



Evaluation of the North East Entrepreneurs Forum

208846

Final report to One North East

February 2010

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
1 INTRODUCTION	1
The Entrepreneurs Forum.....	1
Evaluation Aims	2
Study Method	2
Report Structure.....	2
2 ENTERPRISE IN THE NORTH EAST	4
Introduction	4
Enterprise Levels in the North East	4
Barriers to Enterprise and Business Competitiveness.....	5
Policy Review	6
3 PROGRAMME OVERVIEW AND PERFORMANCE	10
Expenditure	10
Outputs.....	11
Forum Members In-kind Support	12
Summary.....	12
4 BENEFICIARY EXPERIENCE AND IMPACTS	13
Respondent Profile.....	13
Motivation and Expectations	19
Impact and Additionality	21
Raising Enterprise / Entrepreneurial Culture	25
Engaging Existing Entrepreneurs	26
Summary.....	27
5 STAKEHOLDER CONSULTATIONS	29
Introduction	29
Overview	29
Targeting.....	30
Activities	31
Delivery Model and Management	32
Strategic Alignment and Partnership Working	33
Successes, Challenges and Added Value.....	33
Future Direction.....	34
Summary.....	35

6	NET ECONOMIC IMPACT AND VALUE FOR MONEY.....	36
	New Start Businesses.....	36
	Established Businesses.....	37
	All Businesses: Gross to Net.....	38
7	CONCLUSIONS AND RECOMMENDED FORWARD STRATEGY.....	41
	Rationale and Market Failure.....	41
	Fit with Enterprise and Business Support Policy.....	41
	Entrepreneur Forum Activities.....	42
	Beneficiary Experience and Impact.....	43
	Net Impacts and Return on Investment.....	43
	Summary and Future Direction.....	44
	Recommendations.....	45

Executive Summary

Introduction

I. In September 2009, ekosgen were commissioned by ONE NorthEast (ONE) to evaluate the North East Entrepreneurs Forum. The Forum was established by leading North East entrepreneurs in 2002 with the aim of providing a network of business support, advice and training *by entrepreneurs for entrepreneurs*. The mission has been to *“help and inspire entrepreneurs in the North East to grow the most successful business possible”*¹. The Forum seeks the high-profile engagement of experienced business leaders with enthusiasm for supporting entrepreneurs at the beginning or part-way along their enterprise journey.

II. The Forum works with three types of entrepreneur: early stage entrepreneurs such as students and new graduates; individuals in the process of starting up a business; and active entrepreneurs running one or more business interests. The Forum has received £1.9m in funding from ONE since 2007/08. Its activities support the Regional Economic Strategy (RES) objective to close the region’s ‘enterprise gap’ with other parts of the UK.

III. The evaluation assesses the impact of the Forum and makes recommendations on its future direction, including ways to maximise impact.

Strategic Context and Market Failure

IV. Levels of entrepreneurship across the North East remain low in comparison to other regions of the UK, although there have been signs that this position may now be changing. Attitudes towards entrepreneurship in the region have historically been poor and fear of failure has been high. Previous research² has suggested that there are weaknesses on both the demand and supply side of enterprise in the North East generally. In turn, these factors dampen overall enthusiasm for, and actual levels of, entrepreneurial activity.

V. The Forum’s activities form part of the overall **Enterprise Programme** in the region designed to generate a lasting entrepreneurial culture in the region. The sits within the **Enterprise Framework**, developed to encourage region-wide, demand-led activity. This in turn is based on a better understanding of what motivates people and drives change, referred to as the ‘**Enterprise Journey**’.

VI. The rationale for intervention to support increased entrepreneurship therefore remains sound, and the market failures in the region still exist. The Forum can certainly help address these, most clearly through increasing awareness and overcoming cultural/attitudinal barriers in converting latent interest to actual interest and in boosting self-esteem and motivation, providing support and opportunities in converting interest to action. There is also a potential role for the Forum in helping to overcome the barriers to business growth.

Reported Performance

VII. Approximately half of ONE’s £1.9m investment in the Forum has been on events whilst salaries, marketing and professional fees constitute nearly all of the remainder. This

¹ Entrepreneurs Forum Business Plan 2009/10

² UK Global Entrepreneurship Monitor (GEM), 2008; North East GEM, 2006

has led to 544 reported businesses supported, 1,884 people assisted with skills development and £523,700 of private sector investment. There may be a degree of under-reporting since survey data suggests that the Forum has also created/safeguarded employment and generating sales/turnover benefits in businesses. Further, in-kind support from Forum members is not included in the private leverage recorded outputs. Survey analysis suggests that the value of in-kind time contributed since 2007/08 could have been worth as much as £5.9m.

The Forum and its Activities

VIII. The Forum provides services to full members, master entrepreneurs, associate members and nurturing pool members. It organises and runs Open Events, Focus Dinners, Mentoring, On-Site Visits, an Annual Conference, Action Learning Groups, an SME Conference and Annual Charity Ball, Chairman's Dinner and Drinks Reception and a Graduate Conference and Youth Summit. The Forum also provides workshops, masterclasses, events and runs and Entrepreneurs Forum Panel.

IX. The current Business Plan brigades the activities under Forum Gathering, Forum Voice, Forum Breakthrough (for the structured opportunities to work with and learn from business specialists/other entrepreneurs), Forum Mentoring and Forum Connection. Members receive a wide range of benefits given the fee (£400 per year + VAT for full members) including access to 10 open events per year. In effect, these benefits are part-subsidised by the public sector through ONE grant funding.

Business Benefits

X. Members value the Forum and its activities. The evaluation surveyed a total of 231 members and Forum event participants in all. Survey respondents were typically full members and one third had been involved in the Forum for three years or more. Most entrepreneurs were aged 35 and 54 groups, and 3 in 10 surveyed were under 34 indicating the reach of the Forum into this age group. One in four surveyed were female with the Forum doing well at engaging women. Geographically, respondents were more concentrated in Tyne and Wear, almost two thirds, and this bias is reflected in the overall membership base.

XI. Awareness of the Forum occurs principally through informal routes, via direct contact from the Forum or, positively, through a recommendation from another entrepreneur (40%). Less than 10 % became aware of the Forum through referrals from other organisations. Increasing the proportion of referrals could further help to diversify the membership.

XII. Many businesses seek to help and support other businesses. Respondents saw the Forum as being a good way of developing a forward strategy and improving business growth and profile. Respondents particularly valued the Forum as being a communications network for advice, trouble shooting and information sharing and for personal skills development.

XIII. Businesses regard the Forum as value for money. Members stated that they would be prepared to pay fees that were anything between 10% and 30% more than they are at present. This is positive feedback for the Forum and reflects the wide range of benefits of membership and also relevance and quality of services they receive. The principal impacts identified were the enhancement of the business profile, planning and business process improvements and engendering a positive cultural change in the business.

XIV. Overall, the beneficiary survey provides a sound endorsement of the Forum's activities and impact, and its effectiveness for its members in particular. Members have valued the Forum's role as a business to business network where they can learn from others, overcome problems and sound out the view of those *who have been there and done it*. The Forum has clearly contributed to raising their business profile.

XV. There are also encouraging signs that the Forum is playing a positive role for nurturing pool members, new and non-members. Half of those not yet owning a business are feeling more inspired to do so as a result of the Forum. This is a major element of the Forum activities, working in conjunction with the If We Can You Can campaign.

Net Impact and Return on Investment

XVI. Over the period April 2005 to November 2009, ONE invested £2.4m in the Entrepreneurs Forum. This directly generated a net GVA impact in supported entrepreneurs/businesses of £10.9m, a return on investment of 1:4. When forecast future GVA of £19.0m is also included, the ONE investment generates a **total net GVA of £29.9m** and a **total return on investment of 1:12**. This compares favourably to other business support programmes for indigenous businesses which have an average return on investment of 1:11.6³. Given the scale of future forecast benefits a mechanism for future update of the evaluation to assess whether these benefits have been achieved should be carried out.

Focus and Targeting

XVII. The Forum has made strides in seeking to use its strong membership base to encourage and develop/nurture new entrepreneurs. There is some evidence that this has been successful and a good proportion of members (based on the survey evidence) are relatively new (under 2 years). The ideal scenario is perhaps one where new members come on stream, benefit from the Forum and go on to help others through full membership with a new wave of entrepreneurs in turn benefiting from their support.

XVIII. More recently, the Forum has actively sought to widen the pool of entrepreneurs. Attracting new members (not simply satisfying the existing members) appears to be a Forum objective. This is not always easy to achieve and there are groups (e.g. BME) and areas (e.g. Tees Valley) where success in recruiting has been less successful and which may need more concerted and specific action in the future. The Forum should certainly seek to address the equality/diversity dimension in increasing the levels of inclusivity. Membership levels have risen to almost 350, from original targets of 50-100 in the early stages, with around 1 in 8 of these 'nurturing pool' members, and these are positive developments.

Recommendations

XIX. The report makes a total of **ten recommendations**. These are summarised below. The full report provides further commentary on the rationale for each one.

³ National RDA Impact Report, PWC for BERR, 2009

Strategic Direction

Recommendation 1: That the EF actively and consciously seeks to increase its member base and that it puts this and the associated target explicitly into the Business Plan. This will make explicit the link between the Forum and the first part of the 'enterprise journey'.

Focus and Targeting

Recommendation 2: That the Forum continues to invest resources in stimulating interest in the Forum itself and converting this interest to action, either actions which improve the number of start-ups or the performance of existing businesses. The Forum should seek new ways to encourage access from harder to reach groups and access from all parts of the region.

Recommendation 3: That the Forum develops and puts into place an agreed plan for addressing the equality/diversity issue as part of the wider set of actions to increase inclusivity.

Strategic Alignment and Partnership Working

Recommendation 4: That the Forum initiates a number of meetings and events with key partners to disseminate the message around its new business plans and to build better partnerships, in particular its thoughts and intentions around the more structured 'Breakthrough' and 'Mentoring' Themes which may also be available (although in different forms) through the public sector.

Recommendation 5: That the Forum develops a number of protocols of Memoranda of Understanding that articulate the different roles and responsibilities between the Forum and public sector partner agencies. These need not be lengthy but summarise the activity, target beneficiaries and intended outcomes from the relative forms of support.

Signposting and Referrals

Recommendation 6: That some initial attempt is made to encourage greater signposting and referrals between the Forum and other forms of support (e.g. HEIs). This should be tracked by the Forum (although no formal target should be set at this stage). It is the mindset of putting the entrepreneur first and identifying the support needed later (from whatever source) that should be at the heart of the process.

Impact and Value for Money

Recommendation 7: That the Forum develops an Action Plan that supports the Business Plan that articulates the resources into each theme, the programme of activity and the expected outcomes. This should be signed off by One North East as the principal public funder. This would further help relate the activities of the Forum to the impacts identified. This will provide useful management information for the Forum and the funding partners.

Recommendation 8: That the Action Plan developed makes provision for a potential reduced level of public sector funding than may have otherwise been sought, given the ever tightening public sector fiscal environment, whilst also achieving the objectives set out in the Business Plan. This is the type of request being asked of all publicly supported organisations nationally.

Monitoring and Evaluation

Recommendation 9: That a formal monitoring and evaluation plan is developed that puts in place a regular method of tracking and assessing impact on entrepreneurs supported. This can be an update of parts of this evaluation and incorporate some of the ongoing monitoring and feedback regularly collected by the Forum at events.

Recommendation 10: That the Forum considers the skill-set required to provide this monitoring and intelligence role that goes beyond the current beneficiary feedback material. Such a role requires the development and implementation of systems to record and track beneficiaries which in turn allows a regular assessment of what happens to the entrepreneur post-involvement/exposure to the Forum. This may then in turn help understanding of entrepreneur needs and referral requirements.

1 Introduction

1.1 In September 2009, ekosgen were commissioned by ONE NorthEast (ONE) to evaluate the success of the North East Entrepreneurs Forum. The evaluation reviews the impact of the Forum and its activities to date, including the return on the Agency's investment, and assesses the strategic fit of the Forum with other enterprise support activity. The evaluation assesses the extent to which the Forum is addressing market failure and makes recommendations on its future direction.

The Entrepreneurs Forum

1.2 The Entrepreneurs Forum was established by a group of leading North East entrepreneurs in 2002 with the aim of providing a network of business support, advice and training 'by entrepreneurs for entrepreneurs'. On this basis, the mission is to *"help and inspire entrepreneurs in the North East to grow the most successful business possible"*⁴.

1.3 The Forum has been explicitly designed and marketed to act as a high-profile beacon for engaging experienced business leaders who have an enthusiasm for supporting entrepreneurs at the beginning or part-way along their enterprise journey. From this starting point, it acts as a gateway and coordinating agent for other entrepreneurs to receive help and support but, equally importantly, to offer their own advice and guidance to others based on their own experiences. It targets three types of entrepreneur: (a) early stage entrepreneurs (i.e. students, new graduates); (b) individuals in the process of starting up a business; and (c) active entrepreneurs running one or more business interests. The Forum contributes to the support and personal development of these groups through a range of different mechanisms, activities and events, and in coordination with other partners.

1.4 The Entrepreneurs Forum has received part-funding from ONE since 2007/08 equivalent to £1.9m, and its activity fits with the Agency's Regional Economic Strategy (RES) aims around closing the region's 'enterprise gap' with other parts of the UK.

1.5 The Forum provides services to full members, master entrepreneurs, associate members and nurturing pool members. It organises and runs Open Events, Focus Dinners, Mentoring, On-Site Visits, an Annual Conference; Action Learning Groups, an SME Conference and Annual Charity Ball, a Chairman's Dinner and Drinks Reception and a Graduate Conference and Youth Summit. The current Business Plan brigades the activities under Forum Gathering, Forum Voice, Forum Breakthrough (for the structured opportunities to work with and learn from business specialists/other entrepreneurs), Forum Mentoring and Forum Connection. The Forum also provides workshops, masterclasses, events and runs an Entrepreneurs Forum Panel.

1.6 Full membership is presently £400 + VAT and Associate Membership £200 + VAT, which both bring a range of benefits to members, including access to 10 open events per year. In effect, these member benefits are part-subsidised by the public sector investment through ONE.

⁴ Entrepreneurs Forum Business Plan 2009/10

Evaluation Aims

1.7 This evaluation is both summative and formative and covers the Forum's primary activities. Determining performance to date involves demonstrating achievement of outcomes and also wider impacts. With less than six months left of the current ONE contract, the timing allows the evaluation to take stock of the programme and progress to date, identify learning points and make recommendations for potential future delivery and maximising impact. In particular, the evaluation aims to inform:

- How leadership, management and organisation of enterprise / entrepreneurial investment programmes can be strengthened;
- How enterprise, entrepreneurship and business support can be better integrated across the region;
- How resources can be used to lever integrated programmes of investment; and
- How businesses, business support organisations and communities can be effectively involved in the project.

Study Method

1.8 The study is based upon both primary and secondary research. Primary research has included consultations with a range of stakeholders involved in delivery and strategy. There has also been an emphasis on seeking the views of entrepreneurs, researched through an e-survey sent to all members of the Forum plus other individuals that have participated in Forum activities.

1.9 The second element of the research has been based on secondary research covering: management information of the programme (financial and output performance); policy review; and a profile of the enterprise characteristics of the North East utilising a range of published sources.

1.10 Based upon management information and findings from the survey of entrepreneurs, calculations have been undertaken to determine the net impact of the Forum. This approach estimates additionality and multipliers to provide a more accurate reflection of the programme's effects in the region. Similarly, it provides structured findings around Strategic Added Value (SAV) for those programme impacts that are difficult or impossible to quantify.

Report Structure

1.11 The rest of the report is structured as follows:

- Chapter 2 provides background around the current levels of enterprise in the North East, the rationale underpinning the Entrepreneurs Forum and links to the current policy context.
- A brief review of contractual performance is presented in Chapter 3 covering expenditure and outputs.
- Chapter 4 introduces our e-survey of entrepreneurs and presents findings around activities, participation levels and satisfaction with the Forum.
- Chapter 5 combines findings from the e-survey with ONE management information to provide an analysis of net impact and strategic added value.

- Feedback from the programme of stakeholder consultations is developed further in Chapter 6 and is structured by a number of programme themes, including a review of marketing and communications.
- Finally, conclusions and recommendations are presented in Chapter 7.

2 Enterprise in the North East

Introduction

2.1 The Entrepreneurs Forum aims to capture and nurture the entrepreneurial spirit amongst budding business people and develop the enterprise culture in the North East. This section provides an overview of enterprise levels in the North East, the barriers encountered by those setting up in business and the policy context in which those who provide a supporting role to potential and existing entrepreneurs must operate. Specifically it considers the role of the Entrepreneurs Forum as a facilitator of economic growth and how the organisation responds to the policy agenda at the national and regional level.

Enterprise Levels in the North East

2.2 Whilst the Forum is involved in growing and developing existing businesses as well as increasing the number of entrepreneurs in the region, it is worth noting the context for entrepreneurship within which the Forum operates. It has long been recognised that **levels of entrepreneurship across the North East are low in comparison to other regions of the UK** although there are early signs that this position may now be changing. The annually published Global Entrepreneurial Monitor (GEM) provides a regional comparison of entrepreneurial activity across the UK and disaggregates levels of activity among different groups and regions. The key highlights from the latest UK GEM 2008 and North East GEM 2006 reports are;

- There was a net increase in Total Entrepreneurial Activity⁵ (TEA) in the North East, from a TEA score of 2.9 in 2002 to 4.8 in 2008, and the North East as a whole has moved upwards from a position of being the least entrepreneurial English region. According to GEM 2009, the East of England is the most entrepreneurial region with a score of 7.3 and Yorkshire & Humber the least entrepreneurial at 4.2.
- Female entrepreneurship for the North East in 2008 is above average with a score of 4.3 compared to the UK average of 3.6. In contrast, the score for males remains below average: 5.9 compared to 7.4.
- The North East as a whole has lower than average levels of entrepreneurial activity by age grouping in 2006. The corresponding figures compared with the UK average are, for 25-34; 5.0% to 7.0%, for 45-54; 3.6% to 5.7% and for 18-24; 3.4% to 3.7%.
- Rural entrepreneurship is higher in the North East than the UK average at 10.7% compared with 8.4% in the UK (2006).

2.3 The GEM report concludes that attitudes towards entrepreneurship are generally negative and fear of failure is high. It is suggested that there are weaknesses on both the demand and supply side in the North East generally, especially in the targeted Local

⁵ TEA (also known as Early-Stage Entrepreneurial Activity) is based on an internationally comparable telephone survey and is defined by GEM as is the sum of nascent entrepreneurs (paying wages for less than 3 months) and new (or baby) business owner/managers (paying wages between 3 and 42 months) minus any double counting (i.e. those who respond positively to both)

Enterprise Growth Initiative (LEGI) areas. In turn, these factors dampen overall enthusiasm for, and actual, levels of entrepreneurial activity.

Barriers to Enterprise and Business Competitiveness

2.4 Research around barriers to enterprise, including perceptions towards enterprise, can be referenced from a number of sources. One of the most frequently cited is the England Household Survey of Entrepreneurship which examines the proportion of households aged 16-64 involved in entrepreneurial activity. The survey examines their main motivations for setting up in business and categorises the population into 'Thinkers', 'Doers' and 'Avoiders';

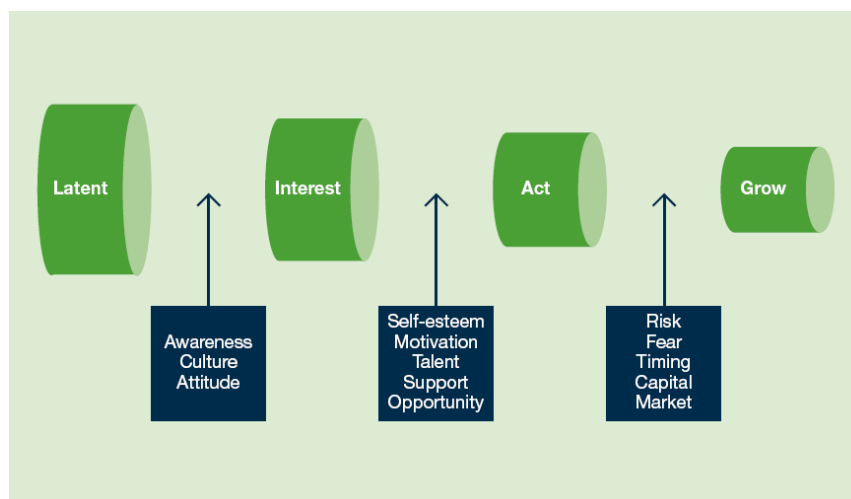
- **Doers** are those who are self-employed or own a business (fully or partly), either as their main activity or as a sideline to their normal employment activities.
- **Thinkers** are those who are not currently Doers, but have recently thought about starting a business, buying into an existing business or becoming self-employed.
- **Avoiders** are those who are neither Doers nor Thinkers. This group are examined to assess the barriers to entrepreneurship.

2.5 The most frequently mentioned barriers to starting a business or becoming self-employed are the fear of getting into debt (mentioned by 54 per cent of Avoiders), the chance that the business might fail (50 per cent), obtaining finance (48 per cent) and losing the security of the current job (45 per cent). The survey found that London has a significantly greater proportion of Thinkers (16%) compared to other regions in England (9% in the North East), whilst the proportion of Avoiders in the North East (82%) is significantly above the average for England (75%)

2.6 This research has focused mainly upon the individual barriers to entrepreneurship which can be further impounded by environmental barriers, such as culture and economic conditions, the latter of which has worsened since the 2005 survey.

2.7 One North East have carried out an analysis of national and regional research reports in relation to barriers to business start ups and growth. The barriers identified range from the wider **enabling environment** (culture, economic conditions) to **accessing knowledge** and information as well as **internal barriers** that are very specific to the individual considering starting out in business (e.g. self esteem). The following diagram has been developed in relation to the Enterprise Framework discussed in more detail later on in this section. The diagram identifies the specific barriers encountered along the pathway to setting up in business from being interested in a business idea to setting up and growing a business.

Figure 2.1: Barriers to enterprise



Source: One North East Enterprise Journey, March 2009

2.8 The Entrepreneurs Forum endeavours to address a number of the barriers identified. In particular it assists with relieving the barrier of accessing knowledge and information through the process of networking. It also provides the opportunity for individuals to improve their positivity about their business idea through the support and experience of other entrepreneurs.

Policy Review

Effective Business Support

2.9 The Enterprise Directorate within BIS (Department for Business Innovation and Skills) works across Whitehall, the Regional Development Agencies and key delivery partners to ensure that Government – national, regional and local – understands and responds to the needs of entrepreneurs and small businesses. On 12 March 2008 the Government launched the Enterprise Strategy: 'Unlocking the UK's Talent'. The Strategy's vision is to make the UK the most enterprising economy in the world and the best place to start and grow a business. This is directed through five enablers of enterprise. Of the five enablers, three are particularly relevant to the Entrepreneur's Forum context: developing the culture of enterprise; improving enterprise and business skills, and business innovation.

2.10 To succeed in a competitive global environment, businesses (large and small) need ongoing access to help and support to build their capacity and business capability. Providing this support is a government priority.

2.11 There are many packages of business support available through grants, subsidies and advice, which are designed to meet different stages of a firm's development and growth. Previously it was estimated over 3,000 publicly funded business support schemes existed. Businesses said they were confused and discouraged from applying. The **Business Support Simplification Programme (BSSP)** was introduced in order to make government grants, subsidies and advice more targeted and easier to access. This initiative has reduced the thousands of publicly-funded support schemes down to just 30, accessed via a more user friendly portfolio of products under the readily identifiable banner, *Solutions for Business*. It is

hoped that *Solutions for Business* will deliver a better support service to business, increase the impact of schemes, and make savings for government through removing complexity, cost and confusion from the system. Research estimates that better targeted assistance will add up to £1.4bn per year of value for businesses. Under BSSP, collaborative activities such as the Forum have been identified as a *Solutions for Business* Product.

2.12 Regional Development Agencies (RDAs) and Local Authorities are partners in the delivery of Solutions for Business and regional funders, such as RDAs, have a role in deciding how much money to put into each product and whether or not to make all products available in their area. Local Authorities can choose to co-fund products. In addition, it is recognised that variation of the national products may be needed to meet exceptional business challenges, so products have some flexibility around the core offer. The Entrepreneurs Forum assists One North East through their role as a provider of information and support to businesses by actively signposting people towards assistance that may be available in order to grow, or set up in, business.

Support for Minority Groups

2.13 The Government is also keen to encourage entrepreneurial activities amongst minority groups and has continually campaigned to meet this goal since the launch of the '**Enterprise for All**' pre-budget report in 1999. It is believed that 'Enterprise for All' will contribute to the development of an economy which is able to continuously grow and cope with ever-faster change – being competitive, productive and innovative.

2.14 'Enterprise for All' is used to support a business approach to regenerating those disadvantaged areas which have a relatively poor entrepreneurial culture and/or fewer businesses. Initially, most interest has been focused on inner cities, but a report released in 2006 to review progress in delivering the agenda found that focus is now extending to include other areas, particularly rural.

2.15 There is also concern nationally about access to appropriate business support by 'under-represented groups' – mainly women and ethnic minorities, although there is growing interest among the over 50s in the UK. The North East has made significant strides in engaging women in enterprise and is now one of the top performing regions in this area, with the Forum playing a strong and active role in boosting women's entrepreneurship. There is also a broad commitment to increase the entrepreneurial skill-base and levels of positive attitudes, particularly amongst children and young people. The Entrepreneurs Forum assists with the delivery of this strand of the Enterprise For All agenda through its focus on supporting young people into businesses, achieved by sharing practical experiences and providing learning opportunities for younger business people. The Forum promotes its services as providing; '*somewhere younger entrepreneurs can tap into the experience of those who have been there and done it – learning from their mistakes and soaking up invaluable business knowledge*'. The Forum needs to ensure that it supports those from all ages and all backgrounds.

Closing the 'Enterprise Gap'

2.16 The **Regional Economic Strategy (RES)** sets out how regional partners will deliver greater economic prosperity across the region by 2016. The primary aim of the RES is to increase GVA per head from 80% to 90% of the national average by 2016. This challenge will be tackled by focusing upon three key elements of the economy: *Business, People and Place*

2.17 The RES identifies business as a fundamental driver of economic growth, increasing productivity and creating employment. A key aim of the RES is to close “the enterprise gap” with other parts of the country; in order to do this it will be necessary to grow the business base by 18,500 to 22,000 businesses over the coming decade. Delivery of this goal is focused upon 3 areas of development in Business:

- Enterprise,
- Business Solutions; and
- Preparing for Structural Change.

2.18 The Entrepreneurs Forum plays a significant role in delivering the key areas of activity in developing enterprise in the region through promoting and encouraging start-up business through its role as a key conduit of information, advice and support to new entrepreneurs. Although the majority of the Forum’s members are existing businesses, around 1 in 8 (43 of the 345) are ‘nurturing pool’ members who with ‘emerging talent’ that are able to demonstrate considerable potential to succeed commercially.

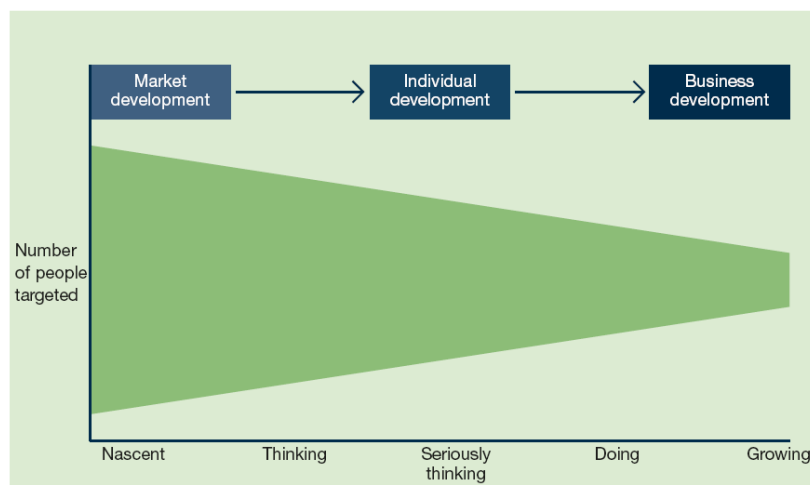
2.19 The enterprise strand of the RES is currently being delivered through the **One North East Enterprise Programme** introduced to generate a lasting entrepreneurial culture in the region. The Programme aims to increase the number of business start ups, their survival and their growth through innovative forms of support and awareness raising activities: stimulating future entrepreneurs; facilitating start up; and mainstream start up and business support. The overall programme has a budget over the 4 years 2008-2012 of £134m which aims to support 63,720 businesses, create 15,225 businesses and to create 35,620 jobs (ONE website, Enterprise Programme). The funding and work of the Forum sits under the Enterprise Programme banner.

Delivering Growth: Increased Entrepreneurial Activity

2.20 One NorthEast have identified that there is a need to make a step change in economic performance in order to realise the RES goal of bridging the GVA and ‘enterprise gap’. There are some significant challenges faced in realising these targets focused around the need to increase the numbers of ‘thinkers’ and ‘doers’ in the working age population by around 50% by 2016 to increase entrepreneurial activity in the region. In order to increase these numbers it is necessary to understand the differences between thinkers and doers in businesses, what motivates doers to progress a business idea and what barriers stop thinkers from progressing onto the next stage.

2.21 The **Enterprise Framework** has been developed to encourage region-wide, demand-led activity, based on a better understanding of what motivates people and drives change, referred to as the ‘**Enterprise Journey**’. The following model has been developed by One North East to describe a sequential model of activities aimed at moving as many people as possible through the enterprise ‘funnel’. The Forum works to help grow existing businesses and to increase the numbers involved in enterprise.

Figure 2.2: The Regional Enterprise Framework



2.22 The overall goal of the enterprise journey is to increase levels of self-employment and business formation in the region by tackling the particular barriers faced by specific groups of people. Two overarching programmes of intervention have been identified;

- *Unlocking the potential* – deeper, ongoing support to groups of people with specific, shared barriers to enterprise, delivered from within their communities of interest by established and trusted sources.
- *Converting the potential* – Programmes of focused support targeted at people considering starting a business to take action to do so, particularly those who are likely to start a high-growth/high value business.

2.23 The Entrepreneurs Forum assists in delivering the second programme of intervention to convert business potential and acts as a support network for businesses at all stages of the journey from thinking to growing.

Marketing Enterprise

2.24 The reasons for the North East’s enterprise gap are complex, but include a lack of *awareness* of the opportunities for setting-up a business as a career option, limited *aspirations* to pursue entrepreneurship, and fewer successful entrepreneurs to act as *role models*. Changing people’s aspirations and cultures towards entrepreneurship is challenging because it tends to happen gradually and is influenced by a wide variety of contextual factors – including the stage in the economic cycle.

2.25 The Entrepreneurs Forum – charged with promoting entrepreneurship across the region – was also awarded almost £1.5m by One NorthEast in May 2007 to address these issues directly through the project ‘*If we can, you can*’. This campaign is subject to a separate evaluation and is not covered by this study. The Entrepreneurs Campaign was designed in direct response to the RES, which states (paragraph C8): ‘We will make innovative use of new media technologies to stimulate enterprise.’ The Entrepreneurs Campaign aims to stimulate entrepreneurial change through a region-wide marketing campaign targeted at *four discrete market segments* and is complementary activity to the core work of the Forum.

3 Programme Overview and Performance

3.1 The project overview and performance is presented in this chapter as two sections. The first section details expenditure, including a breakdown by category and by overspend or underspend. The second section details outputs, and comparison against targets.

Expenditure

3.2 The Entrepreneurs Forum has received approximately £1.9m of One NorthEast Single Programme funding since 2007/08. The table below shows that the funding received has been in line with profiled levels, and there is no evidence to suggest that the remaining 2009/10 expenditure will change this trend.

	Profiled	Actual (so far)	Difference	
2007/08	718,155	714,759	-3,396	100%
2008/09	837,201	843,408	6,207	101%
2009/10	733,649	327,059	N/A	N/A
Total	2,289,005	1,885,226	2,811	100%

Source: ONE Project Management System, November 2009

3.3 The table below shows One NorthEast Single Programme expenditure on the programme disaggregated by type over the three years. In total, half of expenditure has been spent on events (49.7%), reflecting the role of events in Forum activity. Salaries are the second highest total expenditure, supporting a core team of eight employees. Marketing and Professional fees are the third and fourth highest respectively. These four categories combined account for 93% of total expenditure.

(£)	2007/08	2008/09	2009/10 (so far)	Total
Salaries	215,235	222,534	103,967	541,736
Events	337,471	448,468	152,290	938,229
Rent	18,644	15,957	8,244	42,845
Utilities	11,643	12,460	6,488	30,591
Office Costs and Equipment	13,132	11,799	3,985	28,916
Travel & Expenses	8,820	8,155	26	17,001
Marketing	72,673	63,228	22,137	158,038
Professional Fees	32,714	58,022	29,773	120,509
Research, Audits & Evaluation	0	367	0	367
Website	4,428	1,160	148	5,735
Mentor Training	0	1,259	0	1,259
Total Single Programme	714,759	843,408	327,059	1,885,226

Source: ONE Project Management System, November 2009

3.4 The table below shows the extent to which actual expenditure has been higher or lower relative to the profiled spend for each category. As can be seen, a number of categories appear to have spent substantially more than expected both absolutely (marketing +£93,000; and professional fees +£83,000) and relatively (professional fees +834%; utilities +270%; and marketing +155%). In other categories, expenditure has been less than expected (salaries -£106,000; website -£30,000; and mentor training -£28,000).

Table 3.3: Single Programme Estimated* Over/Underspend** by Category, 2007/08 and 2008/09 only		
Salaries	-106,044	-14%
Website	-30,316	-58%
Mentor Training	-28,046	-70%
Events	-12,969	-1%
Research, Audits & Evaluation	-11,978	-70%
Travel & Expenses	-7,935	-23%
Office Costs and Equipment	-7,105	-16%
Rent	11,835	38%
Utilities	18,920	270%
Professional Fees	83,409	834%
Marketing	93,040	155%
Total Single Programme	2,811	0%
Source: ONE Project Management System, November 2009		
* Profiled Single Programme breakdown pro-rata'd according to All Funding Profile		
** underspend = negative figures, overspend = positive figures		

Outputs

3.5 As well as expenditure, the Entrepreneurs Forum has been recording pre-agreed outputs. The table below details the outputs recorded by the Entrepreneurs Forum from 2007/08 to date. In particular, the Forum has levered over £0.5m from the private sector, supported 544 businesses and assisted 1,884 individuals with skills development. It should be noted that private sector leverage does not include in-kind time provided by Forum members to help other entrepreneurs, and this is discussed further below.

3.6 Regarding change over time, outputs during 2008/09 are around 50% of those recorded in 2007/08, this is due to each subsequent year identifying additional businesses supported.

Table 3.4: Programme Outputs (Actual), 2007/08 - 09/10				
	2007/08	2008/09	2009/10 (so far)	Total
NTF 4 Businesses Supported	333	164	47	544
NTF 5 Private Sector Leverage (£)	337,300	186,400	0	523,700
NTF 6 Skills	1,118	515	251	1884
Source: ONE Project Management System, November 2009				

3.7 The following table details actual performance against profiled outputs for 2007/08 to 2009/10 (so far). Skills assisted outputs have largely been on target and would be expected to be achieved by the end of the 2009/10 financial year. Outputs covering the number of businesses supported and private sector leverage fall short of anticipated figures by around 70% (so far).

Table 3.5: Programme Outputs (Actual against Profiled), 2007/08 - 09/10				
	Profiled	Actual (so far)	Difference	
NTF 4 Businesses Supported	1,704	544	-1,160	32%
NTF 5 Private Sector Leverage (£)	2,163,099	523,700	-1,639,399	24%
NTF 6 Skills	2,090	1,884	-206	90%

Source: ONE Project Management System, November 2009

Forum Members In-kind Support

3.8 One of the greatest strengths of the Entrepreneurs Forum is to engage and utilise the business skill and experience of the region’s leading entrepreneurs. This is shared free of charge among members but there is certainly an opportunity cost associated with their contribution of time. Based on responses to survey questions concerning commercial day rates and contributed days, an estimated £5.9m of in-kind support has been levered from the business community. Adding this £5.9m to the £1.9m funding from One NorthEast gives a ‘shadow’ total of £7.8m, which potentially gives a more realistic sense of the investment value input to the programme. The data also implies a 1:3 relationship between public and private sector in-kind investment, which is a favourable return.

Summary

3.9 The Entrepreneurs Forum has received approximately £1.9m of One NorthEast Single Programme funding from 2007/08 to date. Approximately half of this expenditure has been on events whilst salaries, marketing and professional fees constitute nearly all of the remainder. Of these categories, expenditure on marketing and professional fees is higher than was originally anticipated and profiled. Programme outputs are relatively low compared to target, with the exception of skills development where the Forum is set to achieve its targets. Importantly, the value of in-kind support from Forum members is not included in the private leverage recorded outputs. Survey analysis suggests that the value of in-kind time contributed since 2007/08 could be worth £5.9m.

4 Beneficiary Experience and Impacts

4.1 In order to try and measure the impacts of the activities of the Entrepreneurs Forum through beneficiary feedback, a survey was developed and sent to a range of different beneficiaries. These included full members of the Forum and also non-members who have attended events. An email was sent out to these beneficiaries, requesting them to complete an online survey which was designed to gauge the profile of beneficiaries, their feedback on the activities they took part in and attempt to measure the impact that these activities had made.

4.2 The survey has generated a total of 230 responses, giving a response rate of 43%. At a very simple level, the high response rate to the survey itself can be taken to be an indication that the Entrepreneurs Forum is making some kind of an impact on members and participants and that people feel motivated to comment on it, although this can reflect negative as well as positive impacts and feelings. On the whole, the responses to the survey reflect positive experiences of engaging with the Forum.

Respondent Profile

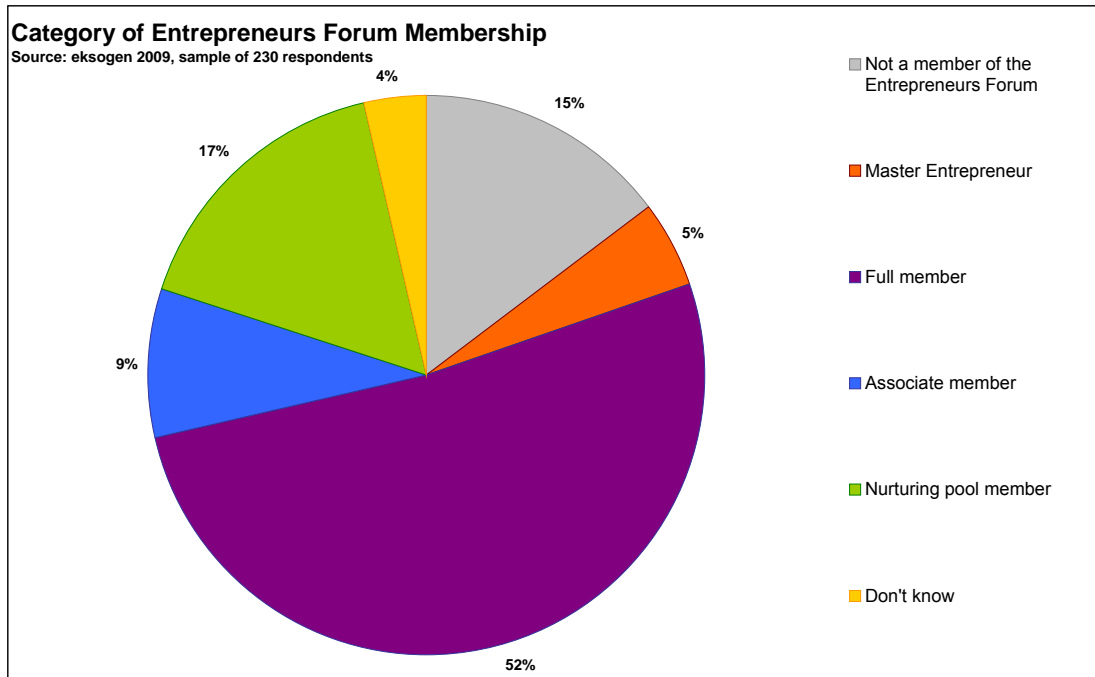
4.3 The list below illustrates the different beneficiaries who were contacted as part of the survey:

- Forum members (includes full members, master entrepreneurs, associate members and nurturing pool members);
- Attendees of the May 2009 Annual Conference;
- Teachers of pupils who attended the Youth Summit;
- Attendees for one Leadership Workshop; and
- Attendees for two Focus Dinners.

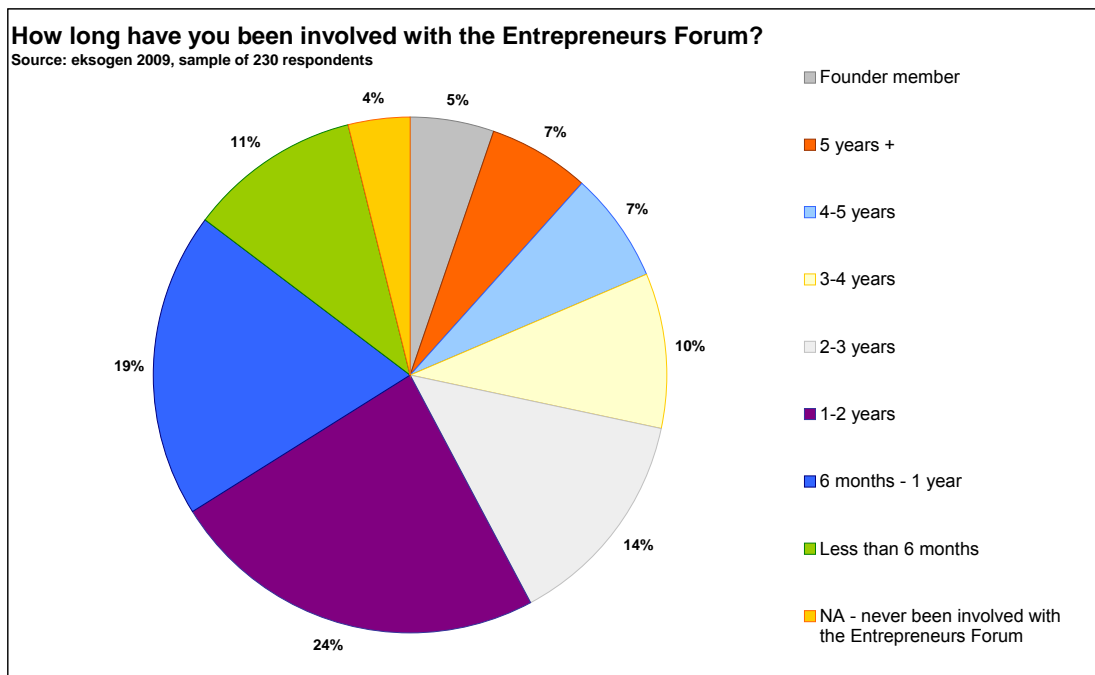
4.4 The survey respondents and analysis do not include responses from school pupils, given the timescales for the study and the challenges in obtaining data from the participating schools. That said, we have obtained some teacher feedback and this is summarised in the section on raising interest in enterprise in Chapter 4.

4.5 The majority of survey respondents were Entrepreneurs Forum members (81% of the total) and over half of all the respondents were full members (52%). Respondents had most commonly been involved with the Forum for 1-2 years (25%). There was also an encouraging response (17% of total respondents) from Nurturing Pool members which indicates that even people without full membership were motivated to respond. The good representation from each membership category means that a more robust analysis can be undertaken of the survey results.

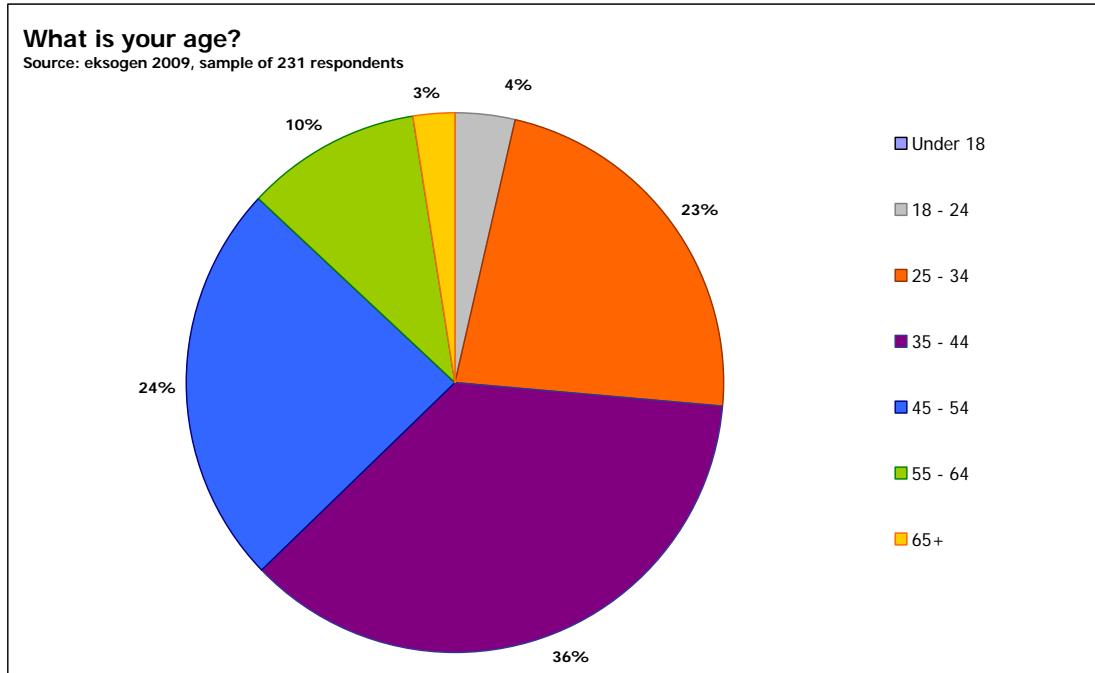
4.6 As a point of information for the Forum, a small percentage of respondents (4%, 8 in total) were unsure as to their membership category. Although this is a minor issue, it needs to be addressed because it suggests a slight disengagement with the Forum on the part of these members.



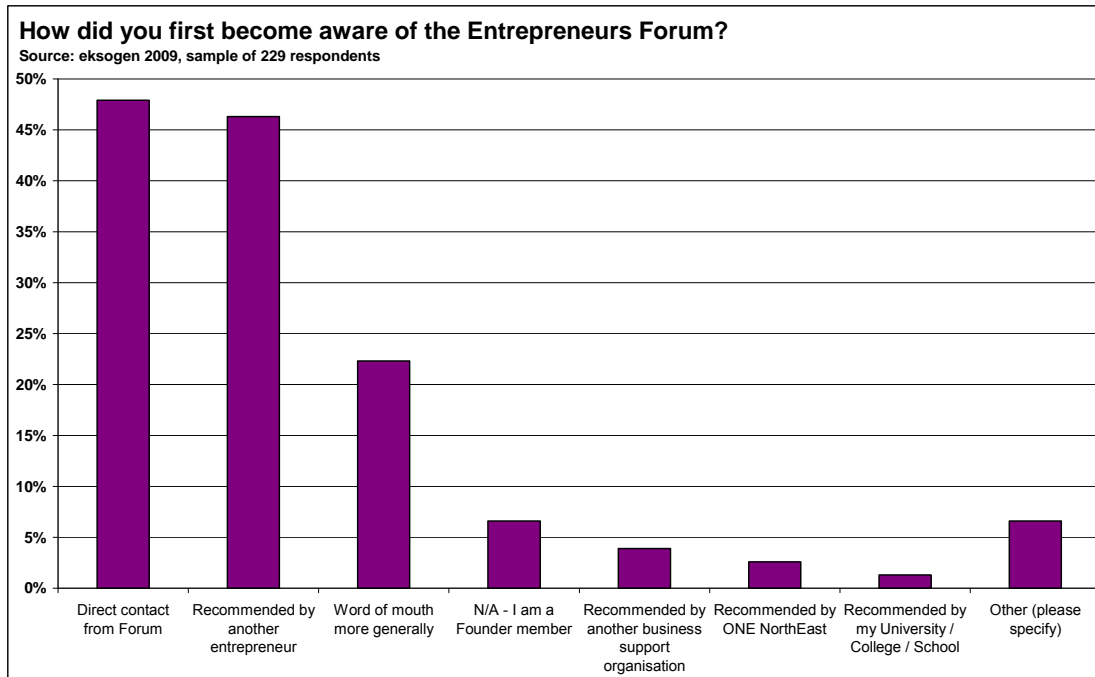
4.7 Nearly 30% of the respondents had been involved with the Forum for more than three years. A significant response from longer term members is to be expected, given that they are more likely to be fully engaged with the Forum and be more inclined to complete a survey of this type. What is more encouraging is the number of respondents who have only been involved with the Forum for less than three years. Feedback from these more recent members is particularly valuable as they offer a different perspective to the longer term members and may be able to provide more of an insight into their motivations and experiences of joining the Forum.



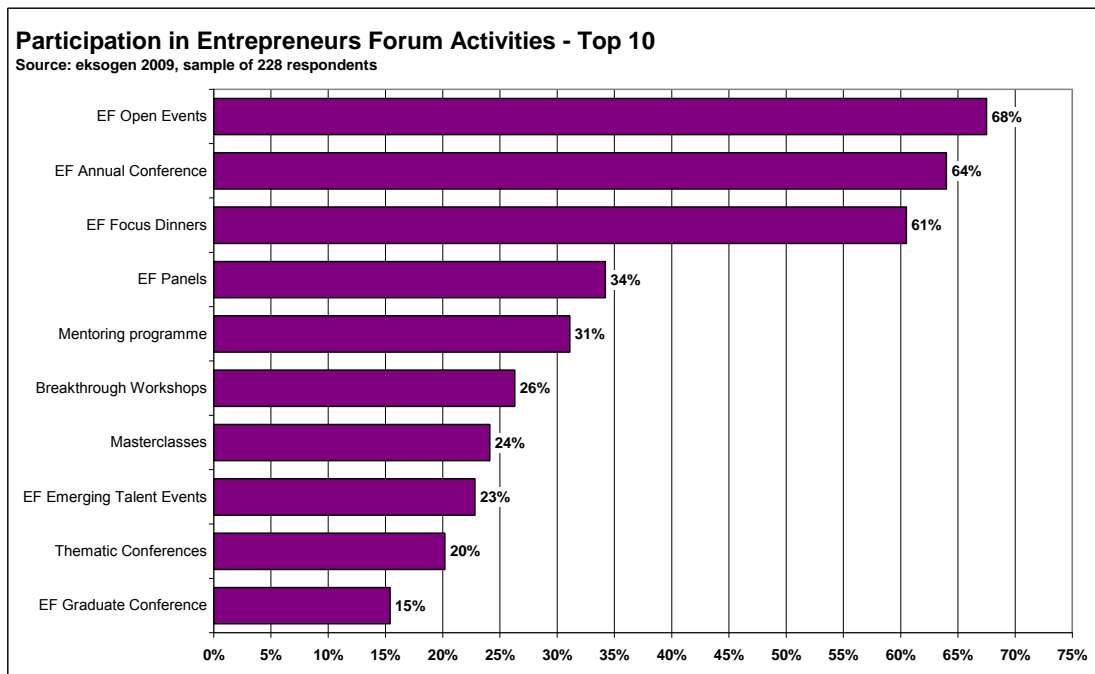
4.8 The survey also asked people to identify their gender and age. Nearly three quarters of respondents were male and a quarter female. This indicates the good representation of women in the Forum and involved in its activities. The majority were aged between 35 and 54 which reflects the typical entrepreneur profile. Thirty people out of the 231 that responded were aged between 55 and 65. Whilst the Entrepreneurs Forum looks to target younger people to encourage entrepreneurial activity amongst school and college leavers, they also make it clear that it is those members that have extensive experience that bring the most value to the organisation in their role developing others. There was also a significant proportion (27%) of people aged 34 and under which indicates a well balanced cross section of respondents.



4.9 The majority of people became aware of the Forum through direct contact from them. This would indicate that the publicity and other awareness raising activities do have a good level of impact and that marketing is effective. Another large section of respondents became aware of the Entrepreneurs Forum through a recommendation by another member or entrepreneur. This level of endorsement by existing members is encouraging and would suggest that the existing member has found their experiences of the Forum to be beneficial. On the downside, the number of referrals or recommendations from other business support organisations and HEIs is limited, and two-way referrals between organisation is an area that can be improved upon.

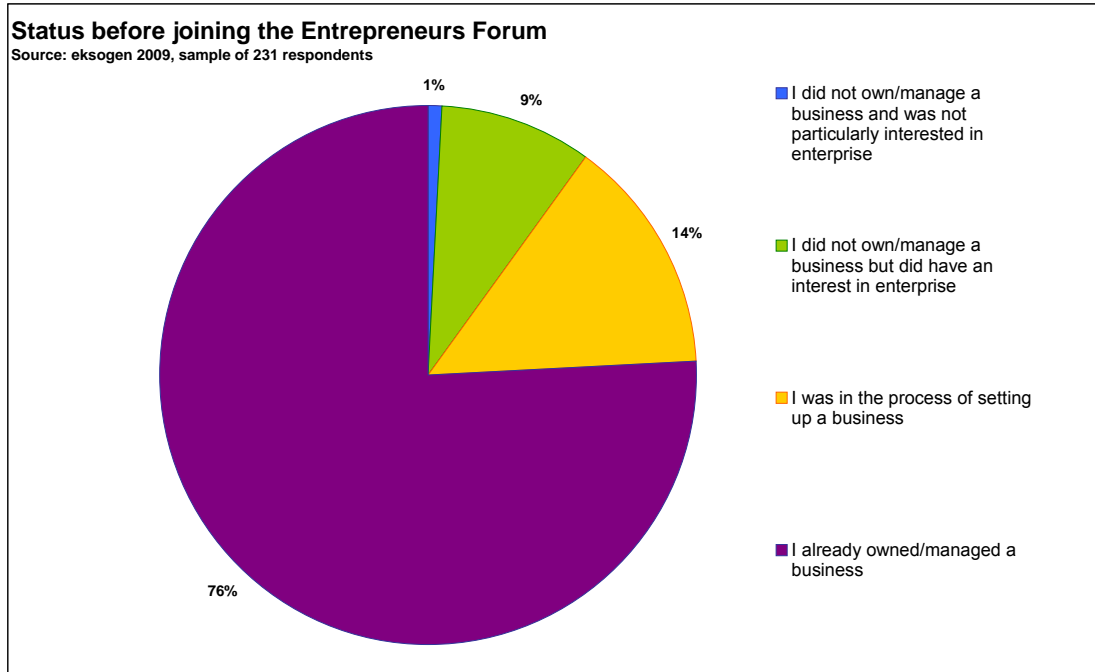


4.10 In terms of the most commonly attended events, open events, the annual conference and focus dinners attracted the largest numbers of attendees amongst those surveyed. The Graduate Conferences and Thematic Conferences were cited by fewer but this partly reflects the nature of those surveyed. In other words, the data below does not indicate the popularity of these events, although it does reflect that the open events, annual conference and focus dinners are typically large scale events and well attended. As would be expected, a small proportion have attended the more focused mentoring and Breakthrough workshops.

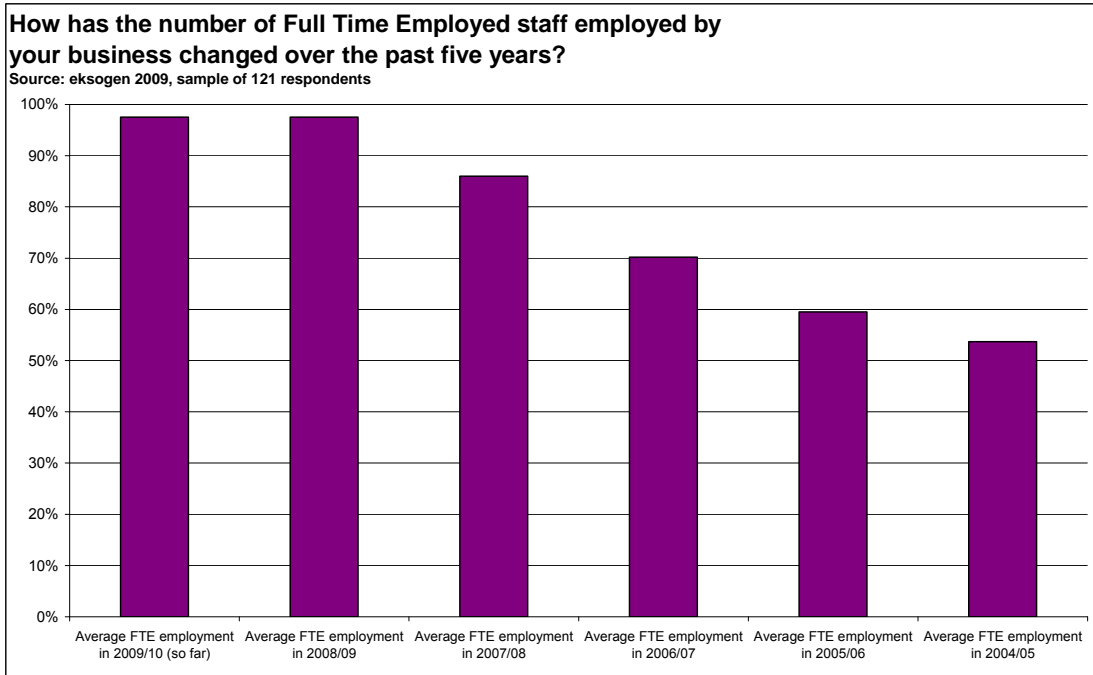


4.11 Over three quarters of respondents already owned or managed a business before they joined the Forum. This would suggest that motivations for joining are related to improving or growing an existing business rather than seeking support in establishing a new

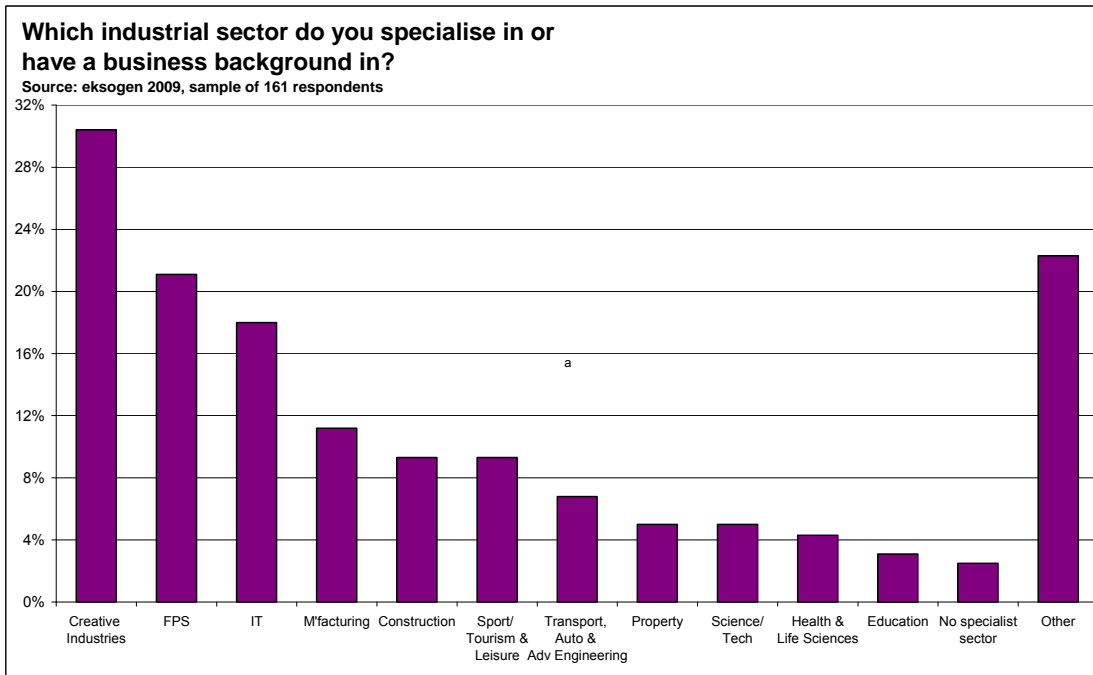
enterprise, although more specific motivations are explored later. The high percentage of existing businesses can be viewed as a positive thing, given that one of the main functions of the Forum is as an information and experience sharing medium and these members can offer considerable benefits to new and non-members, so long as there is sufficient access to the Forum for new and non-members.



4.12 There has been a steady but encouraging growth in the numbers of FTE staff employed in the respondent businesses since 2004 up to 2008/9. As could be predicted however, figures have remained the same from 2008/9 to 2009/10 to date, likely to be influenced by challenging economic circumstances. It is encouraging that there has not been a fall in these figures which is the case in many businesses both regionally and nationally during this financial year. The largest increase in FTE staff numbers took place between 2006/7 and 2007/8, which reflects a period of good economic growth in the UK and the strong performance of Forum member businesses. Although the business growth of Forum member businesses cannot be directly attributed to being a Forum member, the data suggests that on the whole businesses have performed strongly whilst a member of the Forum.



4.13 The type of industrial sector that members and beneficiaries belong to was raised as a potential issue during the stakeholder interviews, with a sense that there is a bias towards service, knowledge and creative industries rather than more traditional sectors such as manufacturing and more manual, ‘blue-collar’ industries. The feedback from the survey supports this premise to an extent, but there is a good representation of manufacturing businesses (11%) that have taken part in the Forum’s activities at one stage or another. The large ‘Other’ category is predominantly made up of specialist retailers and business consultancy services.

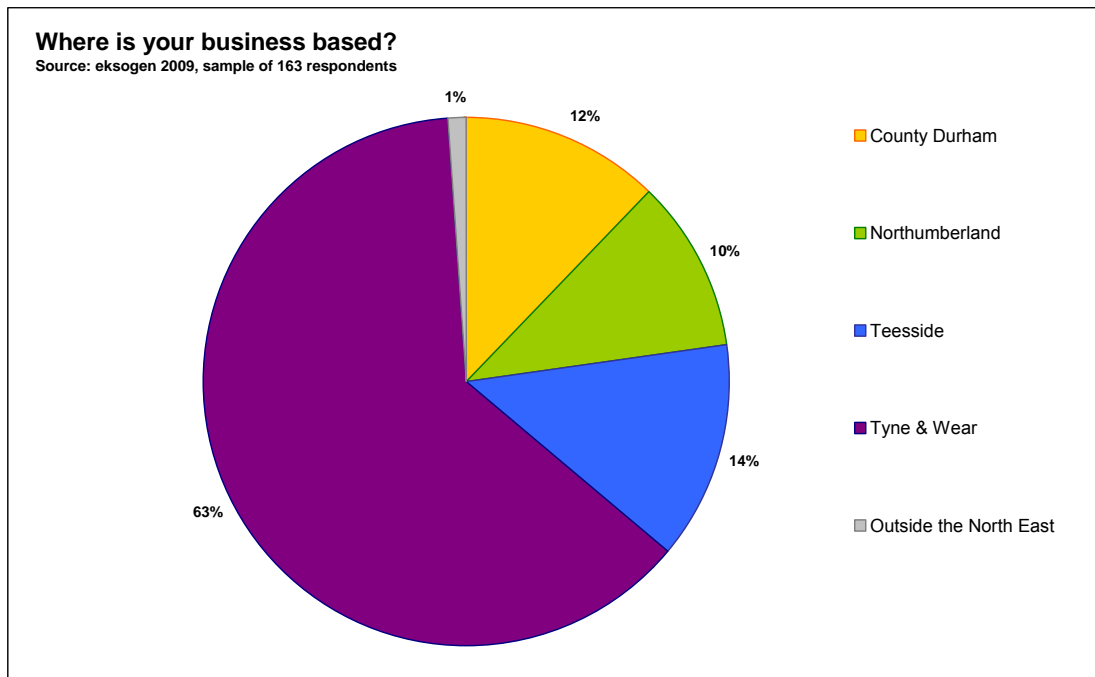


4.14 The geographical spread of the beneficiaries has a noticeable Tyne and Wear bias. This supports what has been suggested by a number of stakeholders during the interviews.

In all, 63% of surveyed beneficiaries were from Tyne and Wear which compares with an employment base of 48%. County Durham, 12% of beneficiaries but 17% of the regional employment base and Teesside, 14% of beneficiaries and with 21% of the regional employment base, are the areas most under-represented.

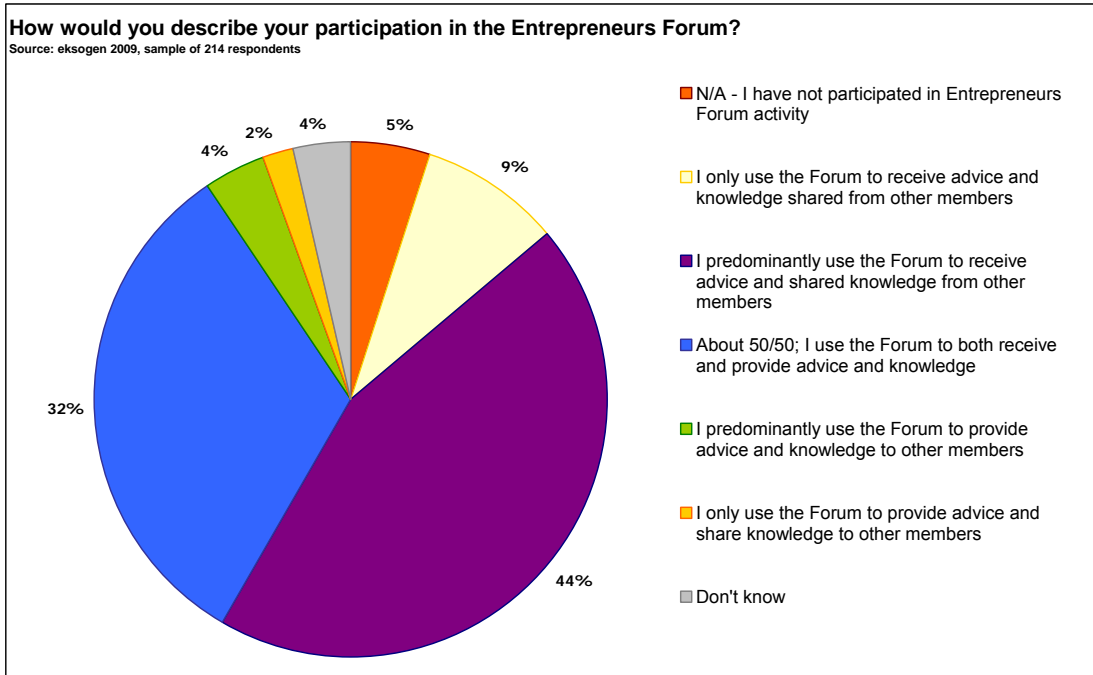
Table Showing Employment Numbers Across the North East Region (2007)		
District / Authority	Employee number	%
County Durham	170,285	17
Darlington	49,009	5
Gateshead	91,019	9
Newcastle upon Tyne	174,931	17
North Tyneside	67,452	7
Northumberland	101,775	10
South Tyneside	41,398	4
Sunderland	117,108	11
Teesside	216,738	21
Column Total	1,029,715	100

Source: Annual Business Survey 2007

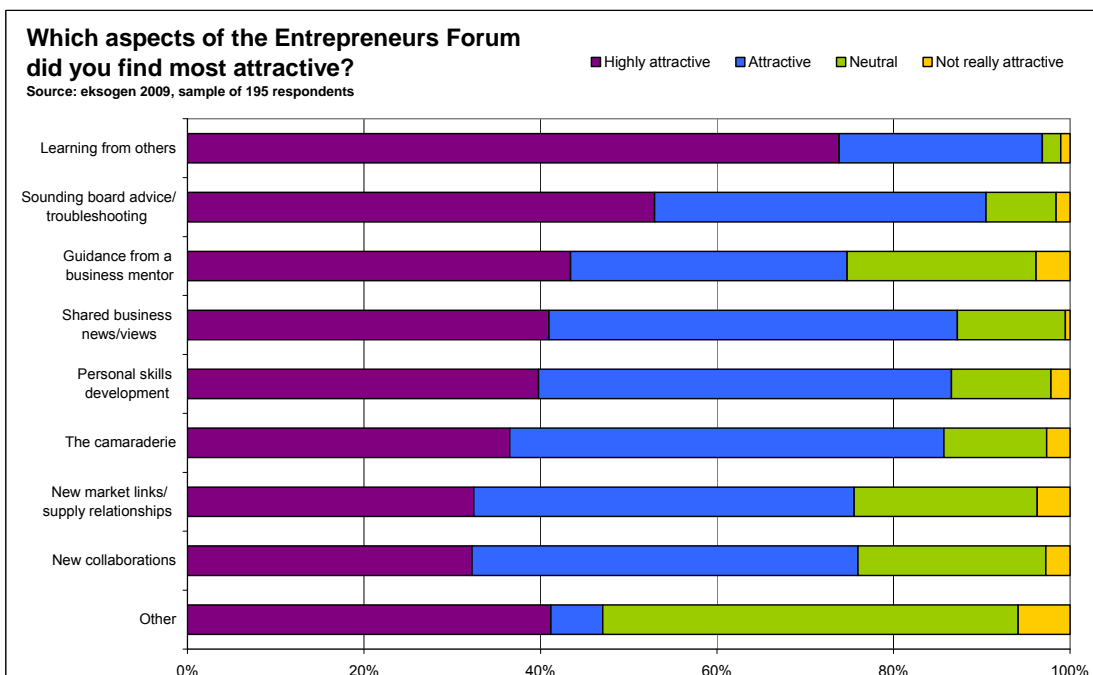


Motivation and Expectations

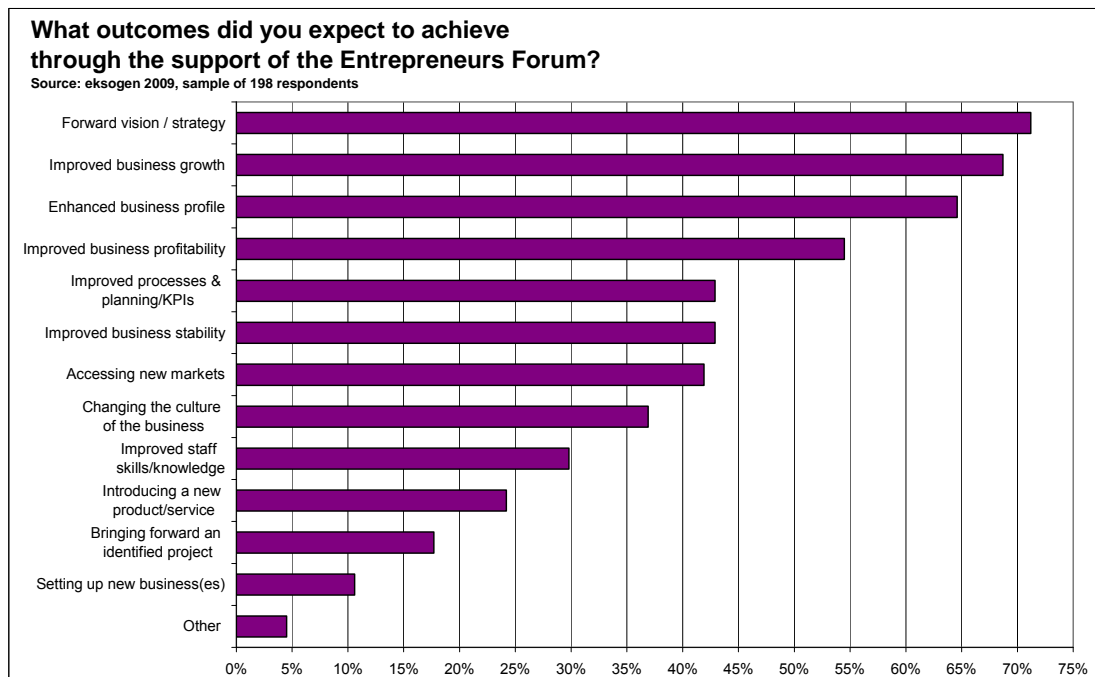
4.15 Respondents indicated a variety of reasons for their initial attraction and motivation in participating in Forum activities. When asked to describe their participation, one third use the Forum to both give and receive support which is central to the ethos of the Forum. A larger proportion used the Forum predominantly for *receiving* advice and knowledge sharing (44%). In all, 6% are involved in the Forum to predominantly or exclusively give advice to others.



4.16 These findings are also reflected in the results below with the majority of respondents stating that they aspect they found most attractive was ‘learning from others’. This was closely followed by the Forum being used as a ‘sounding board’ or for ‘trouble shooting’ with other entrepreneurs. These findings support the Forum’s main function as a knowledge sharing platform, rather than a network which brings individuals together specifically to seek and win new business opportunities. It should also be noted that a large proportion of members feel that the camaraderie and networking opportunities are a very attractive element of the Forum. Feedback on the events was largely positive too with many respondents noting not only their scale and “first class” professionalism, but also the benefits that these features bring: the “*networking element is excellent, as are the focus dinners where I have absorbed and used knowledge gained in my business planning and execution.*”



4.17 The outcomes that were expected from involvement with the Forum also helps to explain people’s motivation in participating. Over 70% of respondents expected that they would receive support in developing a forward vision or strategy for their business. This reinforces the findings that primary function of the Forum is a knowledge sharing platform. Another significant proportion of respondents (68%) expected to see improved business growth which is positive, with the third largest expectation (64%) an enhanced business profile. Far less important to people was setting up a new business, which reflects the fact that most respondents were already in business.



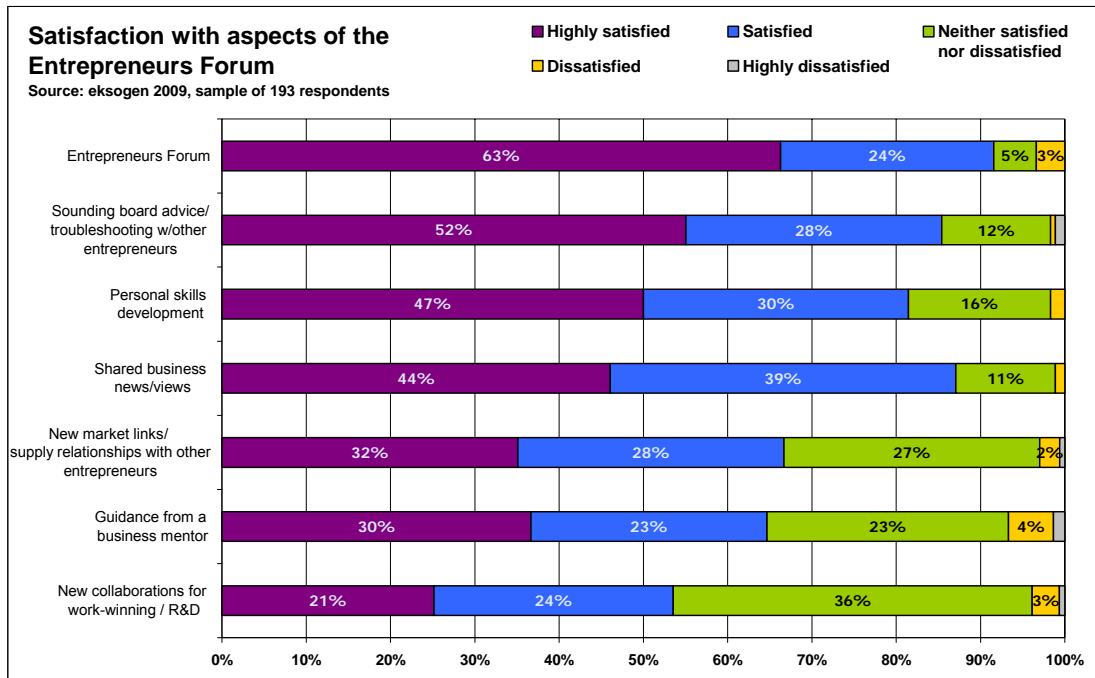
Impact and Additionality

4.18 The respondents expressed varying degrees of satisfaction with different elements of the Forum’s activities, along with the identification of specific impacts and long term commercial outcomes (including expected growth rates). The respondents were also given the opportunity to identify how participation has increased entrepreneurial culture and raised enterprise activity for business owners and non-business owners.

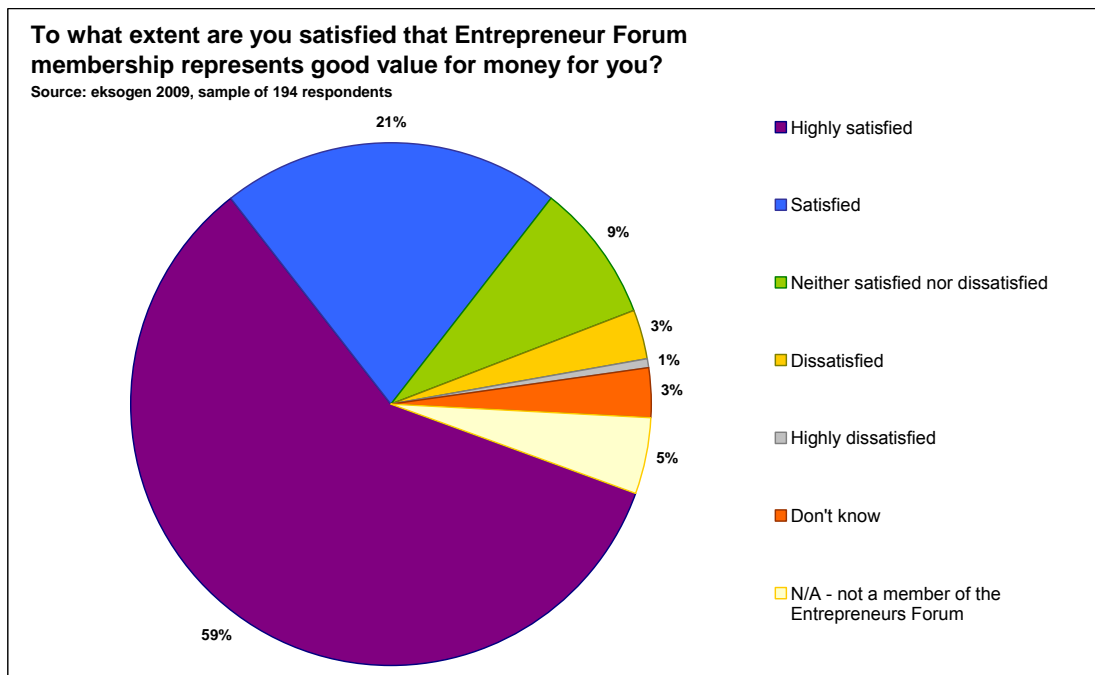
4.19 The survey responses evidence a high level of overall satisfaction with the Forum. People appeared to be particularly satisfied with the role of the Forum as a communications network for advice, troubleshooting and also for sharing business news and views. This would indicate that the Forum is performing it’s role as a business network effectively. Almost half of the respondents also highlighted the fact that they were highly satisfied with the personal skills development aspect of the Forum. This suggests that activities such as the workshops and masterclasses where people have the opportunity to gain new skills are also delivering a high level of satisfaction amongst respondents.

4.20 Areas where people appear slightly less satisfied include new collaborations for work winning and R&D, and in fairness to the Forum, these are not primary areas of focus in their work. Interestingly, the mentoring support has receive a mixed response from people. There is a fairly even split between respondents who were highly satisfied, satisfied and neither

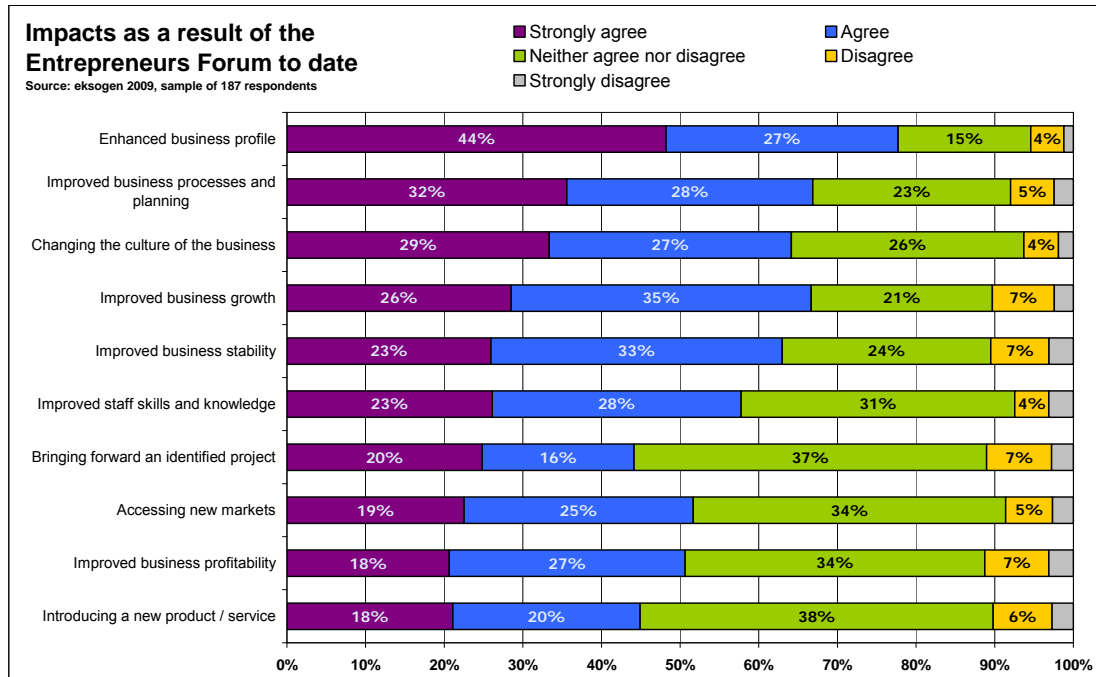
satisfied nor dissatisfied with ten respondents (5%) suggesting they were dissatisfied. Whilst this is not a large number, it is significant enough for this issue to require investigation.



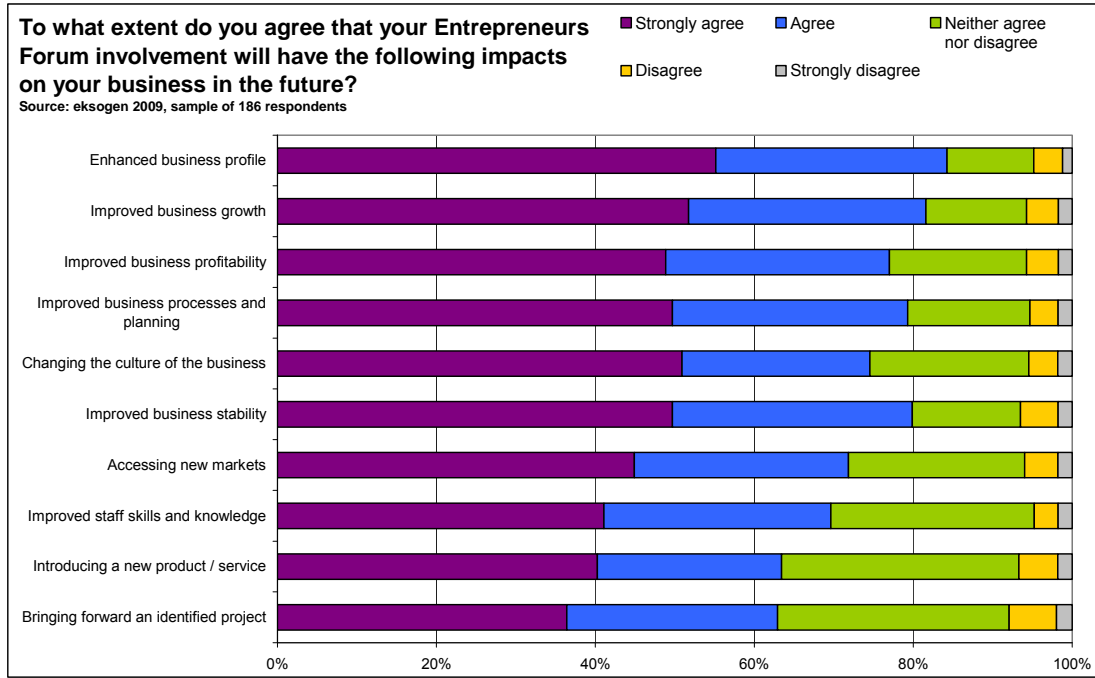
4.21 In terms of value for money, 80% of respondents were either highly satisfied or satisfied which is good feedback. Furthermore, when asked how much more members would be prepared to pay in fees a large majority (72%, 96 out of 134) stated they would continue paying fees if there were 10% higher than those currently charged, reflecting that members receive a significant range of benefits. Furthermore, 43% stated they would pay fees 20% higher and almost one third (32%) suggested they would pay 30% more. This suggests there is scope for increasing fees without affecting membership numbers, although this would need careful handling in the current economic climate.



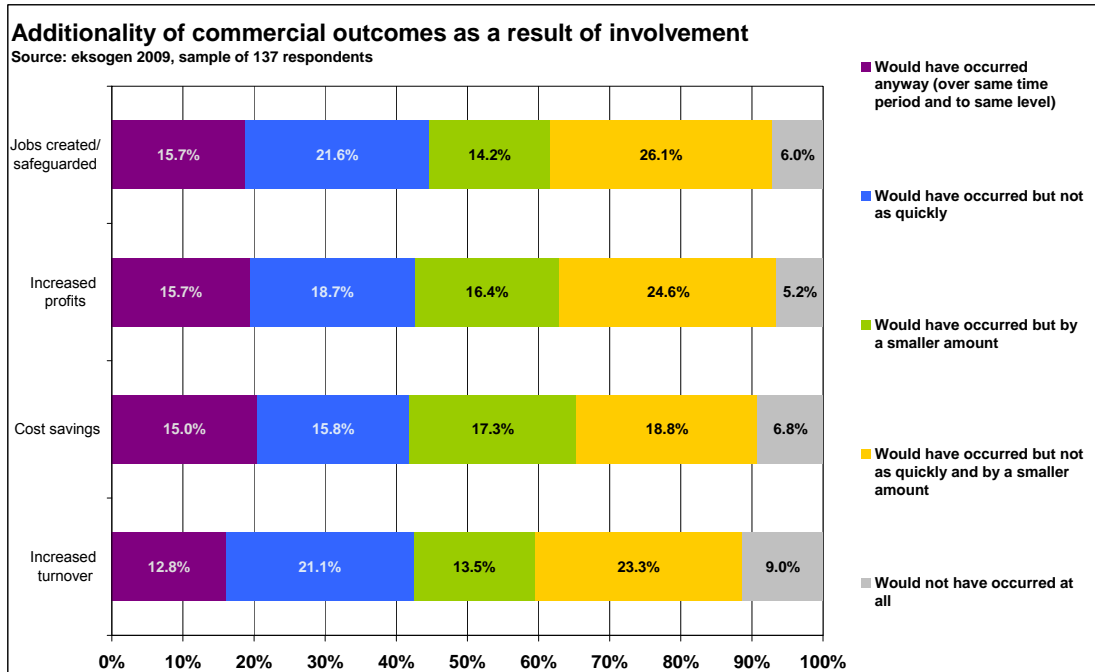
4.22 The Forum has had a fairly significant impact on members' businesses in terms of enhancing business profile, improving planning and processes and also cultural changes within the business, and these are positive findings. There has been slightly less of an impact on improved business growth, improved business stability, bringing forward an identified project and improved business profitability. Each of these is related to business growth and development and as such, the lack of impact in these areas could be attributed to the current economic climate, rather than as a result of the focus of Forum activity.



4.23 The anticipated future impacts of the Forum reflect similar trends to those seen in the impacts to date in that respondents expect their business profile, business culture and business processes and planning to be impacted upon. However, people also feel that in time they expect to see an impact on business growth, profitability and stability which reflects people's optimism for the future both in terms of the Forum's role in these helping to achieve these impacts and also an improvement in the economic climate.

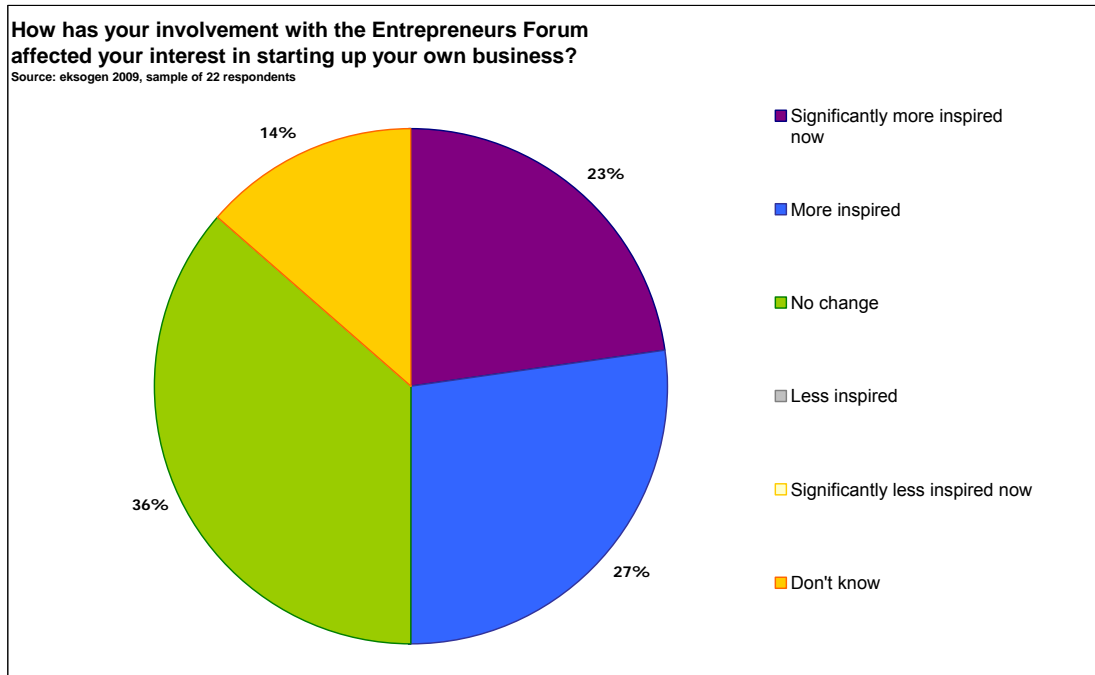


4.24 Measuring the additionality of the Entrepreneurs Forum is potentially challenging, given the propensity for longer term outcomes from the interventions, rather than short term outputs which are more easily measured. The survey goes some way in trying to quantify commercial outcomes and the results of this are indicated below. Jobs created and safeguarded, increased profits and increased turnover have all been identified as areas of high additionality as a result of engagement with the Forum, with 9% suggesting that increased turnover would not have occurred at all without the intervention of the Forum. More quantified analysis of outcomes can be found in the net impact chapter (Chapter 6).

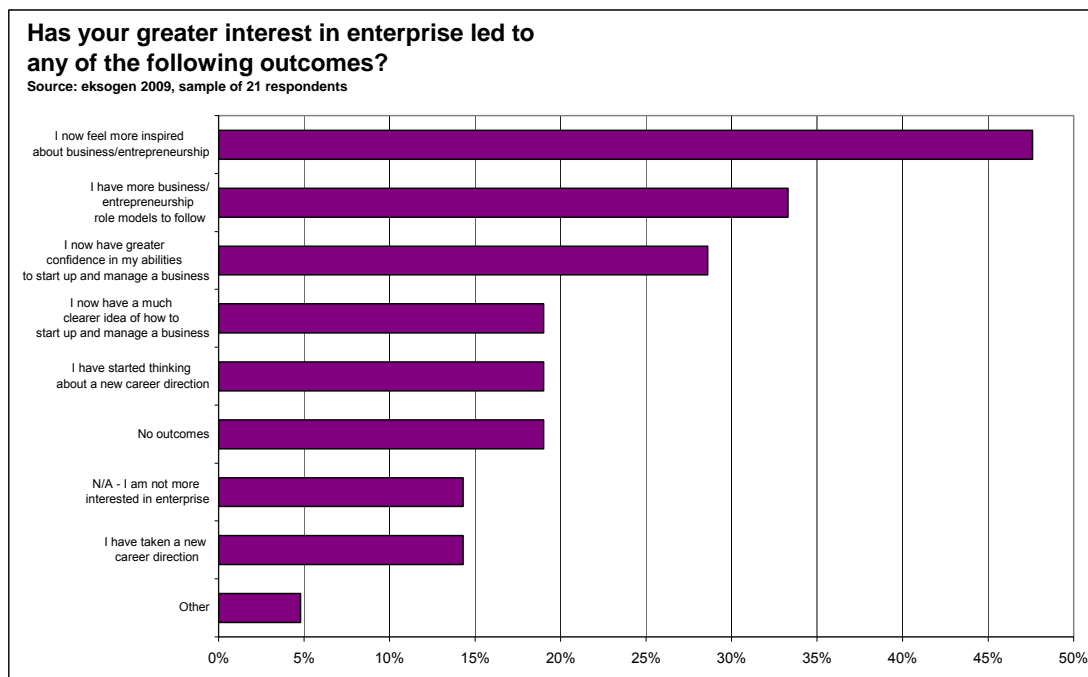


Raising Enterprise / Entrepreneurial Culture

4.25 Those respondents stating they did not own or manage a business but had an interest in enterprise were asked whether their involvement with the Forum had affected their attitudes towards enterprise. Encouragingly, of the 22 responses, 11 (50%) were either more inspired or significantly more inspired to start a business. This is a positive finding. However, 36% of respondents said they were no more or no less inspired, although this is perhaps to be expected as those who previously thought they had an interest realise that the entrepreneurship route is not for them. No respondents noted that they had become less interested in enterprise.



4.26 A clearer indication of the actual outcomes of this interest in enterprise is demonstrated by the results below. Almost half of the respondents now feel more inspired about business or entrepreneurship with another significant amount having greater confidence in their ability to start up a business. Despite this, about a third of respondents felt that there were either no outcomes or that they were no more interested in enterprise than they were before. It should be noted that at 24 responses, the numbers answering this question was fairly low so only a modest amount of weight should be attributable to the findings. Of the 24 people that responded to the question of whether they had set up a business following engagement with the Forum, 8 people had either set one up or were in the process of doing so and 9 had not or did not intend to. This is still fairly good feedback (one third of the sample have or are going to set up a business) given that the entrepreneur route may not be suited to everyone.

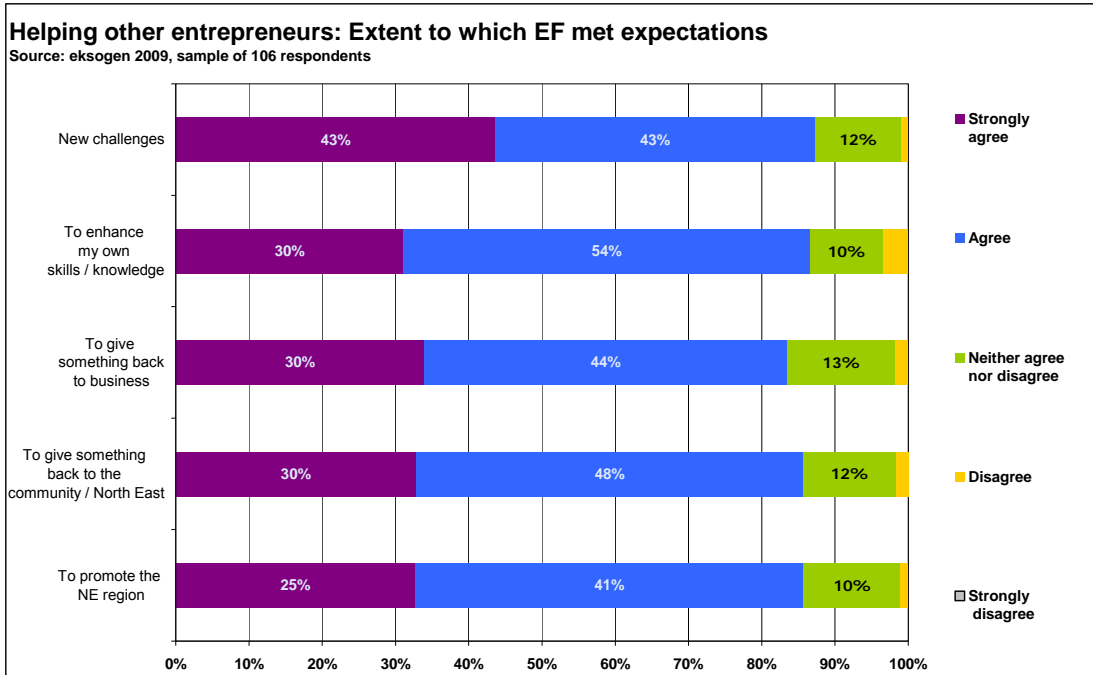


4.27 The above findings are largely drawn from individuals who approached the Forum with a business idea in mind or, at the least, some tangible connection to enterprise. However, a significant part of the Forum’s work also concerns promoting enterprise among school pupils, sixth form and college students, and those attending/post university; particularly through the Youth Forum and conferences. From consulting with teachers, in lieu of surveying attendee pupils, there is a mixed picture on the success of the schools activities undertaken. For example, there is a strong sense that the Forum runs events in enterprise that would not be covered otherwise, and that schools would not be able to attend if it were not available free to pupils. Whilst the choice of speaker was generally approved of by teachers, the lack of a more targeted approach was cited as an area for improvement. For example, the high number of pupils (both older and younger) attending the 2009 Youth Forum was seen as a constraint for those pupils most interested in enterprise. If it was targeted by year group(s), there would be greater potential for speakers to adapt their message, students to become more involved and ultimately come away with a clearer idea of enterprise.

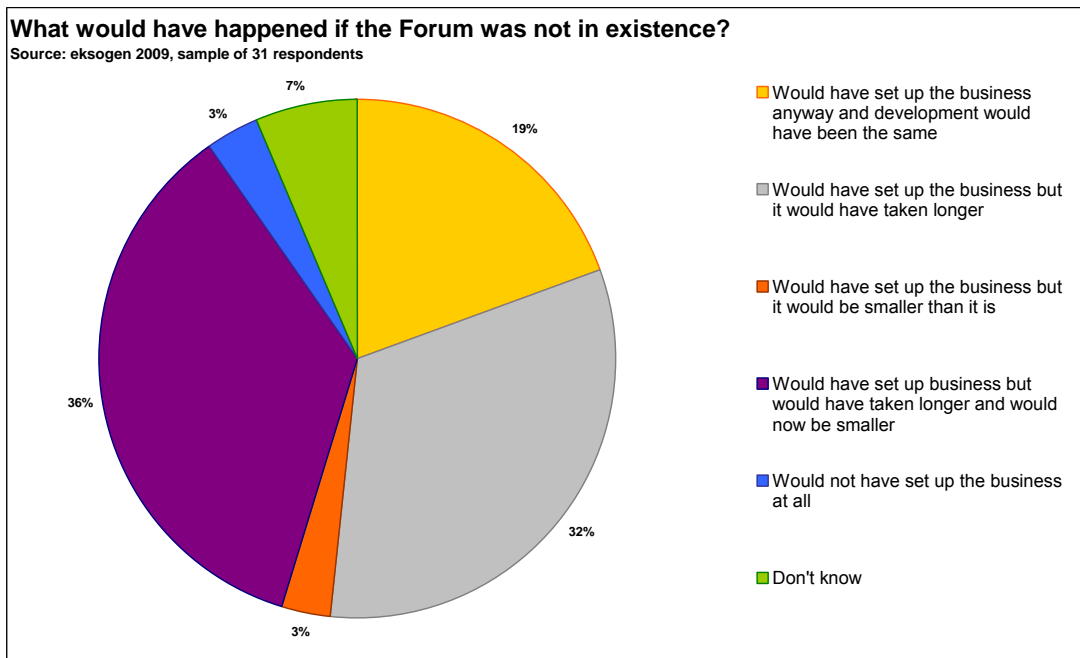
4.28 In contrast, other elements of the Forum activities have been strongly welcomed, particularly the conference for sixth formers attended by established local entrepreneurs. Teacher feedback suggests that students appreciated being treated like adults and being given the chance to meet real-life entrepreneurs from a full range of backgrounds – changing opinions based largely on television programmes like Dragons’ Den. Teachers noted that the experiences had led to noticeable changes in pupil interest around enterprise and, importantly, there is future scope for the Forum to maintain contact with teaching ‘enterprise champions’ to ensure that pupil attainment (in relevant subjects) also improves.

Engaging Existing Entrepreneurs

4.29 The results below indicate that generally speaking, the motivations of existing entrepreneurs have been fulfilled. The most significant of these is the ‘enhancement of skills and knowledge’ and ‘giving something back to businesses’. There is a fairly even split between motivation for their own gain and motivation for the betterment of others and the region as a whole.



4.30 The ‘deadweight question’ to help determine what would have happened if the Forum had not been in existence, did not generate a large response. Therefore, it is difficult to determine the true level of impact and additionality of the Forum from this one question alone. However, it should be noted that the majority of respondents have attributed positive outcomes to the existence of the Forum.



Summary

4.31 Survey respondents were generally full members with about one third having been involved in the Forum for three years or more. This means that they were able to give a good indication of the impact and additionality of the Forum and that, where the response rate was

high enough, some firm conclusions could be drawn. In terms of the profile of respondents, there is a good representation of members from all age groups and an appropriate gender mix, and women in particular are engaged well by the Forum, comprising 1 in 4 respondents. There was a bias of respondents from Tyne and Wear, and this reflects the Forum's membership base.

4.32 Informal awareness raising channels are working effectively, and nearly 4 in 10 respondents were recommended by other members. The proportion of formal referrals from other support organisation could be increased, however, and this may help to attract a more diverse membership base, although it should be recognised that the Forum is successfully developing and broadening its membership base over time.

4.33 In terms of motivation for becoming involved in the Forum, there is a good balance between businesses seeking to help and support other businesses, and also drawing some benefit for themselves. When prompted for more specific motivations, respondents saw the Forum as being a good way of developing a forward strategy and improving business growth and profile, all of which indicate more 'business-improvement' reasons for being involved than was first indicated.

4.34 Once involved in the Forum, most businesses are highly satisfied with the role of the Forum as being a communications network for advice, trouble shooting and information sharing. Similarly, more than half are highly satisfied with their personal skills development through their involvement in the Forum.

4.35 The large proportion (8 out of 10) who are highly or satisfied that the Forum represents value for money is extremely positive and 3 in 4 members stated that they would be prepared to pay fees that were 10% higher. A third stated they would be prepared to pay 30% more than they are at present. This reflects the quality and relevance of Forum support to its members.

4.36 Positive impacts related to the enhancement of the business profile, planning, improved business processes and engendering cultural changes. Further, growth and profitability impacts are anticipated by businesses in the future and this reinforces the respondents' faith in the role of the Forum to deliver these types of impacts.

4.37 In terms of raising aspiration amongst non-business owners, the Forum has also had a positive effect. Whilst these numbers surveyed are relatively low, the high proportion reporting an increased enterprise culture suggests that progression to start-ups may be an appropriate route for this group in the future.

4.38 The findings illustrate that the Forum has been largely successful in meeting its objectives. Members are satisfied with the Forum and its activities, which has translated into commercial outcomes with a degree of additionality. It has encouraged attitudes toward enterprise amongst those members thinking of starting a business. Similarly, it is providing a means for experienced entrepreneurs to assist other entrepreneurs in the region and promote the North East.

5 Stakeholder Consultations

Introduction

5.1 This Chapter summarises the findings from a series of interviews undertaken with stakeholders during October and November 2009. Interviewees include members of the Entrepreneurs Forum management team, contract leads and management at ONE, business leaders acting as Entrepreneurs Forum Board members, activity deliverers, Higher Education Institutions (HEIs), plus also other business support organisations operating in the region. Each interview covered a range of relevant topics including delivery of Forum activities, entrepreneur targeting, strategic fit and future sustainability.

Overview

5.2 When asked to comment on the overall role of the Forum, almost all interviewees felt that the aims and objectives of the Forum were originally unclear, but had improved significantly over the past 18 months. In particular, Board members suggested that the Forum's orientation had noticeably changed from targeting older, more seasoned entrepreneurs to targeting those with less experience in a more inclusive manner. This has in part been linked to the launch of the 'If We Can You Can' (IWCCY) campaign, although the campaign itself is outside the scope of this evaluation. The campaign, aimed at existing and aspiring entrepreneurs, helps to connect individuals to the resources and guidance needed to help them progress to the next level in business.

5.3 The Forum's involvement in the campaign has translated into greater understanding among entrepreneurs and partners with regard to where the Forum can (and can not) help, and this has subsequently led to greater interest from a wider pool of potential members. This can now be translated to greater understanding of the core business of the Forum amongst partners. Although some stakeholders still note concerns over the Forum's accessibility to new members, it is now generally seen as more inclusive than ever and this has been welcomed by all partners.

5.4 A high number of stakeholders recognised that the Forum's status as a private sector led organisation gives it a reputation for a proactive and 'can-do' attitude. However, in contrast to the prevailing view, several interviewees felt that the Forum's approach to business support did not always take full account of partner activities of other organisations and that there is sometimes a degree of duplication around activities. The Forum's work with young entrepreneurs and students was cited as a clear example of this where greater coordination with school enterprise initiatives and university graduate business support services could deliver benefits. In particular, the Forum needs to be cautious around offering dedicated career, employment and business support where HEIs and schools are delivering this already. A further issue raised by stakeholders related to the relatively high level of public funding that the Forum receives combined with the perceived lack of challenging (measurable) targets. Whilst this was resisted by Forum staff and those closest to the Forum, it is worth bearing in mind when planning joint-working with partners and avoiding alienating other support providers.

5.5 For many, the ability of the Forum to expose beneficiaries to high calibre experts and their professional approach gave the Forum its unique selling point. Whilst there was also a perception that the Forum's professional and polished image may distance some potential

beneficiaries who feel that the Forum is too exclusive, on the whole the credibility of the Forum with the private sector has been a major positive of the Forum.

Targeting

5.6 Women-run businesses are well represented in the Forum both amongst the members and the EF team/Board. There have been more challenges attracting entrepreneurs from BME backgrounds, and this may be related to the perceived image of the Forum. Feedback from the Board suggests that they have made efforts but that the BME community are a very hard target market to reach. They have however, expressed a desire to try and start to specifically target the BME community and are seeking ways to develop these approaches.

5.7 Traditionally, the Forum focussed their activities at more established entrepreneurs but in recent years has begun to target existing and potential entrepreneurs at different stages of their business cycle. Their work with universities and the introduction of the Nurturing Pool membership level (now up to 1 in 8 of all members) were highlighted as areas where positive in-roads were being made. There appeared to be different levels of links with the two universities interviewed. One university was extremely positive about their links with the Forum, whilst the other felt that they could be doing more to work with HEIs in the region. The latter university did concede however that the Forum have generally increased their awareness of HEIs generally compared with 2-3 years ago.

5.8 The Forum sees their target audience as being in three distinct groups. These can be classified as being the following:

- Established Entrepreneurs - who are assisted in raising their game and growing their businesses;
- Start-Ups - who seek encouragement and confidence building; and
- Embryonic Enterprises - who are signposted and helped onto the right road.

5.9 There was a perception by regional partners and other business support organisations that the Forum specifically targets more educated people who run financial and professional, digital, media, IT and high growth type businesses and less so more traditional sectors. To some extent this is borne out by the survey responses at 4.13 although 11% of those surveyed were from the manufacturing sector. The Forum only actually exclude those people who for example manage a subsidiary of a larger company rather than having established it themselves. Where more traditional sectors may be missed then this may require a more proactive response to including them in future.

5.10 Some concerns were raised over the geographic spread of their activities and membership. The general view is that the Forum is Newcastle / Tyne & Wear centric. According to one business support organisation, this is causing particular concern in Tees Valley where it is very difficult to break down the local view that businesses in Tees Valley are not generally considered by regional interventions.

5.11 The same organisation recognises that the Forum has tried to address this issue and they have recently made efforts to extend their activities and draw in a larger geographical membership base. The Forum also pointed out that their membership base was proportionate to the number of entrepreneurs operating in the different areas i.e., more urban areas were bound to generate more entrepreneurs, although the broad analysis of Forum

members against the regional employment base at 4.14 illustrates the under-representation in County Durham and Tees Valley. Some stakeholders suggested that one way of combating this geographical bias would be a 'micro-targeting approach' similar to Business Link where they target local communities using 'local enterprise champions' rather than going through Local Authorities or the City-Region route. However, the capacity and size of the EF team mean this approach is not possible for the Forum. Using the capacity of partners may be one way of overcoming this constraint.

Activities

5.12 The most successful of the Forum's activities are universally agreed to be their larger, high profile events and conferences. These types of events attract the largest number of attendees and appear to be synonymous with the Forum. The world class speakers at the annual events attract around 300 people each year and the Forum are hoping to increase this number to 400-500 in the future. The dinners held are also very high profile and the format where an established entrepreneur sits on each table and a frank and honest discussion is facilitated appear to be very popular among attendees too.

5.13 A couple of points were raised on the larger scale events, conferences and dinners. The first was the perception that some these events only seem to be attracting the same types of attendees from the more established entrepreneurs group. Many of the events are members only which could be taken to be seen as being quite exclusive. An issue was also raised over other business support organisation's attendance which it is felt is restricted.

5.14 In addition, there have also been questions raised over the proportionality of the costs of putting on these larger events in relation to the identified impacts generated. It has been suggested that these events may be lighter on impact and where these impacts are experienced, they are difficult to follow up and track. Whilst recognising the external help that the Forum has already sought, the Forum would benefit from continuing to improve its understanding of impacts on beneficiaries, particularly those attending events and dinners. This may require the identification of a member of the Forum events management team with an understanding of how the softer impacts could be grouped in a measurable form, in order to establish and track the impacts they are making.

5.15 An area of good practice identified was the expanding work with young people, aspiring entrepreneurs and SMEs. The SME and Student conferences were highlighted by partners as being especially inspirational although the lack of quantifiable impacts from these events were once more highlighted. In particular, the conference with Sir Bob Geldof in attendance was discussed by many of the interviewees as being particularly effective. The Forum's ability to match the topic area (in this case a young women who had created a baby milk filter for developing countries) with an influential activist illustrates their excellent connections and proactive approach to events organisation.

5.16 One HEI did however suggest that they felt that the promotion for the student / graduate events was being left to the universities rather than being led by the Forum. It was conceded that their work in this area has been very well received by the beneficiaries though.

5.17 Smaller, more skills specific activities include the workshops, training and mentoring programmes. The Business Breakthrough programme is free to members and is felt to be well-structured and had a strong commitment from participants. The mentoring that is

delivered is generally well received and the Forum certainly appears to be very well placed to provide well experienced and high-calibre entrepreneurs.

5.18 An issue over sharing mentors with Business Link was raised as it was felt that the Forum could be more open to providing resources (mentors) to other business support programmes. One HEI suggested that they would like to see the Forum involved with more 'tangible' activities such as mentoring which they felt to have better impacts than the higher level events such as conferences and dinners.

5.19 In terms of the marketing and planning of events, most interviewees said that the Forum performed excellently. Their connections, organisational skills and proactive approach were all identified as the reason behind their successful events. The Board meet each quarter to decide the activities which are informed by a combination of feedback from members and seeking to fit in with ONE's agenda, although formal discussions with the RDA are not typical. One Board member did suggest that they had a very busy calendar and another member estimated that this amounted to about one event per week. This is a very intensive events calendar and it could be argued that fewer higher quality high impact events would be more appropriate.

5.20 One issue in relation to marketing and awareness raising was to do with the 'If We Can You Can' campaign. Feedback suggests that there has been a lot of money invested in it and there was a perception that the profile of the campaign can overshadow the wider role of the Forum. Clarification of the role of the Forum and its different types of events and campaigns may be helpful. An agreed forward programme of events and actions at the beginning of each year may help to address this issue.

Delivery Model and Management

5.21 The original delivery model was based upon the Enterprise Exchange in Scotland. This organisation has an entrepreneurial focus like the Forum, but they are run on membership subscription. As such, there is much more of a 'members club' feel to their activities. Whilst the Forum started out as more of an exclusive club, there is good evidence that they are seeking to broaden their perspective, and membership has risen from 50 in the early stages to more than 340 now (evaluation update, February 2010).

5.22 The Board can be broadly grouped by the senior entrepreneurs and founder members who consider the long term strategy of the Forum and newer entrepreneurs and board members whose role includes looking at the day to day and delivery issues. Board members are not paid for their services but appear to be very committed to their roles and given their experiences in business are good at delivering, being proactive and forward looking.

5.23 It was reported by both partners and the Forum themselves that having public sector funding gives them more flexibility than the Enterprise Exchange in terms of the types and targeting of their activities. At the same time, the amount of public sector funding received was raised by many interviewees as a point of contention with partners, HEIs and other business support organisations. The future sustainability of the Forum with or without this public funding is discussed later in this section.

Strategic Alignment and Partnership Working

5.24 There is a strong rationale for the Forum, particularly in the current economic climate and the will and appetite for Forum interventions amongst all interviewees was apparent. However, some stakeholders identified a need for greater strategic alignment and partnership working. The Forum themselves identified a keenness to work with ONE and other business support organisations but are less successful at doing this in practice. Their partnership working with Business Link appears to be fairly sporadic and the relationship could certainly be strengthened. One example of this was the mentoring programmes that they deliver which one business support organisation suggested could be better delivered in partnership with a public sector organisation.

5.25 The issue of charging fellow business support organisations for attendance at events was raised, particularly since they are being funded through the public sector. In addition, it was felt that there were some lack of awareness of the activities of other business support organisations and this does result in some confusion of activities. In particular, it was suggested that the Forum were quite inwardly focussed and sometimes appear to shun public sector business support. It should be noted that the Forum also felt that their role was misunderstood by partners too.

5.26 One organisation stated that the Forum has been excellent at being a resource for partners and beneficiaries alike by providing access to high profile, high calibre entrepreneurs and expertise. At the same time, they suggested that the Forum should be more aware of other work that is taking place elsewhere and understand their role in delivering a more holistic approach to business support. One partner did state that they felt that the Forum sometimes gets involved in work that is beyond their remit and is being done by either HEIs or other business support organisations. The reason for this was cited as both incomplete awareness of other activities taking place but that the Forum is seeking to deliver a wide range of different types of business support activities.

5.27 Some good partnership working was clearly identified, particularly the work with Schools North East and Enterprise UK which was highlighted as being effective.

Successes, Challenges and Added Value

5.28 The Forum's success in delivering high profile and well attended events has been discussed and was generally agreed by partners as being one the Forum's key strengths. Partners recognised the Forum as a powerful and well resourced organisation in terms of the membership profile and Board composition, and as such, the Forum has an extremely valuable role to play in the delivery of business support in the region. The Forum are well placed to provide unique insight into entrepreneurial activity in the region and this is widely understood by partners as being their USP. Furthermore, the Forum is helping to raise the profile of the North East in business circles and their model has drawn interest from at least one other RDA (Yorkshire Forward).

5.29 One challenge reported by Board members was the past history and prevailing culture in the region. They feel that the North East, which has in the past been a location for traditional sectors with an employee mentality, presents a challenging environment in which to operate and to encourage more enterprising activity, and that this should be recognised.

5.30 An issue that was raised by most interviewees was the image of the Forum as conceived by external partners and potential members. The Forum is considered by some to be an exclusive members club although feedback from many partners suggests that the Forum is successfully challenging this preconception through their work with young people, SMEs and campaigns such as 'If We Can You Can'. This, combined with evidence of an expanding membership base, suggests that the Forum is well on the way to overcoming this reputation.

5.31 Linked to this is the issue of being seen to deliver value for money through their impacts. Many interviews recognised the difficulty that the Forum faces in having to demonstrate value for money for the public funding, particularly given their outputs are 'softer' and less tangible than many other business support organisations. The Forum themselves feel that targets should 'come with a health warning' because they don't often reflect the longer term outcomes such as aspiration raising amongst beneficiaries that they know they are able to deliver. Quantifying less tangible benefits is always challenging, although the survey responses reported in Chapter 4 are certainly encouraging in this regard.

5.32 Finally, one partner suggested that their work with young people is almost too 'evangelical' and that they push the entrepreneur agenda too forcibly onto young audiences. They suggested that any business/employment work with schools and HEIs should be more about aspiration raising, confidence building and skills development rather than promoting one route of employment. It was also suggested that maybe their work with schools and young people is duplicating the work of other service providers and this should be an area that the Forum could work more in partnership to deliver.

Future Direction

5.33 The future of the Forum being funded through the public sector was an emotive issue and was discussed by almost all interviewees. Forum Board members felt that whilst they understood that they could be sustained on membership subscription alone, that the scope and influence of the Forum would be greatly hampered. This they thought would make the Forum less relevant in the current competitive market. It was suggested that despite the economic climate, or perhaps because of it, there was a continuing political will and appetite for focussed entrepreneurial support over and above the more general support taking place.

5.34 Public sector partners were less convinced of the role of public sector funding in the delivery of the Forum's activities. There appeared to be a split over whether partners thought the activities could be delivered either on a reduced public sector investment or on a complete withdrawal of support. All partners agreed however that the Forum had been successful in embedding themselves within the entrepreneurial community in the North East and that their name is synonymous with entrepreneurial activity. This would suggest that future sustainability without full public sector support, although challenging, could well be feasible, although this would best be phased, perhaps over a 3 or 4 year period.

5.35 There was also a mixed response as to whether the membership numbers have grown as much as perhaps they could. Board members were pleased with their growth whilst external partners felt that membership growth was not proportionate to the funding that they'd received. Forum membership continues to grow and the views of some partners may have been more historic. It was also mentioned by several interviewees that many of the events seemed to attract the same faces which also limits the full impact of the interventions.

5.36 Relatively low membership numbers in the past are felt to be due to an image of exclusivity and ONE would like to see future work helping to swell membership numbers and increasing the impact of their activity. This would assist in meeting the RES target of between 18,500 and 22,000 VAT registered businesses in the North East by 2016.

5.37 Encouragingly, many interviewees suggested that they felt that the Forum's model could be rolled out nationally with the North East leading this. It was recognised that there would be a financial barrier to this and a future funding strategy would need to be agreed before this could happen.

Summary

5.38 The role of the Forum is becoming better understood and more widely recognised by partners, and the value of engaging the North East entrepreneurial community's insights and connections is undisputed. The Forum's strategic fit and role within the wider BSSP framework is less clearly understood by partners, although it would fit under collaborative business networks under Solutions for Business⁶. It is generally felt that the Forum has a specific role in business support and this focus should be maintained so as not to dilute or duplicate other activity. It was agreed by most partners that the Forum's work should continue but perhaps with a tighter focus combined with more measurable and tangible targets. In turn, this would help to demonstrate value for money, and the funding levels for the Forum should be dependent on the targets being set.

5.39 The Forum needs to establish a strategy for attracting a more diverse and larger membership base and the evidence suggests that membership growth is beginning to be achieved. This could focus on better connections with the BME community and on having a wider geographical coverage. Links with more HEIs in the region would also assist in widening their appeal. Related to this is a better recognition of the power of partnership working and understanding what other organisations can bring to the fore instead of leading on activities that may be better delivered by others. In terms of demonstrating better value for money and impacts, an action or delivery plan with measurable targets could be agreed at the beginning of each year.

⁶ Although this would anticipate a funding lifetime of 3 years only

6 Net Economic Impact and Value for Money

6.1 This chapter utilises management information for the programme (see Chapter 2) and findings from the business survey (additional to Chapter 4), and estimates the net economic impact of the programme's interventions. The net impact assessment follows guidance in the RDA Impact Evaluation Framework (IEF)⁷ to cover a range of adjustment factors. These adjustments are considered individually in the sections below and, following this, an estimation is made of the full net benefits of the programme activity.

6.2 The chapter is split into three sections: the first section presents the net impact calculations for businesses that started up with help from the Entrepreneurs Forum, whilst the second section does the same for pre-existing businesses that have been supported by the Forum. The third section draws together and compares net impacts across the full range of beneficiaries. Overall it is designed to give the reader an assessment of return on the investment of the programme.

Gross Impacts – All Businesses

6.3 Gross impacts act as the reference case for the net impact analysis and the survey of Forum members assesses three impacts in particular: sales; profits; and jobs created. To provide an estimate of gross impact for the programme as a whole, data from the 59 new start respondents and 180 established businesses that have responded to the survey to date has been extrapolated up to the full number of 545 businesses that have been involved with the Entrepreneurs Forum.

6.4 In calculating the gross impacts, two adjustments have been made. Firstly, for both new starts and established businesses, it was found that there were a number of outlier responses that would have skewed the representativeness of the sample had this data been included. Therefore, the average gross impact per business has been calculated with these outliers removed. Secondly, it was found that the jobs created and jobs safeguarded for established businesses were significantly higher than expected and inconsistent with the level of increased sales (that would be needed to pay the salaries of these workers). Therefore, in order to account for optimum bias, the gross impacts for established businesses only cover attributable jobs created and not jobs safeguarded.

New Start Businesses

Gross Attributable Benefits

6.5 Once aggregated, results suggest that the Entrepreneurs Forum has generated the following gross (attributable) effects for new start businesses. This is based upon a historical persistence of 2.4 - 2.6 years⁸ and a future persistence of 2.7 - 2.8 years as identified by the businesses themselves.

⁷ DTI (2006) Evaluating the impact of England's RDAs: Developing a Methodology and Framework

⁸ I.e. that these benefits have been achieved over 'n' years in the past.

Gross Impacts for New Start Businesses: Achieved and Anticipated*				
	Achieved to date	Anticipated cumulative (by March 2010)	Post-March 2010	Total
Increased Sales	10,168,367	12,231,816	8,132,416	20,364,232
Increased Profits	4,408,262	5,364,761	3,631,096	8,995,857
Jobs Created/Safeguarded	96	115	81	196
Salaries for Jobs Created/Safeguarded	5,303,063	6,325,549	4,624,229	10,949,778

* aggregated to full proportion of 545 beneficiaries that are new start businesses

6.6 Because gross effects include benefits that would have occurred anyway without the programme, a series of adjustments need to be applied to produce a net impact which is a fairer reflection of the programme's *impact* in the region. The section below discusses the adjustments as they apply to GVA (utilising profits and salaries figures).

Additionality

6.7 GVA can be estimated as the aggregation of increased profits and increased wages (additional wages arising from new jobs created and safeguarded). As can be seen in the summary table below, net GVA of £4.3m has been created to date and if future effects are included too, this estimate increases to a total net GVA of £8.8m as a result of supporting new start businesses.

Gross to Net Impact Adjustments				
	Per annum	To date (NPV)	In future	Total
Gross Attributable GVA	2,626,801	9,711,324	10,234,311	19,945,635
Zero Deadweight (0% x 0%) - time	0	0	0	0
Partial Deadweight (37% x 25%) - time + scale	241,942	894,464	942,634	1,837,098
Partial Deadweight (42% x 50%) - time	553,011	2,044,489	2,154,592	4,199,081
Partial Deadweight (0% x 50%) - scale	0	0	0	0
Pure Deadweight (21% x 100%)	553,011	2,044,489	2,154,592	4,199,081
Total Deadweight @ 51%	£1,347,964	£4,983,443	£5,251,817	£10,235,260
Sub Total	1,252,586	4,727,882	4,982,493	9,710,375
Leakage @ 5%	61,162	226,116	238,293	464,409
Displacement @ 21%	271,253	1,002,827	1,056,832	2,059,659
Substitution @ 6%	79,288	293,129	308,915	602,043
Adjustments Total	£411,703	£1,522,071	£1,604,040	£3,126,111
Sub Total	867,135	3,205,810	3,378,454	6,584,264
Multipliers (1.34)	£295,203	£1,091,369	£1,150,143	£2,241,512
Total Net Impact	1,162,338	4,297,180	4,528,597	8,825,776

Established Businesses

Gross Attributable Benefits

6.8 Once aggregated, results suggest that the Entrepreneurs Forum has generated the following gross (attributable) effects. This is based upon a historical persistence of 2.1 - 2.2 years⁹ and a future persistence of 2.7 - 2.8 years as identified by the businesses themselves.

⁹ I.e. that these benefits have been achieved over 'n' years in the past.

Gross Impacts for Established Businesses: Achieved and Anticipated*				
	Achieved to date	Anticipated cumulative (by March 2010)	Post-March 2010	Total
Increased Sales	6,594,905	9,484,058	11,386,660	20,870,718
Increased Profits	2,859,069	4,198,319	5,084,105	9,282,424
Jobs Created/Safeguarded	227	271	349	621
Salaries for Jobs Created/Safeguarded	10,433,396	14,786,620	18,224,518	33,011,138

* aggregated to full proportion of 545 beneficiaries that are established businesses

6.9 Because gross effects include benefits that would have occurred anyway without the programme, a series of adjustments need to be applied to produce a net impact which is a fairer reflection of the programme's impact in the region. The section below discusses the adjustments as they apply to GVA (utilising profits and salaries figures).

Additionality

6.10 GVA can be estimated as the aggregation of increased profits and increased wages (additional wages arising from new jobs created and safeguarded). As can be seen in the summary table below, net GVA of £6.6m has been created to date and if future effects are included too, this estimate increases to a total net GVA of £21m as a result of supporting established businesses.

Gross to Net Impact Adjustments: GVA				
	Per annum	To date (NPV)	In future	Total
Gross Attributable GVA	6,161,469	13,292,465	29,001,097	42,293,562
Zero Deadweight (0% x 0%) – time	0	0	0	0
Partial Deadweight (30% x 25%) - time + scale	467,663	1,008,966	2,202,111	3,211,077
Partial Deadweight (26% x 50%) – time	779,695	1,681,879	3,666,479	5,348,358
Partial Deadweight (16% x 50%) – scale	518,002	1,117,748	2,442,195	3,559,943
Pure Deadweight (17% x 100%)	1,022,940	2,207,188	4,820,793	7,027,981
Total Deadweight @ 45%	£2,788,300	£6,015,780	£13,131,578	£19,147,358
Sub Total	3,288,791	7,276,684	15,869,519	23,146,204
Leakage @ 5%	161,325	348,015	758,977	1,106,992
Displacement @ 21%	715,480	1,543,451	3,366,069	4,909,520
Substitution @ 6%	209,136	451,154	983,910	1,435,065
Adjustments Total	£1,085,942	£2,342,621	£5,108,957	£7,451,577
Sub Total	2,287,227	4,934,064	10,760,563	15,694,627
Multipliers (1.39)	£778,652	£1,679,727	£3,663,270	£5,342,997
Total Net Impact	3,065,879	6,613,791	14,423,833	21,037,623

All Businesses: Gross to Net

Gross Attributable Benefits

6.11 Once aggregated, results suggest that the Entrepreneurs Forum has generated the following gross (attributable) effects. This is based upon a historical persistence of 2.1 - 2.6

years¹⁰ and a future persistence of 2.7 - 2.8 years as identified by the businesses themselves.

Gross Impacts for All Businesses: Achieved and Anticipated*				
	Achieved to date	Anticipated cumulative (by March 2010)	Post-March 2010	Total
Increased Sales	16,763,272	21,715,874	19,519,077	41,234,950
Increased Profits	7,267,331	9,563,080	8,715,202	18,278,281
Jobs Created/Safeguarded	323	386	431	816
Salaries for Jobs Created/Safeguarded	15,736,458	21,112,169	22,848,747	43,960,916

* aggregated to full proportion of 545 beneficiaries that are established businesses

6.12 Because gross effects include benefits that would have occurred anyway without the programme, a series of adjustments need to be applied to produce a net impact which is a fairer reflection of the programme's impact in the region. The section below discusses the adjustments as they apply to increased sales (turnover). An assessment of net GVA (utilising profits and salaries figures) is also provided in the summary section below.

Additionality

6.13 GVA can be estimated as the aggregation of increased profits and increased wages (additional wages arising from new jobs created and safeguarded). As can be seen in the summary table below, net GVA of £10.9m has been created to date and if future effects are included too, this estimate increases to a total net GVA of £29.9m as a result of supporting both new start and established businesses.

Gross to Net Impact Adjustments: GVA				
	Per annum	To date (NPV)	In future	Total
Gross Attributable GVA	8,788,271	23,003,789	39,235,408	62,239,197
Zero Deadweight (0% x 0%) – time	0	0	0	0
Partial Deadweight (32% x 25%) - time + scale	709,605	1,903,430	3,144,745	5,048,175
Partial Deadweight (30% x 50%) - time	1,332,706	3,726,368	5,821,070	9,547,439
Partial Deadweight (12% x 50%) - scale	518,002	1,117,748	2,442,195	3,559,943
Pure Deadweight (18% x 100%)	1,575,951	4,251,677	6,975,384	11,227,062
Total Deadweight @ 47%	£4,136,264	£10,999,223	£18,383,395	£29,382,618
Sub Total	4,541,377	12,004,566	20,852,013	32,856,579
Leakage @ 5%	222,487	574,131	997,270	1,571,402
Displacement @ 21%	986,733	2,546,278	4,422,902	6,969,179
Substitution @ 6%	288,424	744,283	1,292,825	2,037,108
Adjustments Total	£1,497,645	£3,864,692	£6,712,996	£10,577,689
Sub Total	3,154,362	8,139,874	14,139,016	22,278,890
Multipliers (1.34)	£1,073,855	£2,771,096	£4,813,413	£7,584,509
Total Net Impact	4,228,217	10,910,970	18,952,429	29,863,400

Summary and Return on Investment

6.14 Between April 2005 and November 2009, £2.4m has been invested in the Entrepreneurs Forum and this has generated a net GVA impact to date (up to November

¹⁰ I.e. that these benefits have been achieved over 'n' years in the past.

2009) of approximately £10.9m, a return on investment of 1:4. If the anticipated future GVA of £19.0m is also included, this produces a **total net GVA of £29.9m** and a **total return on investment of 1:12**. Given the scale of future forecast benefits a mechanism for future update of the evaluation to assess whether these benefits have been achieved should be carried out.

7 Conclusions and Recommended Forward Strategy

7.1 The research shows there is a very real need to continue the progress made in making the North East a more entrepreneurial region with a higher number of (and more successful) businesses, and that the Entrepreneurs Forum undertakes a wide range of activities in support of addressing these challenges. This chapter draws the research findings together and makes a number of recommendations for One NorthEast and the Forum going forward.

Rationale and Market Failure

7.2 The North East economy is subject to a long-established enterprise deficit and, although there have been improvements in recent years, this gap in the number of businesses continues to hold back the economic growth of the region. This is largely reflected by principle entrepreneurship indicators although propensity levels for overall entrepreneurship rural entrepreneurship and female entrepreneurship have improved in the region (GEM, 2008 and 2006). Considerable challenges remain however, in no small part due to the industrial legacy of the North East where employment with a large firm was the norm and which is now compounded by concentrated areas of low confidence and aspiration – key attributes present in entrepreneurs.

7.3 There remain too many personal barriers to enterprise amongst the North East population. These are at all stages of the 'enterprise journey'¹¹ from awareness, cultural and attitudinal barriers preventing progress from *latent to real interest*; to self-esteem, motivation, talent, support and opportunity barriers preventing the move from *interest to action*; and then fear of failure, risk, timing, finance and market barriers preventing movement from *action to growth*. These are long-term challenges, whilst at the EU level one of the key challenges arising from the recession will be protecting jobs amid rising unemployment and budget deficits with 2010 "a year in which we set the course for a sustainable economic recovery" (Manual Barroso, President of the EC, quoted in the Economist December edition 2009).

7.4 The rationale for intervention to support increased entrepreneurship therefore remains sound, and the market failures in the region still exist. The EF can help address these, most clearly through increasing awareness and overcoming cultural/attitudinal barriers in converting latent interest to actual interest and in boosting self-esteem and motivation, providing support and opportunities in converting interest to action. There is also a potential role for the Forum in helping to overcome the barriers to business growth.

Fit with Enterprise and Business Support Policy

7.5 The 'Enterprise Journey' developed by and for One North East and its partners is the principal driver of policy interventions in this sphere. The number of business support projects and programmes has been dramatically reduced following the initiation of the Business Support Simplification Programme (BSSP) and there is ever more onus for public sector supported business support interventions to demonstrate clearly that they are additional to and not duplicating the work of other business support organisations in a climate of tightening public sector budgets and scrutiny of value for money.

¹¹ One North East Enterprise Journey, March 2009

7.6 *Solutions for Business* is the umbrella brand for publicly support business interventions, which follows the Information, Diagnostic and Brokerage model. The EF does not fit neatly into one single Solution for Business (it is a collaborative business network product but also potentially Enterprise Coaching for mentoring and young person support). Formal referrals via BENE should therefore be appropriate. This is not to say that the work of the Forum is not valid, acting as it does as a network to stimulate and grow the entrepreneur base. Rather, it is a less obvious policy fit; whilst a number of its activities clearly relate to the enterprise journey, for example growing the pool of entrepreneurs (i.e. starting more people on the enterprise journey) others may be less clear e.g. increasing business to business contact and support which may lead to business growth, but not necessarily so. In view of this the Forum must continue to ensure its relationship with the other business support is clear and well understood by partners and businesses.

Entrepreneur Forum Activities

7.7 The recent Entrepreneurs Forum business plan articulates the Forum's range of activities. These are now being marshalled under the five headings of Gathering, Voice, Breakthrough, Mentoring and Connection. The Business Plan is a good basis for going forward which now requires detail and development. The Forum has a challenge both to be of maximum use for its members and to help achieve regional policy objectives and value for money for the public purse in a tightening fiscal environment.

7.8 The Forum has received a public sector investment of around £1.9m since 2007/08. The largest expenditure relates to the organisation and running of events, which are typically high profile and large scale. These are a positive feature of the Forum and have been a mainstay of EF activity to date although the most expensive speakers are not always the most inspirational or have the most impact (as we have also identified in other evaluations such as YF's Venturefest).

7.9 The majority of costs relate to staff time, and the staff skill-set is heavily geared towards event set up and management. This enables the aforementioned high quality events to be delivered, however, the bias towards event-management means other skill-sets are perhaps less developed, notably in relation to partnership development and the monitoring and tracking of those benefiting from Forum activities. The Forum could be more explicitly linked to regional priorities, for example in support of new and emerging sectors, such as those around low carbon technologies.

Targeting

7.10 The Forum has made strides in seeking to use its strong membership base to encourage and develop/nurture new entrepreneurs. There is some evidence that this has been successful and a good proportion of members (based on the survey evidence) are relatively new (under 2 years). The ideal scenario is perhaps one where new members come on stream, benefit from the Forum and go on to help others through full membership with a new wave of entrepreneurs in turn benefiting from their support.

7.11 More recently, the Forum has actively sought to widen the pool of entrepreneurs. Attracting new members (not simply satisfying the existing members) appears to be a Forum objective. This is not always easy to achieve and there are groups (e.g. BME) and areas (e.g. Tees Valley) where success in recruiting has been less successful and which may need more

concerted and specific action in the future. The Forum should certainly seek to address the equality/diversity dimension in increasing the levels of inclusivity.

Strategic Alignment and Partnership Working

7.12 The Forum strongly satisfies its members but this does not always mean that the Forum is as outwardly focused as it can or should be, despite some significant strides taken in more recent years to engage more widely with partners. The research suggests that the Forum is very strong at meeting members' needs but that it does not always have a similar relationship with other business support organisations in the region. This may partly reflect ignorance or partial understanding amongst some of the public sector agencies but this highlights the need for the Forum to be ever more mindful of the need to get its message across to partners (i.e. through true collaboration and joint events) as well as current and future members. It has a good message to sell and should not be afraid to make other organisations more fully aware.

7.13 Whilst more can and should be done to work with partners, there have nonetheless been improvements in a number of areas. The relationship with HEIs has improved for example over the last couple of years and the EF's awareness of HEIs has certainly increased. A more outward facing approach would also help allay the uncertainties amongst the business support community as to the precise role of the Forum.

Beneficiary Experience and Impact

7.14 The beneficiary survey provides a sound endorsement of the Forum's activities and impact, and its effectiveness for its members in particular. Members have valued the Forum's role as a business to business network where they can learn from others, overcome problems and sound out the view of those *who have been there and done it*. The Forum has clearly contributed to raising their business profile.

7.15 There are also encouraging signs that the Forum is playing a positive role for nurturing pool members, new and non-members. Half of those not yet owning a business are feeling more inspired to do so as a result of the Forum. These are based on relatively small sample sizes and more work should be carried out by the Forum on an ongoing basis to monitor and assess the effects of the Forum on nascent entrepreneurs. This is a major element of the Forum activities, working in conjunction with the If We Can You Can campaign.

Net Impacts and Return on Investment

7.16 These benefits are having a real value to supported businesses and to the region more widely. The Forum is estimated to be achieving £7.6m in net sales/turnover to date, with between £11.3m forecast in the future. Net profit increases to date and in the future are estimated to be approximately £8.3m. There are some very high business performance impacts attributed to the programme (which may partly reflect the all or nothing mentality of many entrepreneurs) and there may be a degree of 'vested interest' in members reporting high returns attributable to the Forum.

7.17 That said, there is no doubt the feedback and the quantified benefits reported are encouraging. The results demonstrate a return on investment that is typically higher than one might expect for this type and level of activity and part of this arises from the scale of in-kind contributions secured from member entrepreneurs.

Success, Challenges and Added Value

7.18 The Forum has a strong reputation for leveraging the input of Forum members and the survey results bear this out. The survey research suggests some £6m may have been levered in terms of member contributions (in-kind). Forum members volunteer time and this in turn lowers the unit cost of delivering the activity when compared to subsidising day rates. The Forum is clearly valued by members and many observers within and outside the EF recognise its professionalism and drive.

7.19 The challenges of working partnership are recognised and have already been commented upon. There are also challenges in successfully engaging with young people, and this area of activity may not play to the strengths of the Forum and/or may be better with the EF supporting a lead partner organisation.. Partnership working generally could be evidenced more clearly, for example through formal or informal referrals and signposting.

7.20 It is apparent that strong levels of Strategic Added Value (SAV) are being achieved. The EF has demonstrated this through:

- Strategic lead and strategic co-ordination – in terms of acting as a strategic lead for its members, the Forum demonstrates strong SAV. The Forum is *the* principal network for Entrepreneurs in the region. The programme does not act in quite the same way across all the agencies (there are other start-up programmes for example) and greater SAV could be achieved through greater interface with partners others involved in stimulating an entrepreneurship culture;
- Leverage – the Forum clearly demonstrates very strong levels of leverage from the private sector in terms of members' in-kind contributions, achieving £4 of in-kind investment for every £1 of public sector investment; although again additional public sector funds levered in is far more modest;
- Engagement – there are areas of strong engagement, for example women are very well represented, and so some successes are evident. The Forum is working on increasing engagement levels amongst other groups and other partners;
- Synergy – perhaps the weakest areas of SAV, given the tendency of the Forum to be more inward rather than outward facing.

Summary and Future Direction

7.21 The EF has continued to satisfy its members and has a good reputation as a capable and effective support and resource for them. The Forum has a strong and effective Board that are able to oversee and steer the Forum and maintain high levels of credibility in the region with substantial in-kind contributions secured.

7.22 The new Business Plan provides a strong basis for taking the Forum to the next stage, which is about harnessing its strength to deliver even greater value add to the region and to ensure it is explicitly addressing the region's market failure (in growing the enterprise base and making businesses more successful). The Forum has proven itself to be of value to members, and there is now a need to more closely align itself with regional objectives to widen the pool of members.

7.23 This process is underway. The Forum is targeting nurturing pool members and has sought greater HEI/graduate engagement. Forum membership has grown from 50-100 to 200, and has now exceeded 345. This is encouraging and the Forum should continue to seek to refresh its membership base as it proceeds. There are now 345 members in total, comprising 146 full members, 123 associate members and 23 founder members. There are also 43 nurturing pool members, which is encouraging. At the time of writing (evaluation update, February 2010), a further 6 applications were being considered.

7.24 The tightening fiscal environment will mean ever increasing scrutiny of public sector funds. There is a need therefore to more clearly articulate and demonstrate how the Forum delivers against the regional policy agenda and achieves greater public sector value for money (not just member value for money). This evaluation begins the process of more clearly linking activities to impact: a process the Forum should embrace and continue into the future.

7.25 There are alternatives: it is likely the Forum could be self-sustaining, given its standing amongst members and the willingness of members to contribute higher membership fees. This would enable the Forum to pursue its own ideas and interests with greater freedom although member interests, rather than regional policy objectives, would then drive Forum activity and investment.

7.26 A members only route would mean the region would miss out on maximising the value of the Forum in support of regional objectives and in turn the Forum would miss out on the opportunity to play a full role within the regional landscape. A hybrid solution would be appropriate – increasing the value of the Forum (in terms of addressing market failures in entrepreneurship) whilst at the same time increasing returns for the public sector investment which already appear reasonably good.

Recommendations

7.27 We have made a total of **ten recommendations** arising from the research. These are grouped under a number of themes.

Strategic Direction

7.28 The EF has sought to respond to the need to broaden its base and to get more involved in entrepreneurial activities. This is beginning to happen and is a positive move. The framework developed for the new Business Plan should help support and develop this in the future. It is important that this widening membership work is genuinely prioritised.

Recommendation 1: That the EF actively and consciously seeks to increase its member base and that it puts this and the associated target explicitly into the Business Plan. This will make explicit the link between the Forum and the first part of the 'enterprise journey'.

Focus and Targeting

7.29 The Forum is providing an excellent service to its members and in part this is reflected in the business performance reported. There is a complementary need to continue to address the market failure around insufficient numbers in the North East thinking about and actually starting a business. In part the awareness raising is through the If We You Can campaign (general awareness) and also through raising the profile of the Forum itself directly under the new business plan theme of 'Gathering'.

Recommendation 2: That the Forum continues to invest resources in stimulating interest in the Forum itself and converting this interest to action, either actions which improve the number of start-ups or the performance of existing businesses. The Forum should seek new ways to encourage access from harder to reach groups and access from all parts of the region.

Recommendation 3: That the Forum develops and puts into place an agreed plan for addressing the equality/diversity issue as part of the wider set of actions to increase inclusivity.

Strategic Alignment and Partnership Working

7.30 There remains a lack of clarity amongst business support organisations as to the role of the Forum and how their own activities relate to those of the Forum. Some of this will be a lack of understanding on the part of the partners, however, the Forum must ensure it is more outward focused in order to allay these concerns.

Recommendation 4: That the Forum initiates a number of meetings and events with key partners to disseminate the message around its new business plans and to build better partnerships, in particular its thoughts and intentions around the more structured 'Breakthrough' and 'Mentoring' Themes which may also be available (although in different forms) through the public sector.

Recommendation 5: That the Forum develops a number of protocols of Memoranda of Understanding that articulate the different roles and responsibilities between the Forum and public sector partner agencies. These need not be lengthy but summarise the activity, target beneficiaries and intended outcomes from the relative forms of support.

Signposting and Referrals

7.31 The formal process of signposting and/or referrals from business support and partner organisations into the Forum and from the Forum into business support/partner organisations is not working as well as it could be. This is again related to the lack of clarity about respective roles and lack of understanding about what each party is able to bring in terms of support to the entrepreneur. Improving understanding and partnership working should *de facto* improve the volume of signposting and referrals.

Recommendation 6: That some initial attempt is made to encourage greater signposting and referrals between the Forum and other forms of support (e.g. HEIs). This should be tracked by the Forum (although no formal target should be set at this stage). It is the mindset of putting the entrepreneur first and identifying the support needed later (from whatever source) that should be at the heart of the process.

Impact and Value for Money

7.32 The new Business Plan sets a useful framework for guiding Forum activity in the future. This provides a useful high level vision and context and identifies five principal areas of involvement. This could usefully be supported by more detail around the balance between the five areas and the expected achievements and benefits from each.

Recommendation 7: That the Forum develops an Action Plan that supports the Business Plan that articulates the resources into each theme, the programme of activity and the

expected outcomes. This should be signed off by One North East as the principal public funder. This would further help relate the activities of the Forum to the impacts identified. This will provide useful management information for the Forum and the funding partners.

7.33 Members would be willing to pay (at least) 10% more for the services they receive. This is partly because they are getting excellent value for their membership fees. In a very tight financial environment going forward in the public sector there is a need to achieve more (or at least the same) for less. The level of subsidy for the Forum needs to be reduced.

Recommendation 8: That the Action Plan developed makes provision for a potential reduced level of public sector funding than may have otherwise been sought, given the ever tightening public sector fiscal environment, whilst also achieving the objectives set out in the Business Plan. This is the type of request being asked of all publicly supported organisations nationally.

Monitoring and Evaluation

7.34 The Forum is having a significant impact on existing entrepreneurs supported, and, to a lesser but not insignificant extent, on new start businesses. These are encouraging findings. The data also suggests (given some very high impacts wholly attributable to the Forum) that some entrepreneurs have not understood fully the survey questions around impact. It is also harder to state with certainty the validity of the findings given the lack of benchmark or comparable data on this type of impact collected by the Forum. There is a need to more systematically track benefits and impact of EF activity.

Recommendation 9: That a formal monitoring and evaluation plan is developed that puts in place a regular method of tracking and assessing impact on entrepreneurs supported. This can be an update of parts of this evaluation and incorporate some of the ongoing monitoring and feedback regularly collected by the Forum at events.

Recommendation 10: That the Forum considers the skill-set required to provide this monitoring and intelligence role that goes beyond the current beneficiary feedback material. Such a role requires the development and implementation of systems to record and track beneficiaries which in turn allows a regular assessment of what happens to the entrepreneur post-involvement/exposure to the Forum. This may then in turn help understanding of entrepreneur needs and referral requirements.