE support created or safeguarded 4,487 jobs;
- After the displacement adjustment this falls to 3,276;
- After the application of the Type II multiplier this increases to 5,570;
- Based on the Cost of Support this implies a Cost per Job of:-
 - £17,700 with 3.5 years persistence; and
 - £24,600 with 5 years.

APPENDIX 6

The Net Promoter Score

A6.1 The Net Promoter Score (NPS)²⁷ is a simple way of measuring customer satisfaction in a company or organisation that interacts with others. It essentially sees customer satisfaction as being driven by 2 groups:-

- Those who would recommend a company or organisation to others (the Promoters); and
- Those who would not (the Detractors).

A6.2 It is based upon asking customers a simple question:-

“How likely is it that you would recommend Scottish Enterprise to another business.”

This is then measured on a 0 (Not at all Likely) to 10 (Extremely Likely) scale.

A6.3 The scores are categorised:-

- **Promoters** score a 9 or 10 and are enthusiastic supporters of the organisation and will therefore recommend it to others;
- **Passives** (7 or 8) are satisfied but not greatly enthusiastic and stay in the relationship because of inertia; and
- **Detractors** (0 to 6) are generally not very happy.

A6.4 The NPS score is calculated²⁸ as follows:-

$$\frac{\text{Promoters} - \text{Detractors}}{\text{Total in the survey}} \times 100 = \text{NPS Score}$$

A6.5 For example, if 165 customers had been surveyed and:-

- 45 gave a score of 9 or 10 (Promoters); and
- 60 gave a score of 0 to 6 (Detractors).

Then the NPS score is:-

$$\frac{45 - 60}{165} \times 100 = -9$$

A6.6 The maximum score possible is +100 whilst the lowest is -100. It needs to be stressed that the scores are not percentages.

²⁷ <http://www.netpromotersystem.com/about/why-net-promoter.aspx>

²⁸ <https://www.customersure.com/how-to-calculate-nps/>