Business Acceleration for SMEs (BASME): an end of project evaluation for NEPIC

David Brown, July 2016

IChemE ADVANCING CHEMICAL ENGINEERING WORLDWIDE

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Business Acceleration for SMEs (BASME): a short mid-term review for NEPIC

1 Introduction

1.1. This report presents an end of project evaluation of the £1.5m Regional Growth Fund project "**NEPIC SME business acceleration through mentored business development in the process industry sector"**, to which we will refer as BASME.

1.2. The evaluation was conducted during June and July 2016 by Dr David Brown of IChemE Ltd. IChemE Ltd is a company of the Institution of Chemical Engineers (IChemE), the international professional membership and qualifying body for chemical, biochemical and process engineers – many of whom work in or with process industry companies in the North East and elsewhere. The evaluation followed a similar methodology to an earlier mid-term review conducted during January and February 2014. In the interests of understanding how the project has evolved, this report follows a similar structure to its 2014 predecessor.

1.3. Our evaluation involved distribution of questionnaires to mentors and to beneficiary companies, interviews with project team members, individual mentors and representatives of SMEs, and group discussions (both as part of a NEPIC SME Thrust team meeting and separately with a selection of mentors). We also reviewed documentation, including items sampled from the electronic or paper records concerning some 20 beneficiary companies, summary sheets and project reports. The author is grateful for the generous and willing co-operation of interviewees, NEPIC staff, meeting participants and survey respondents.

1.4. 59 companies responded to the beneficiary questionnaire, compared to 76 for the mid-term review, and there were 32 responses to the mentor questionnaire compared to 31 at mid-term.

2 Background, structure and rationale for the project

2.1. The BASME project was designed to aid business development for SMEs in the process sector, including its supply chain, with the objective of increasing employment and turnover on a sustainable basis. It sought to benefit the SMEs in three ways ('streams') which were described as follows:

- Business acceleration from immediate new sales opportunities in the process industry supply chain
- Business acceleration through innovative development into new business areas

- Business acceleration through the personal mentoring by global business leaders from the process industry who would make direct introductions into their current global supply chains.

2.2. Each stream was to be overseen by a strategic board from the process industry, led by a senior industrialist reporting to the NEPIC Leadership Team. In the final year of the project the streams were rationalised into an Innovation stream, where NEPIC's pre-existing innovation group served as the oversight board, and a combination of the remaining two streams overseen by a single SME thrust team.

2.3. The contract period was initially set to run from 2012-2014. By agreement with DCLG resource was in practice spread over a longer period, running into 2015: the total grant allocation remained the same at £1.5m.

2.4. The project was run by a small team within NEPIC, initially of 3.5 FTE, later increased to 4.5 FTE, consistent with a contractual commitment of 4 FTE from 2012-2014. From Q2 2015 resource was reduced to 2.5. Jobs created within beneficiary companies are regarded as indirect.

2.5. In addition to supporting directly the jobs of the core team, the project also helped underpin and secure the wider NEPIC team during a period of intense challenge for the organisation as it adjusted to the demise of RDA (regional development agency) funding.

3 The evolving structure and focus of the project

0.1. In the mid-term review it was noted that the structure of the work had evolved over time in response to beneficiary needs and the experience of the project team. This evolution has continued, and feedback from companies indicates that it has enhanced the value they have gained. Examples include the 'First Friday' and 'Cluster Connect' initiatives.

0.2. Delivery has been via a mix of 1:1 mentoring and events and activities involving groups of companies. There has been a consistent message that group activities have been effective in several ways. They have proved a cost-effective method of delivery, making efficient use of the time of team members and mentors; they have allowed larger numbers of SMEs to be involved and to benefit than would otherwise have been feasible; and they have enabled interaction between SMEs which has offered value for the firms involved in addition to that contributed by project team members and mentors from larger companies.

0.3. In the mid-term evaluation, it was observed that the interaction between firms that has been an outstanding feature of BASME, and indeed of the wider work of NEPIC, has

benefited from the collaborative ethos that characterises the process sector in the North East of England. We commented that this "results in part from the "shared history" among those companies involved which have developed from the former ICI organisation and among many of the staff, at least in the second half of their careers, who tend to know each other and have a similar early-career background". We also stressed the importance for the sector of steps being taken to preserve this "connectivity" between companies and individuals as the "ex-ICI" generation move into retirement.

0.4. These observations remain valid - but **the clock is ticking;** fewer and fewer staff now date back to the 'ICI era' and it would be wise for NEPIC as a whole, with the assistance of partners such as CPI and the LEPs, to have in place a systematic strategy for maintaining the connectivity and collegiality referred to above. This is of course an issue that goes far beyond BASME or the SME community.

0.5. **Recommendation 1: NEPIC should meet with relevant regional partners to develop a strategy for sustaining the strongly supportive and collegiate character of the North East process sector.**

0.6. **Recommendation 2: While BASME and the NEPIC Thrust teams engaged individuals with valuable knowledge and experience, future programmes should engage younger people as future leaders of the industry helping to sustain industry networks**

0.7. During the course of the project a number of collective mechanisms have been introduced specifically for BASME or existing NEPIC mechanisms utilised, affording companies and mentors a range of opportunities to network, form relationships, obtain information and seek guidance. These include workshop sessions, the annual Meet the Members conference, social and awards occasions, and on a smaller-group level the First Friday sessions, Cluster Connect and latterly PharmaConnect meetings. These developments reflect a welcome willingness on the part of the project team to innovate and try out new meeting formats in order to enhance benefits to participating firms.

0.8. Several interviewees and meeting participants stressed their appreciation of the programme, with comments such as

"It helps you reflect"

"Helped us increase our knowledge in order to plan for growth"

"I found the workshops to be absolutely brilliant"

"I thought it was a really valuable programme"

"Pinpoints your focus rather than wastes your time".

"It helped get our foot in the door, to understand how to pitch to suppliers."

0.9. Communication with SMEs is of course a vital part of NEPIC's work and of BASME, and digital media have an obvious part to play. To this end, the BASNET web-based facility is functional but appears little used as yet. We understand it is to be reviewed at the end of 2016 and depending on usage at that stage a decision will have to be taken with regard to continuation. A concern has been expressed that the need to remember a login ID and password may deter some from using the site, or using it as often as might otherwise have been the case.

0.10. **Recommendation 3: Popular features of BASNET should be incorporated into the main NEPIC website.**

0.11. That said, it is a positive feature of BASME that web and social media mechanisms are among the supporting cast, not the main players. The project provides ample evidence that personal, face to face contact with individuals with industry credibility and a focus on client service still delivers the best results.

4 Delivery team and mentors

4.1. The initial expectation was that BASME would provide mentoring for SMEs from industry leaders in the North East, particularly members of NEPIC's Leadership Team. As noted above, the mentoring has in practice been provided by a mix of people – senior industrialists and their colleagues; external contractors; and members of the core delivery team. The principal anticipated benefit of the programme was improving the knowledge of beneficiary firms about the mechanisms of procurement in potential customers and advice on how to access the appropriate supply chains and individual contacts.

4.2. As at the mid-term review, the conclusion is that companies mainly required help in terms of basic business skills and in moving from a reactive to a proactive approach to marketing and selling. They benefited from help in crafting their "elevator pitches", developing business relationships and in setting themselves up to supply larger clients. Although in many cases the business skills required were quite basic they were clearly appropriate particularly in the smaller companies founded or led by individuals whose background was in technical spheres rather than commercial.

4.3. Some of the most valuable content in the BASME programme was provided by procurement staff from larger companies providing guidance to smaller firms. In the future, this could be augmented by input from groups of specialists in other fields from

the larger organisations.

4.4. Mentoring by individuals from large companies, including some members of the NEPIC leadership team and their direct reports , has the advantage that those individuals have been able to advise beneficiaries on how best to access the purchasing and procurement functions of potential customers. A downside is that some of the beneficiaries initially approached the mentoring relationship with a desire to secure business from the mentors rather than to obtain advice on how best to develop business in the future. Mentors were clearly aware of this and misconceptions could be corrected. Nonetheless those companies which approached the relationship with a view to finding advice were those which most readily obtained benefit from the project

4.5. **Recommendation 4: in future programmes, additional explanation and stress should be placed on explaining to beneficiary firms what they should, and should not, expect from their participation.**

4.6. External contractors provided mentoring on a paid basis, conducting 1:1 mentoring, group events or both. Their expertise, sometimes in specialist areas, has proved an effective complement to other sources of mentoring.

4.7. Although the composition of the delivery team varied slightly during the course of the project, complementarity between the individuals involved has been good, extending from heavy chemicals to pharmaceutical and life science fields and with a knowledge of the different parts of the region. Some of the individuals involved have remained with the project throughout, and the changes that have taken place do not appear to have had any deleterious effect.

4.8. As noted above, resourcing of the project was maintained until early 2015 and then reduced as the project reached its end. Throughout, funding was directed more to provision of internal resource within the NEPIC team, rather than external contract resource. This sensible progression reflected the value placed by beneficiary companies on the mentoring and support provided by team members

4.9. A key element has been "hand holding" for companies in applying for and securing grants, for example from InnovateUK. In some instances InnovateUK innovation vouchers to the value of £5000 have been provided, though support providers have in fact contributed as much as twice the value of resource as that covered by the grant allocation.

4.10. Most respondents to the mentor questionnaire had acted as mentors to four or more companies and almost half had helped deliver one or more BASME workshops. Almost all respondents believed that their expertise and knowledge were appropriate to the businesses they advised and all but one respondent felt that at least some of the

suggestions they had made had been acted upon.

4.11. Among beneficiary companies, almost 80% believed their mentors to have the appropriate expertise and knowledge in most or all areas with only four of 58 respondents describing mentoring expertise as poor. Fewer than 20% of respondents said that they had not acted upon any of the suggestions made by their mentors.

4.12. The mid term review highlighted the somewhat greater challenges in accessing and engaging the pharmaceutical sector, concentrated towards the north of the region, than was the case in the Teesside cluster. Substantial progress seems to have been made in this respect, reflected in interviewee comments and recently in the initiation of a series of PharmaConnect events.

4.13. Although one has to caution that the sample size was relatively small and may have been biased towards those who felt motivated to express their appreciation, these results do point to a well-designed programme with a strong mentor-mentee matching and competent delivery of the project as a whole.

"Everything was very joined up …. backwards and forwards - between companies"

4.14. The use of diagnostic tools, highlighted in the initial project's description, has, as at the mid-term review, proved limited. Nevertheless some value has been gained from them and it is understood that Teesside University has expressed a wish to take the diagnostics further.

4.15. A possible enhancement to the role of mentors could have been to bring mentors together on occasion to share experience. This would have enabled mentors to be more aware of their colleagues' fields of expertise, and so to make referrals to other knowledgeable mentors when issues arose during mentoring,

4.16. Nonetheless the overall professionalism and efficiency of the delivery of the programme was universally highly regarded among those interviewees and participants who commented on the subject. Workshops and other events were viewed as well-designed and well-executed, and the assignment of mentors to beneficiary companies effectively done.

4.17. As in the mid-term evaluation, this review has made it clear that much of the success and credibility of BASME can be attributed to the personal experience, knowledge and credibility of members of the core project delivery team, each of whom brings valuable experience within the process industries albeit in different and complementary areas. The members of the delivery team were viewed as having brought a sound understanding and extensive contact network to their relationship with beneficiary firms. Engagement records show ample evidence that the prior industry experience of team members has been of real value to beneficiary firms. The strong reputation that

NEPIC as an organisation enjoys is a further advantage. The relatively strong performance of BASME compared to other public sector interventions has we suspect, much to do with this personal element: other schemes can suffer if the staff involved are seen as inexperienced.

5 Delivering learning and value to companies

5.1. Survey questionnaires were sent to beneficiary companies and to mentors, following in most respects the same structure as at the mid-term review so that comparisons may be made. Companies were asked about their perceptions of benefits from the BASME programme and figure 1 in the Appendix shows the numbers of companies making responses on a 1-5 scale to each of the following questions.

5.2. How significant has BASME been for your organisation in each of the following areas?

(a) Identification of new sales opportunities in the process industry supply chain within the region

(b) Identification of development into new business areas

(c) Identification of export opportunities

(d) Support via BASME workshops on a particular topic

(e) Support via networking events and exhibitions

(f) Support to improve understanding of the process sector and thus to become more effective at targeting the sector.

5.3. The second set of diagrams (figure 2) gives the corresponding response information from mentors. These may not be the same people who have mentored companies responding to the beneficiary survey.

5.4. Companies were also asked to assess the suitability of mentors' knowledge and expertise: these overall assessments are summarised in figure 3.

5.5. There are of course numerous other programmes of business support, whether national, regional or sub-regional, and companies have where appropriate been signposted to take advantage of the DELOCCSI programme and support provided by BIS, UKTI and other trade associations. Links with other programmes, whether regional or national, and to other support providers, were created and appear to have been effectively used. They included NEPIC's DELOCCSI low-carbon programme, and with the

Northern Offshore Federation and UKTI.

5.6. The survey sought to probe in which areas companies had received value and networking events and workshops were rated highly. 56% of companies responding said that they had found either major or moderate benefit from BASME support on a 1:1 basis and a similar proportion (62%) had received moderate or major benefit from support in the group context.

5.7. Estimating the value of new business created is of course difficult, both because the BASME programme may be only one of a number of contributory factors, and because in many instances business relationships will take some time to develop before tangible income is generated. Nevertheless, more than 40% of companies were able to point to new business created with several pointing to very large successes. For example one company reported a £450k order as a result of a "First Friday" event while another was quite sure that a £2m order from Saudi Arabia would not have been secured without the BASME programme. Companies saw a mix of short and long-term benefits from the programme with more than 40% of respondents feeling the benefit of both timescales.

5.8. Anecdotally, a range of further benefits were reported during face-to-face discussions and telephone interviews. The following give the flavour of views expressed:

- Small firms have become better known and respected.
- Smaller companies were helped to realise the nature of their value proposition and small companies were encouraged to be more ambitious.
- BASME was a source of referrals with a higher degree of trust than simply picking from a directory.
- A contact provided by the NEPIC team had enabled a company to secure funding, in turn allowing it to embark on a £2 million project.
- Companies became more confident about creating and closing sales.
- BASME helped companies steer their thinking to get something that works rather than something perfect.
- It was "a continuing catalyst", teaching companies to ask the right questions.

5.9. The original project specification envisaged that some firms would require specialist technical expertise and that mentors would help in identifying such needs, signpost beneficiaries to possible providers, and in some cases arrange for support directly through BASME. In practice, though important to a few, technical support was far less frequently utilised than guidance in how to sell and build business: in the survey for this evaluation, only seven of 57 respondents had received specialist technical support as a result of discussions with mentors. The low level of demand for technical support allowed some reallocation of funds to other aspects of the programme. It is to the credit of the delivery team that they have adjusted to this situation rather than try to provide technical and innovation support to companies for which these are not primary

areas of need.

5.10. In contrast, many SMEs availed themselves of support in basic business skills, in understanding how to engage with the procurement functions of prospective customers and to be ready to supply to larger companies, and learning how to improve their sales pitches. They were assisted in moving from a reactive marketing stance to a proactive one. Guidance in improving basic business, commercial and sales skills was particularly valuable to companies led by individuals whose background was in technology or operations rather than sales or marketing based. Beneficiary firms' appraisal of the suitability of mentor expertise is shown in figure 4.

5.11. Opportunities for SMEs to have short 1:1 conversations with individuals from large companies, for example as part of the annual NEPIC Meet the Members event – almost 'speed dating' - were well used. An interviewee commented that, as someone from a very small business, he had been apprehensive about engaging in 1:1 interviews with large companies but found in the event that it was "*an absolutely fantastic experience*".

5.12. The "First Friday" model provides for groups of SMEs to meet with a number of specialists from larger organisations. So far the latter have principally been engineering managers but there is scope to use the model for other specialisms. Similarly but for larger groups, the "Cluster Connect" events are well regarded. The "Pharma Connect" meetings, a newer addition to the set of engagement mechanism, are intended for small groups of companies in the pharmaceutical supply chain to interact with large potential customers and gain a better understanding of how they can meet the needs of the latter.

5.13. While BASME focused principally on commercial and business skills, interviewees mentioned a number of other fields which could usefully be addressed in any similar project. For example, small firms often face problems in planning for succession. Others find difficulty in assessing the right balance between on the one hand, retaining control but limiting growth and on the other, accelerating growth but needing external finance and being concerned about loss of control or onerous financial demands.

5.14. A further concern was that some SMES are unduly reliant on one customer or sector, or on business specifically within the North East. Resilience in the face of downturns in one area can therefore pose a significant challenge.

5.15. **Recommendation 5: NEPIC should include in future programmes, group or workshop events covering specialisms such as SHE, engineering, cybersecurity, access to finance, business resilience, R&D, skills strategy, succession planning and human resource management.**

5.16. In the mid-term report we commented on the remarkably high proportion of companies who felt they had received benefit in terms of exports. This was much less apparent in

the end of project review, perhaps reflecting a particularly useful type of activity shortly before the mid term review: that said, it is clear that NEPIC's involvement in a series of missions to India, in which a number of BASME companies took part, has been a significant factor in providing benefits to firms. However, it is by no means the only export market which has proved of interest and indeed the successes in relation to India should encourage NEPIC and beneficiary firms to redouble their efforts to achieve exports in perhaps simpler markets such as continental Europe. Germany, Spain and Sweden were mentioned as UKTI priorities in addition to India. Some participants are likely to be new to export, and encouraging such first-time exporters is a UKTI priority. For UKTI itself, the BASME programme created new relationships with potential client firms, and the relationship between UKTI and NEPIC is a useful and productive one.

5.17. **Recommendation 6: NEPIC and UKTI should liaise together with a view to identifying how to promote exports among smaller firms and new-to-export companies, particularly in continental Europe.**

5.18. In contrast to the mid-term evaluation, this evaluation survey indicated mentors to be more positive than mentee companies in their estimation of benefits to companies. Both groups rated support via networking events and exhibitions and via support to improve understanding of the process sector as the areas yielding most benefit (ratings of 'significant' or 'highly significant').

6 Skills

6.1. The availability of a broad skills mix has often proved a limitation for the SMEs involved in the BASME programme. Technical expertise needs to be complemented by very good commercial awareness and market development competence.

6.2. The survey questionnaire for the present evaluation, like its counterpart at mid-term, revealed a degree of contradiction in responses regarding skills. Most companies reported adequate skills across all areas but some went on to indicate a lack of skills, usually in the commercial and business area rather than in technical skills. The same apparent contradiction is evident at the end of the project with 60% of companies first claiming that they had all the skills required in both quality and quantity, but over 50% then said they were short of commercial and marketing skills with 31% indicating they were short on understanding of export market opportunities.

6.3. In the mid-term review we drew the tentative conclusion that companies have not thought carefully enough about medium term skills needs, and such a hypothesis still appears to be plausible. If so, SMEs would be well advised to look at their "talent pipeline" more carefully and it would be sensible for NEPIC to seek to support the community in doing so, perhaps with the assistance of HR specialists from larger companies. A workshop or series of events on this topic, perhaps guided by HR

specialists and those responsible for recruitment, would be very helpful as part of future provision.

6.4. Classically, firms founded by technical experts have struggled because of a lack of business and commercial acumen. The nature of the small company base in the north-east probably points to a greater preponderance on "technical" leadership and the BASME programme has provided a considerable improvement in the commercial awareness of companies involved.

6.5. Turning to the mentors, a rather larger proportion commented on a shortage of commercial skills with over 80% of respondents identifying such a shortage. Far fewer felt that their beneficiary companies were short of technical and engineering skills though some also responded with respect to export market skills being in short supply.

6.6. That said, the BASME programme has provided opportunities for companies to upgrade their skills, whether by developing their own people, by collaboration with a partner such as another company or a university, or a combination of these. Partnering with another firm can help an SME win business, or improve its skills base, in a way that would otherwise have been impossible.

6.7. The fragmentation of former large employers in the chemicals and steel industries and the small size and limited resources of many firms means that for many, the old model of joining a company for the long term and relying on it for systematic training, and for career development through a succession of more senior or different roles, no longer applies. At the same time, SMEs often struggle to provide the range of experience required to achieve full professional formation (e.g. as reflected in attainment of Chartered status). The consequences include insufficient realisation of individuals' potential, loss of talented people and expertise to the industry, and ultimately adverse impacts on productivity and competitiveness as well as of personal fulfilment.

6.8. We therefore reiterate the suggestion that collaboration within the cluster involving secondments or job swaps, subject to appropriate constraints might be helpful so that skills can be retained within the employing company or at least within the cluster. This would help to overcome the limitation SMEs frequently find in providing opportunities and experience for talented staff, often leading to loss of those staff to the company and to the North East.

6.9. **Recommendation 7: NEPIC should explore the potential for a collective scheme for providing individuals with skills development and career development across a group of employers within the cluster, perhaps by having one organisation act as employer on behalf of the group, or by allowing individuals to undertake a planned and coordinated series of assignments across the group.**

6.10. A cohesive sector such as the process sector in the North East would be well placed to explore the concept of a 'virtual employer'[1] whereby an individual looks for their career continuity, their systematic long term training and professional development, and suitable mentoring and guidance, not to an individual employer but to the cluster working together (perhaps in conjunction with appropriate professional membership organisations).

6.11. For larger employers, although the current low oil price climate is making some types of skilled individual more readily available, it would be extremely unwise for companies to respond to this by giving less attention to their medium to long term skills planning. On the contrary, talent and skills should be as central a feature of medium to long term planning as finance, infrastructure and other key areas.

6.12. The North East has the benefit of strong provision from the universities and colleges but these have not been particularly salient within the BASME programme. Our impression is that while universities in the region have made great strides in facilitating access by companies to their expertise, knowledge and facilities (e. g. Teesside University's FORGE programme), links to universities and to centres of excellence such as the Centre for Process Innovation and the Materials Processing Institute (MPI) offer advantages for future programmes comparable to BASME. The collaboration with Teesside University and MPI that forms part of the new Innovate Tees Valley programme will doubtless help in this respect.

6.13. There would appear to be a very limited awareness on the part of some companies about current public sector provision and changes underway, not least in connection with the introduction of an apprentice levy and its impact on both small and large enterprises.

6.14. **Recommendation 8: NEPIC should ensure that information is provided in a succinct and accessible form to the SME community on the above areas and should appoint a member of the NEPIC team as a point of contact on skills matters. It should also, following the "First Friday" model, convene a session where SMEs can meet HR specialists from companies selected by systematic approach to skills needs.**

6.15. **Recommendation 9: Future programmes should include initiatives to raise awareness of companies with regard to government's skills policy and skilled support available to them including particularly an understanding of the apprenticeship levy and its impact.**

[1] The author is indebted to Andrew Sleigh of Birmingham Science City for this concept and terminology.

7 Targets & metrics

7.1. Initial targets set for BASME were undoubtedly ambitious, but the evidence reviewed indicates that these targets have been achieved. An estimate for the value of mentoring work and of SME participation of £715 per day has been used for calculation purposes: this may well be an underestimate where mentoring has been provided by senior executives from NEPIC companies.

7.2. A total of 424 companies are recorded as having received support, against a target of 400 and a mid-term figure as at mid-January 2014 of 261. A number of further companies, beyond the 424 when counting stopped, obtained benefits from BASME towards the end of the programme, in 2015. Of the total, some 220 were recorded as having received 'dedicated mentoring' (target 200), though in practice rather more have availed themselves of mentor support.

7.3. We reviewed a spreadsheet summary of the support given. This recorded

- 6,297 attendances at BASME events
- 4,241 days engagement (e.g. two attendees at a half day event counts as I day)
- Total value £3.03m against a target of £1.4m (at £715 per day)

7.4. These figures include both the time of the senior industry and external mentors, and the time put in by beneficiary company representatives; it is not possible to separate the two readily. They exclude however the time of the core team as mentors, as this was covered by the £1.5m project grant.

7.5. The engagement days break down as follows (with values given):

- 1:1 mentoring (external mentors)	1893 days (£1.353m)
- SME engagement (mentoring / individual meetings with core team members)	662 days (£0.473m)
- Meeting attendance (larger meetings)	1716 days (£1.267m)

7.6. A key metric has been jobs created and this has been estimated by asking companies the number of employees before and after the BASME intervention. On this basis the creation of some 1011 jobs has been reported, compared to 320 at mid-term. There is a need for caution in attributing these entirely to BASME, as several factors are hard to allow for. Various factors may have played a part, with BASME only one of these, and some jobs may have been subsequently lost particularly given the difficult situation in the energy sector in recent times.

7.7. Against these negative aspects however should be placed the fact that business growth enabled by BASME may lead to the creation of further new jobs at a later stage, as well as helping to secure existing jobs within beneficiary companies and possibly creating additional jobs in contractors or suppliers to beneficiary companies. Similarly no

account is taken of induced employment creation in the wider North East economy. These factors would further counterbalance the 'over-counting' of jobs created within the beneficiary SMEs, though it is impossible to assign weights to the factors on the evidence available.

7.8. Perhaps unsurprisingly given the time that it often takes to go from initial contact to new orders, only a minority of firms reported a value for new business created as a result of BASME. Of 59 survey respondents, 22 reported new business in the under £200k band, two in the £200k - £1m band and one in the £1m - £5m band. The programme target of up to £40m of new business over 3 years was evidently over-optimistic. However, much depends on maintaining the momentum after completion of the project and on firms continuing to apply, extend and share the lessons learned. The high level of anticipated willingness to pay for BASME-type a (figure 5) is an indication of firms' confidence in the value of such support.

7.9. We examined a selection of records of meetings with some 20 companies and of notes regarding job creation. The quality of record keeping has improved since the mid-term review and the team are to be commended for this, although much of the material is in paper form including handwritten forms recording meeting attendance. Records of company engagement retained at the Wilton office consist of physical files while those retained at the Sunderland office are in electronic form on an RTC North server. However, the latter include many scans of handwritten documents or printouts, for example of email correspondence. This has the disadvantage of requiring time to be spent scanning and uploading, and means that in some cases large numbers of items are included rather than for example, an electronic record of engagement with a company that can be updated to provide a chronological record. Moreover, accessing the RTC server from Wilton proved to be painfully slow.

7.10. The summary records of company engagement – typically held in spreadsheet form – should prove a useful source of intelligence for future work in business support, including the regular work of NEPIC, provided confidentiality obligations are adhered to.

7.11. **Recommendation 10: for future projects NEPIC should look into the possibility of fully digital record-keeping, e.g. using a tablet or other mobile device to maintain a continuous record of engagement with a company, and of recording meeting attendance electronically. Summary records should be utilised to support future business support programmes, subject to data protection requirements.**

7.12. Data collection in regard to jobs created has been improved since the mid-term review, with the addition of information on the types of job added by each company during its participation in BASME. It remains of course difficult to attribute each new job to a single causal factor, but there is sufficient testimony from companies to indicate that the BASME programme has been a significant factor in new job creation as well as in safeguarding existing positions.

8 The BASME legacy

8.1. The BASME project has concluded, but in a number of respects can leave a valuable legacy for NEPIC and for businesses in the North East. It will require systematic attention by the NEPIC team to ensure that this legacy is as strong and as effective as possible.

8.2. A principal driver for the present evaluation is the wish to incorporate the best features and learning points from BASME into future support programmes undertaken by NEPIC or indeed by others. The generally favourable assessment of BASME on the part of most of those contacted underlines the value of recording and applying the learning from the programme – albeit that public funding is likely to remain hard to obtain, and the fragmentation of former Regional Development Agency areas into Local Enterprise Partnerships means that some initiatives will have to be sub-regional in scope.

8.3. Encouragingly, a substantial number of beneficiary firms responded that they would be willing to cover at least some of the costs of further BASME-type support following the completion of the project. More than 50% of respondents indicated that they would be prepared to cover half or more of these costs, perhaps a surprising result given the difficulty of getting SMEs to fund support of this nature.

8.4. A notable feature of the responses from mentors was that many felt that they had themselves received benefit from undertaking mentoring work through BASME and indeed some indicated that they would be prepared to contribute towards the cost of future support. For example, one had pointed to the benefit of meeting other mentor companies and had formed relationships leading to joint bids for business. Others felt they had achieved a better understanding of their regional supply chain while some of the mentors found the relationship helpful in identifying and in some cases securing business relationships with beneficiary firms.

8.5. The "First Friday" and "Cluster Connect" programmes are of continuing value, as are periodic workshops for companies across the region. The indication from this review is that a substantial proportion of SMEs are prepared to contribute half or more of the cost of such events. These costs should be small since it is anticipated that companies will be prepared to host such meetings on occasion, so that costs essentially comprise any necessary catering and perhaps a contribution towards the time of the NEPIC staff required for facilitation and meeting logistics.

8.6. One limitation of BASME was the omission, or only high-level treatment, of a number of topics that while not central to the project, are of importance to SMEs. Some to which attention was drawn in the review are noted in recommendation 5.

8.7. **Recommendation 11: The "First Friday" and "Cluster Connect" programmes should continue for NEPIC SME members along with periodic workshops on topics of broad interest across the SME community. Costs should be limited by asking larger firms, universities, etc to host events, and the remaining costs should be defrayed by asking participating companies to pay a modest fee.**

8.8. Both the new projects "Innovate Tees Valley" and the "SME Growth Project" will build on the BASME experience to a considerable degree and will involve a number of companies which have been beneficiaries under the BASME programme. It is unfortunate that the two projects, for funding reasons, are confined to the Tees Valley and to the North East LEP areas respectively and the potential for extending both should be explored.

8.9. **Recommendation 12: The NEPIC Chief Executive or his nominee should seek to meet with the chairs of the Tees Valley and North East LEPs to discuss how the benefits of business support might be extended across the whole region, within the constraints of UK government, ERDF or other funding.**

8.10. National innovation support is the province of Innovate UK. Several North East SMEs, almost all of them BASME members, have availed themselves of Innovate UK's 'Launch Pad' project which allocated £5000 vouchers with which firms could procure assistance. The BASME project provided a useful mechanism for working with those firms.

8.11. Other programmes relevant to innovation support exist in the region, and NEPOc's relations with RTC North and BIC are good. It would be sensible to build on these and seek, as far as practicable, to allow each organisation to act as a 'front door' to a comprehensive range of support available to North East firms, even if aspects of it are delivered by a number of different parties.

8.12. It is clear that a number of firms have experienced benefits in the export arena from the BASME programme, particularly in relation to the NEPIC-led missions to India. The relationships established will of course need nurturing over time with the assistance of market specialists. Given the enthusiasm with which some companies have embarked on an exploration of Indian opportunities, it would seem logical that UKTI and NEPIC should also remember that assistance could be provided to help companies enter the European market which should be somewhat easier than India.

8.13. Experience with BASME has successfully addressed issues which are likely to be common to a wide range of SMEs, regions and business sectors. The learning from the programme could usefully be made available to other agencies, including Local Enterprise Partnerships and cluster organisations.

8.14. **Recommendation 13: There is plenty of scope to share learning from BASME with other parties and NEPIC should consider arranging a small conference or seminar to facilitate this.**

9 Conclusions

0.1. The BASME project has proved a valuable means of business support for SMEs in the North East process sector and its supply chain. It has evolved over the course of the project in order to respond to company needs, with the introduction of a range of well designed activities and meeting formats

0.2. Assistance provided has been rebalanced away from technical support towards the business, commercial and sales skills that have been most needed by beneficiary firms.

0.3. Key success factors have continued to be those identified at the mid-term evaluation. They include the organisational credibility and reputation of NEPIC; the personal experience and credibility of members of the delivery team; the willingness and capability of the team to provide some of the mentoring themselves in addition to mentors from larger firms; the high degree of connectivity of larger firms within the North East; and the goodwill of senior personnel in large companies, often those represented on the NEPIC Leadership team.

0.4. The in-kind value of mentor and beneficiary time contributed to the project has been approximately £3m in addition to the mentoring time of members of the core project team: this figure is based on a £715/day estimate of value.

0.5. Evidence from surveys, interviews and face-to-face discussions demonstrates that the BASME programme has been highly valued by participating SMEs firms, with a substantial minority of companies deriving significant business benefit through 1:1 mentoring, group meetings and activities, or both.

0.6. Although not envisaged as a principal benefit of the programme, assistance in relation to export has been a valuable aspect, with NEPIC facilitation of visits to India an area of particular note. A good relationship with UKTI has been established and should be maintained.

0.7. As noted at mid-term, the estimation of jobs created through the programme has been necessarily somewhat simplistic, with some potential over-estimation of jobs created within beneficiary firms while factors such as jobs created elsewhere and jobs safeguarded in beneficiary SMEs are not taken into account.

0.8. **Recommendation 14: Attention should be given to how jobs created are reported in order to robustly gauge the impact of a programme such as BASME. Analysis to**

address this point would require additional funding, perhaps through a research grant to an academic or other research organisation.

0.9. Overall**,** more companies required help in basic business skills - such as defining the sales proposition, contacting and approaching prospective customers, marketing and sales – than in technical areas. Understanding of the procurement process in larger firms is of particular value.

0.10. The mentoring model for business support has proved highly effective and should form a central feature of future NEPIC programmes. Mentors should be encouraged to meet together to share learning and to become aware of each other's fields of expertise, thus creating a valuable knowledge network.

0.11. **Recommendation 15: The mentoring model should be built into the future work of NEPIC, with mentors assisted to share learning and form an effective network.**

0.12. There is ample scope for the learning from BASME to inform future programmes such as Innovate Tees Valley and SME Growth within the region, and the work of other clusters in the North East and beyond. However, it may be less easy to deliver a programme such as BASME in regions and sectors which do not exhibit such a strong collegiate and mutual support ethos as the North East process industries.

0.13. As noted earlier, key aim for NEPIC should be to sustain this collegiate, collaborative ethos, which owes much to the personal relationships and common culture inherited from ICI and other former large employers such as British Steel. Involving younger professionals in NEPIC's activities is an essential aspect of achieving this aim.

0.14. **Recommendation 16: NEPIC should view the engagement of younger professionals in its work as part of a broader strategy to sustain and extend the mutually supportive ethos which is characteristic of, and a major advantage for, the North East process sector**

10 Summary of recommendations

1. **NEPIC should meet with relevant regional partners to develop a strategy for sustaining the strongly supportive and collegiate character of the North East process sector.**
2. **While BASME and the NEPIC Thrust teams engaged individuals with valuable knowledge and experience, future programmes should engage younger people as future leaders of the industry helping to sustain industry networks**

3. **Popular features of BASNET should be incorporated into the main NEPIC website.**

4. **In future programmes, additional explanation and stress should be placed on explaining to beneficiary firms what they should, and should not, expect from their participation.**

5. **NEPIC should include in future programmes, group or workshop events covering specialisms such as SHE, engineering, cybersecurity, access to finance, R&D, skills strategy and human resource management**

6. **NEPIC and UKTI should liaise together with a view to identifying how to promote exports among smaller firms and new-to-export companies, particularly in continental Europe.**

7. **NEPIC should explore the potential for a collective scheme for providing individuals with skills development and career development across a group of employers within the cluster, perhaps by having one organisation act as employer on behalf of the group, or by allowing individuals to undertake a planned and coordinated series of assignments across the group.**

8. **NEPIC should ensure that information is provided in a succinct and accessible form to the SME community on the above areas and should appoint a member of the NEPIC team as a point of contact on skills matters. It should also, following the "First Friday" model, convene a session where SMEs can meet HR specialists from companies selected by systematic approach to skills needs.**

9. **Future programmes should include initiatives to raise awareness of companies with regard to government's skills policy and skilled support available to them including particularly an understanding of the apprenticeship levy and its impact.**

10. **For future projects NEPIC should look into the possibility of fully digital record-keeping, e.g. using a tablet or other mobile device to maintain a continuous record of engagement with a company, and of recording meeting attendance electronically. Summary records should be utilised to support future business support programmes, subject to data protection requirements.**

11. **Recommendation: The "First Friday" and "Cluster Connect" programmes should continue for NEPIC SME members along with periodic workshops on topics of broad interest across the SME community. Costs should be limited by asking larger firms, universities, etc to host events, and the remaining costs should be defrayed by asking participating companies to pay a modest fee.**

12. **The NEPIC Chief Executive or his nominee should seek to meet with the chairs of the Tees Valley and North East LEPs to discuss how the benefits of business support might be extended across the whole region, within the constraints of UK government, ERDF or other funding.**

13. **There is plenty of scope to share learning from BASME with other parties and NEPIC should consider arranging a small conference or seminar to facilitate this.**

14. **Attention should be given to how jobs created are recruited in order to robustly gauge the impact of a programme such as BASME. Analysis to address this point would require additional funding, perhaps through a research grant to an academic or other research organisation.**

15. **The mentoring model should be built into the future work of NEPIC, with mentors assisted to share learning and form an effective network.**

16. **NEPIC should view the engagement of younger professionals in its work as part of a broader strategy to sustain and extend the mutually supportive ethos which is characteristic of, and a major advantage for, the North East process sector**

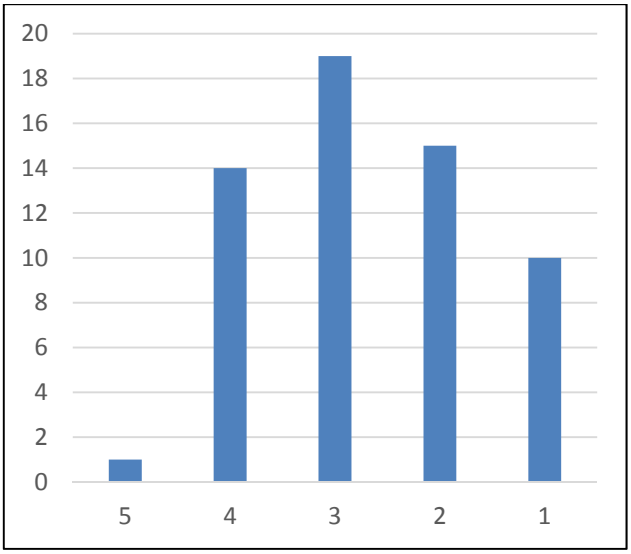
Appendix: Survey responses

Figure 1

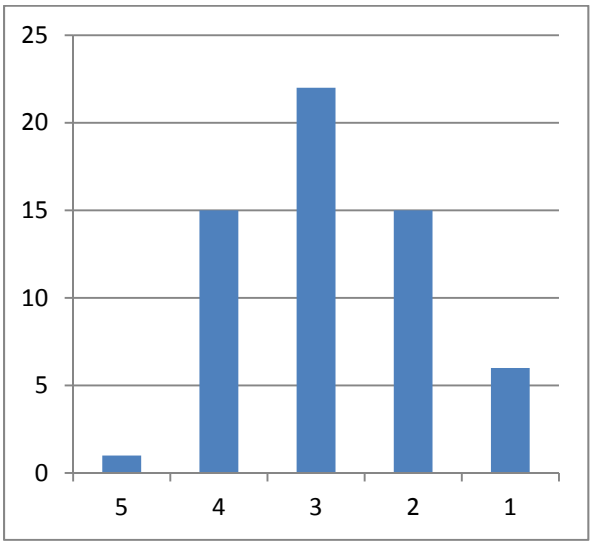
Survey responses from beneficiary companies about BASME benefits (sample size 59)

Question: How significant has the BASME programme been for your company in each of the following areas?

5 = Highly significant - has transformed key aspects of the business
4 = Significant - has had an important impact that is helping the business
3 = Marginal - some useful learning but not significant in terms of overall business results
2 = No impact as yet
1 = Not applicable



(a) Business acceleration from identification of new sales opportunities in the Process Industry Supply Chain within the region



(b) Business acceleration through identification of development into new business areas

Figure 1 (contd)

Survey responses from beneficiary companies about BASME benefits

Question: How significant has the BASME programme been for your company in each of the following areas?

5 = Highly significant - has transformed key aspects of the business
4 = Significant - has had an important impact that is helping the business
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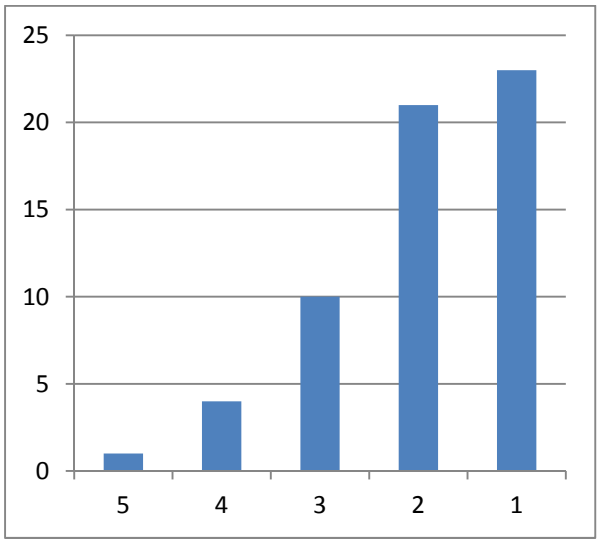
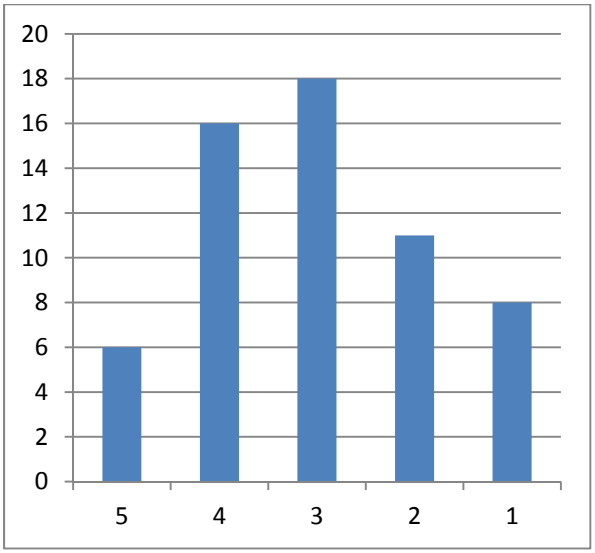


(c) Business acceleration through identification of export opportunities



(d) Support via BASME workshops on a particular topic

Figure 1 (contd)

Survey responses from beneficiary companies about BASME benefits

Question: How significant has the BASME programme been for your company in each of the following areas?

5 = Highly significant - has transformed key aspects of the business
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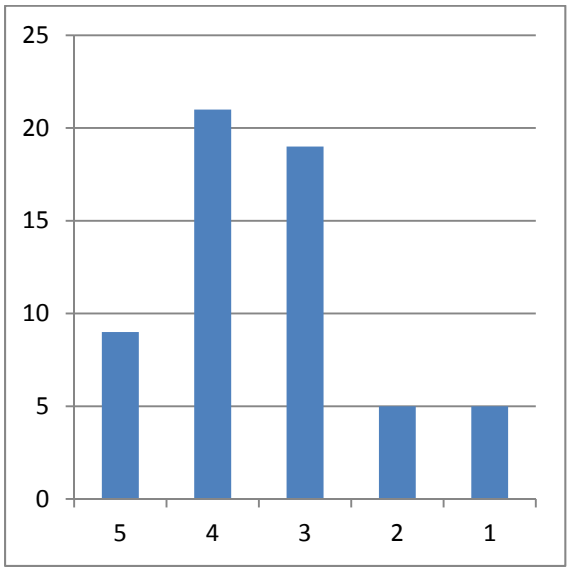
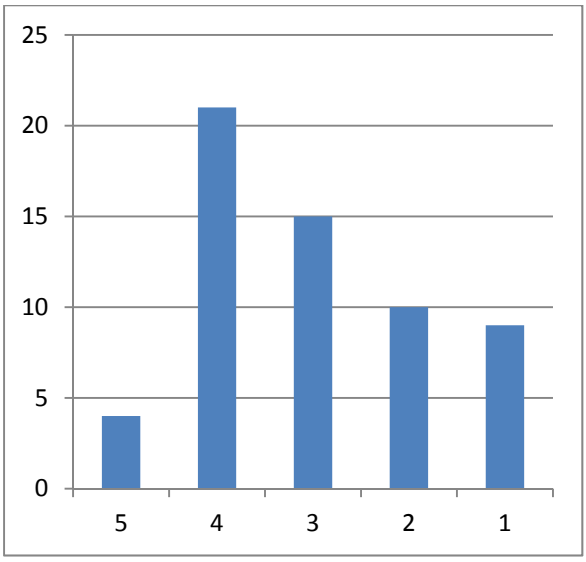


(e) Support via BASME networking events and exhibitions



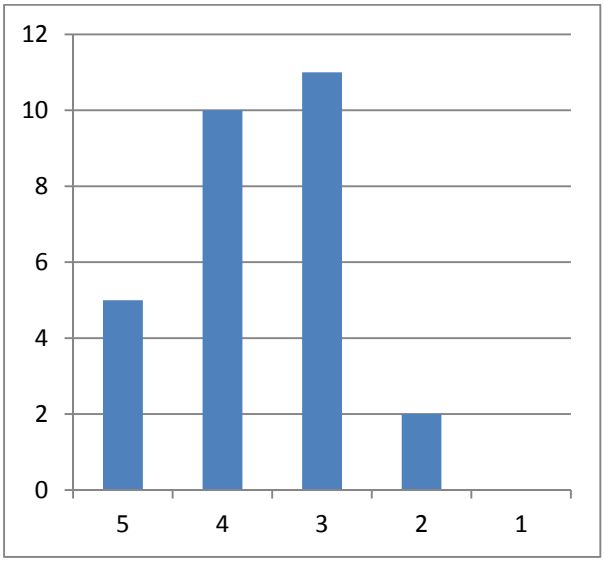
(f) Support to improve understanding of the Process sector and hence become more effective at targeting the sector

Figure 2

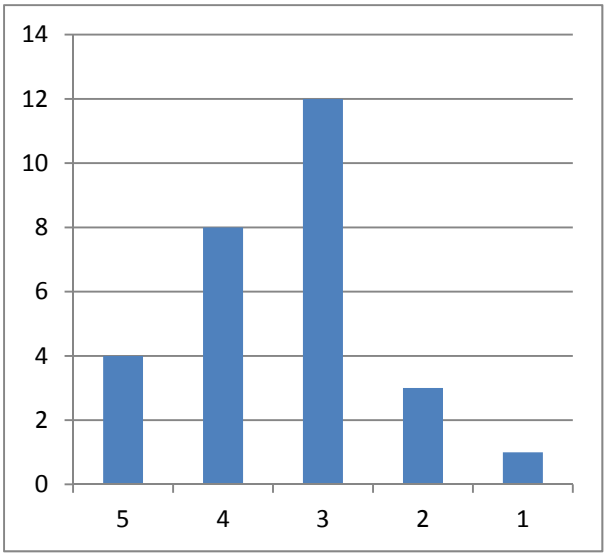
Survey responses from mentors about BASME benefits (sample size 32)

Question: How significant do you feel the BASME programme been for the company (ies) you have mentored, company in each of the following areas?

5 = Highly significant - has transformed key aspects of the business
4 = Significant - has had an important impact that is helping the business
3 = Marginal - some useful learning but not significant in terms of overall business results
2 = No impact as yet
1 = Not applicable



(a) Business acceleration from identification of new sales opportunities in the Process Industry Supply Chain within the region



(b) Business acceleration through identification of development into new business areas

Figure 2 (contd)

Survey responses from mentors about BASME benefits

Question: How significant do you feel the BASME programme been for the company (ies) you have mentored, company in each of the following areas?

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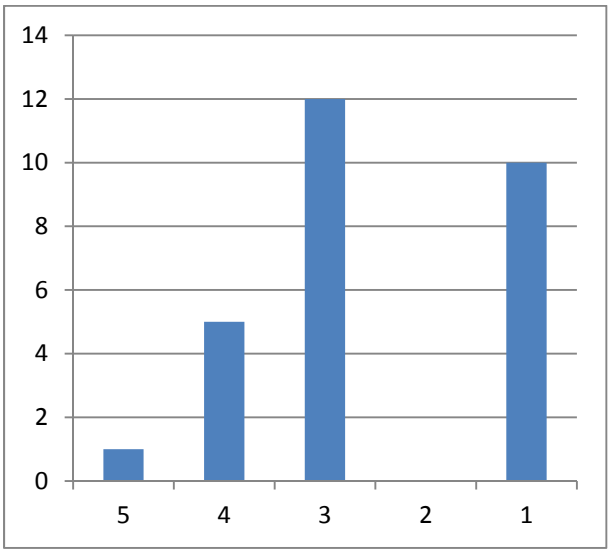
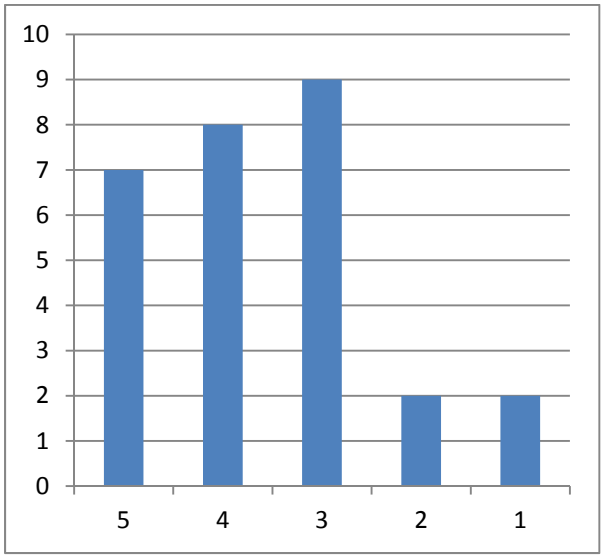


(c) Business acceleration through identification of export opportunities



(d) Support via BASME workshops on a particular topic

Figure 2 (contd)

Survey responses from mentors about BASME benefits

Question: How significant do you feel the BASME programme been for the company (ies) you have mentored, company in each of the following areas?

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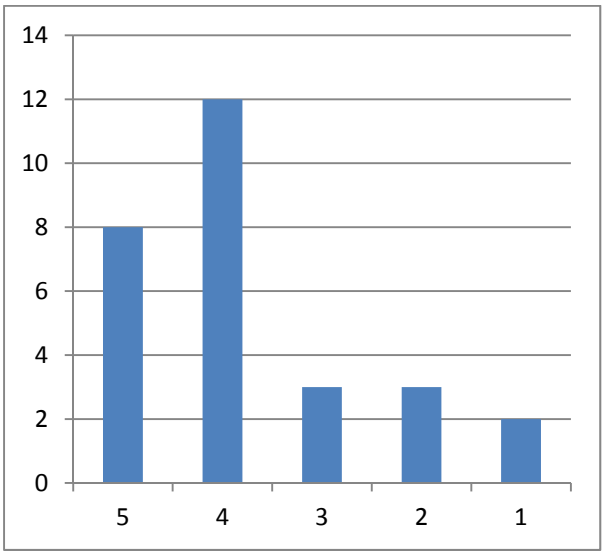
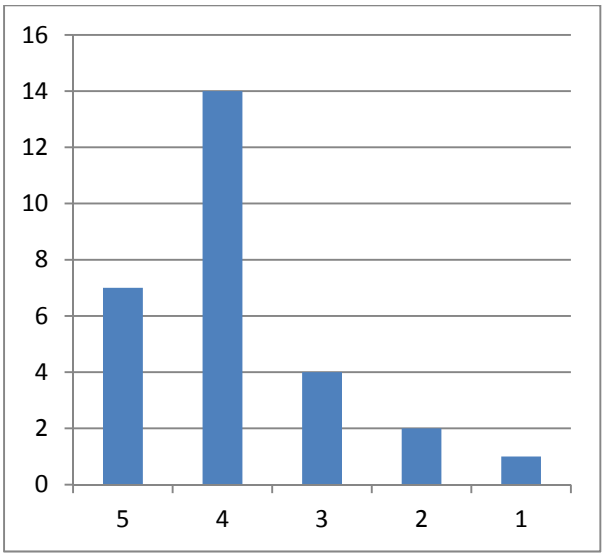


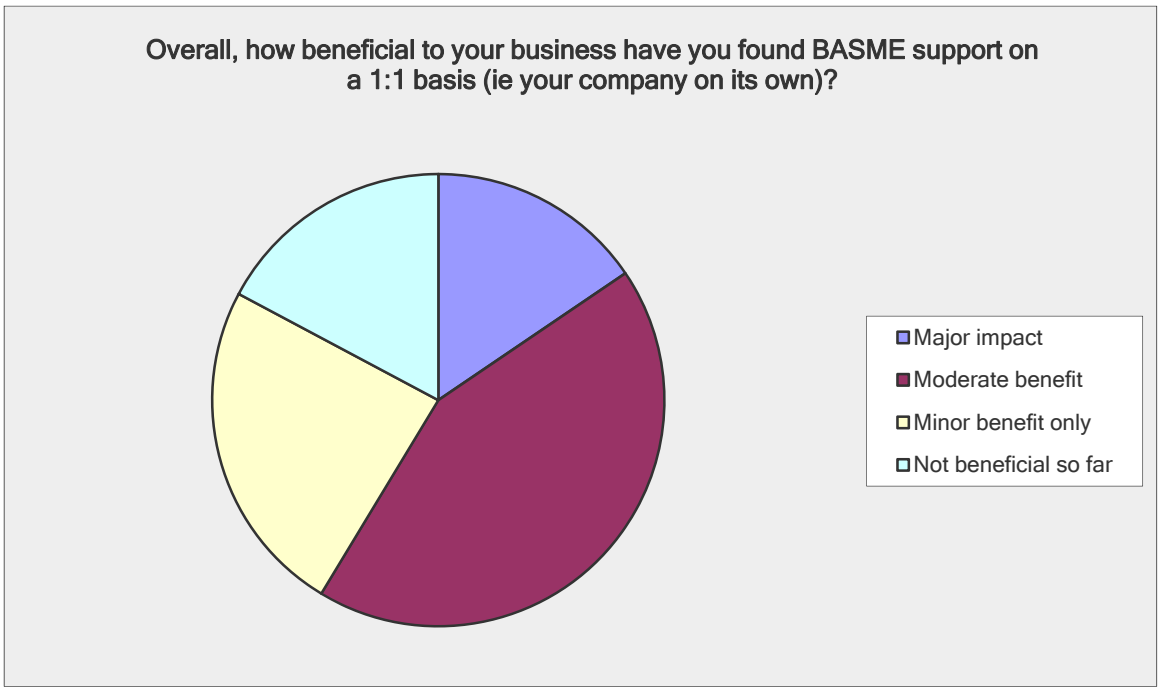
(e) Support via BASME networking events and exhibitions



(f) Support to improve understanding of the Process sector and hence become more effective at targeting the sector

Figure 3

Overall assessment of benefits by beneficiaries in 1:1 and group settings (sample size 58)



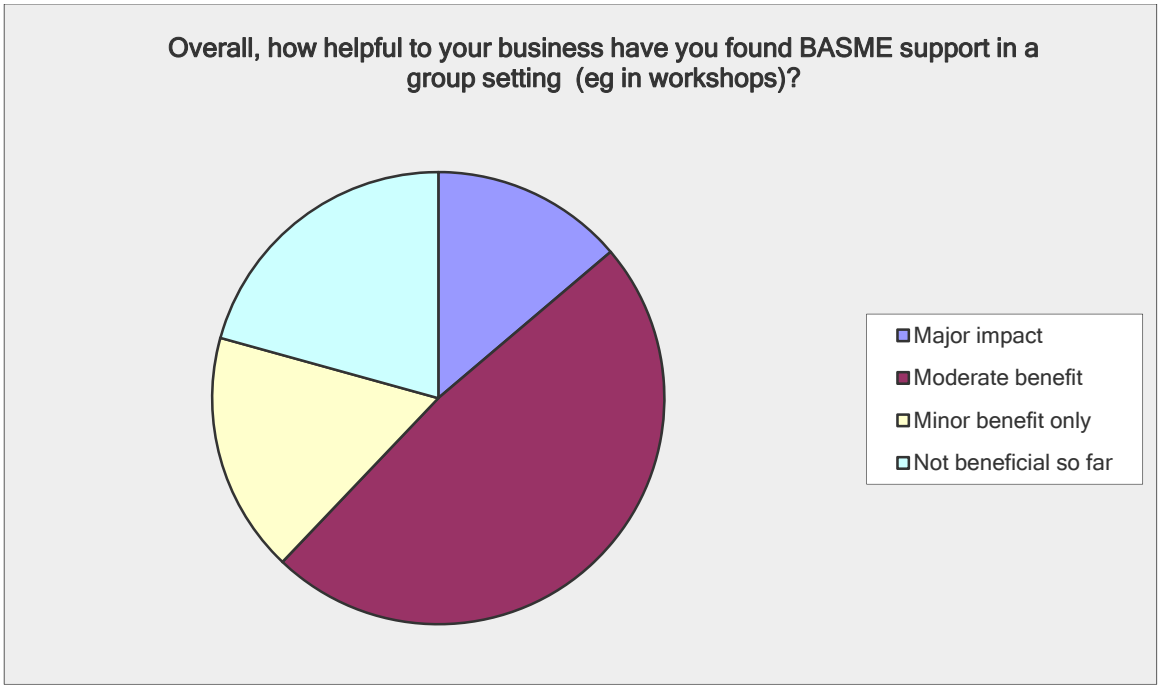


Figure 4

Beneficiary views of mentor expertise (sample size 58)

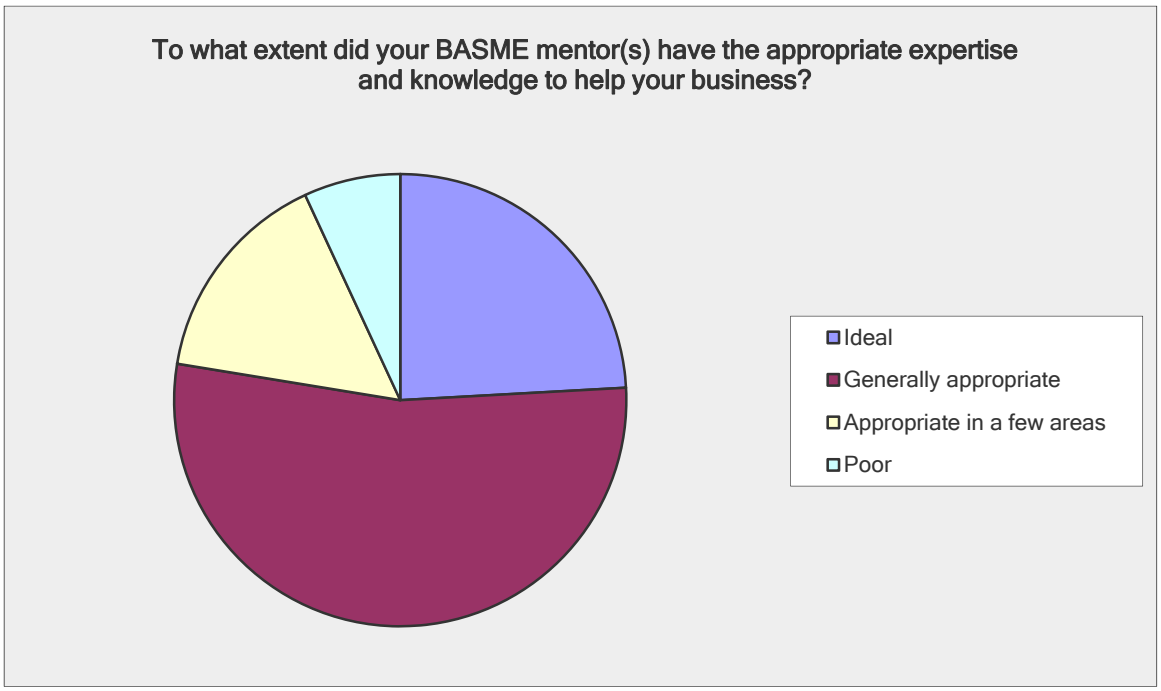
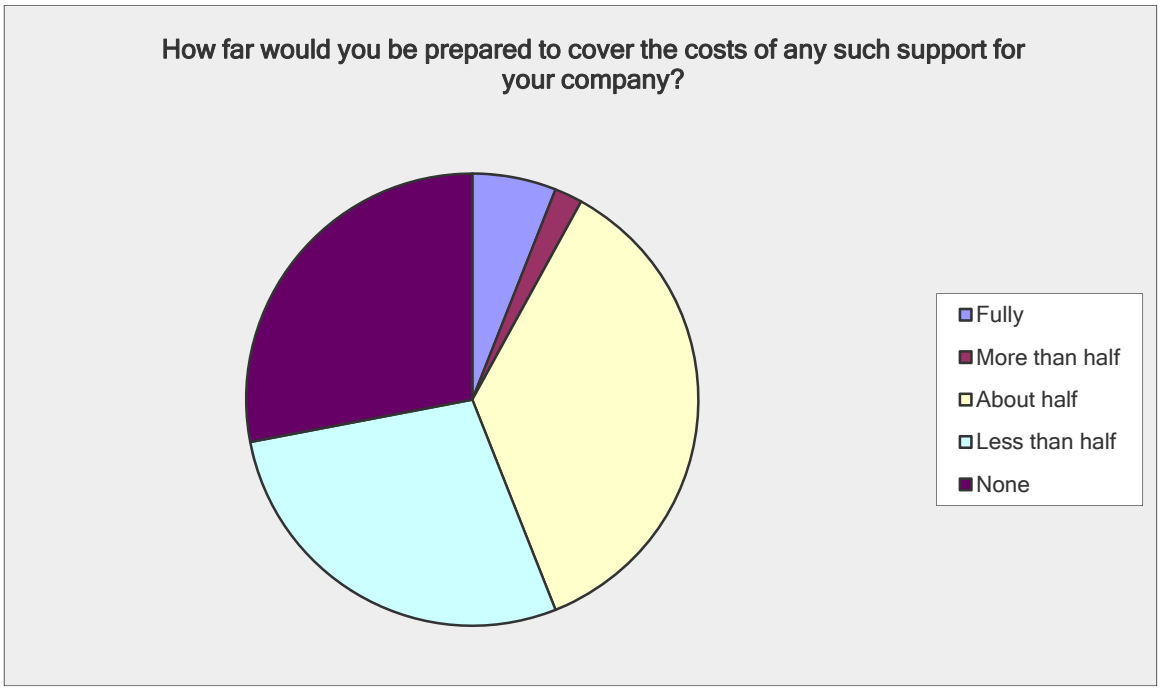


Figure 5

Beneficiary views on possible payment for support similar to BASME (sample size 50)