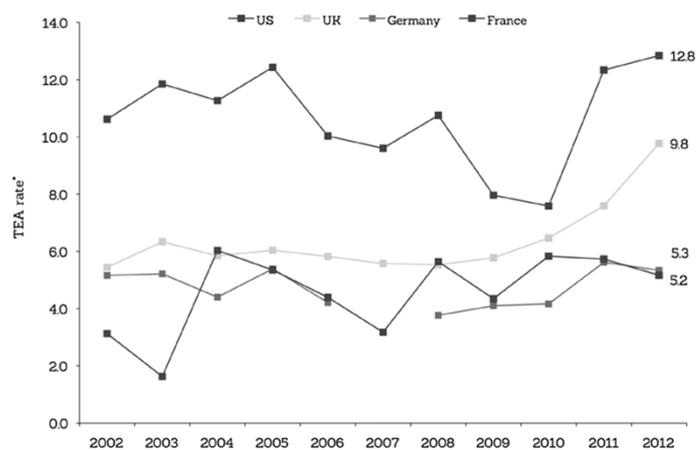


Business Schools and Business Growth

Professor Dame Julia King DBE FREng
Association of Business Schools 21st May 2013

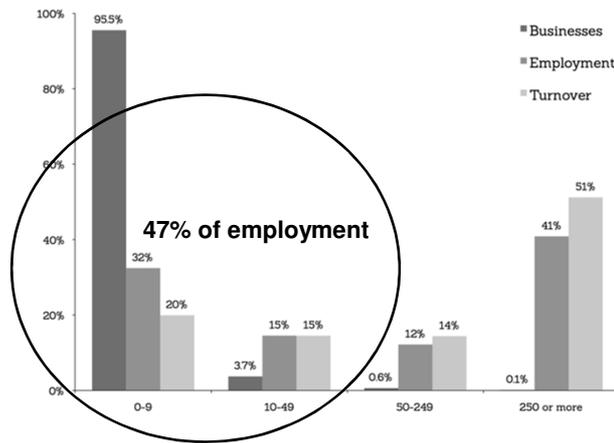
An entrepreneurial nation



* Total Early Stage Entrepreneurship Index: Proportion of the working-age population involved in starting or running a business (under 42 months old)

Professor Mark Hart, Aston Business School, GEM 2012

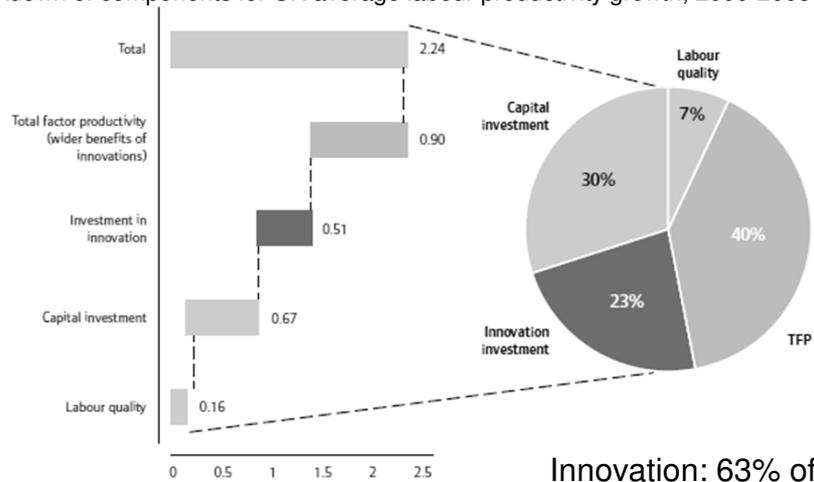
Lord Young: importance of small companies



Source: BIS Population Estimates for the UK and Regions 2012

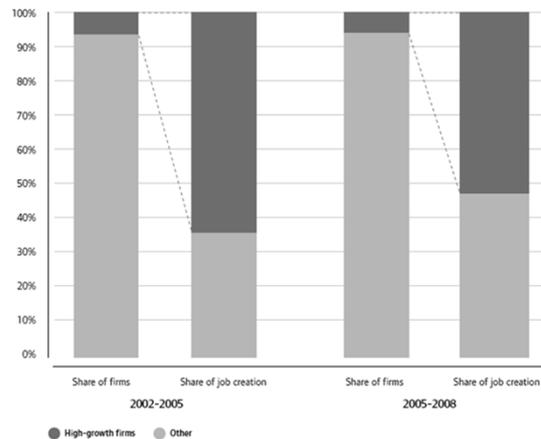
Growth and innovation

Breakdown of components for UK average labour productivity growth, 2000-2008



Source: NESTA Innovation Index 2010

High-growth firms* and job creation



Econometric analysis shows that innovation is driving business growth. The effect is more marked the faster a company is growing.

Faster growing firms are more likely to continue to innovate.

Source : NESTA, Measuring Business Growth, The Vital 6%.
Contributing author – Prof Mark Hart , Aston Business School

* With more than 10 employees

The challenge:

Out of the millions (4.8 million) of small businesses....

1. How do we identify the ones with the potential to be high growth businesses?
2. How do we support their growth?
3. Who delivers the support?

Are Business Schools ready for the challenge?

1. Research: identifying the businesses to help ✓
2. Research and Policy: defining the tools to help them ✓
3. Education: providing appropriate training ✓
4. Integrated delivery: a support structure for 'high growth potential' small businesses



1+2 The Enterprise Research Centre; GEM...

Enterprise Research Centre

- ▶ Understanding what makes small companies tick: what they need, what makes them successful – the factors affecting business investment, performance and growth
- ▶ Aston and Warwick Business Schools, with partners at Strathclyde, Birmingham, De Montfort and Imperial College
- ▶ Launched January 2013, £2.9m of funding from BIS, BBA, ESRC and TSB

Global Entrepreneurship Monitor, GEM

- ▶ Professor Mark Hart at Aston Business School jointly manages the largest single study of entrepreneurship in the world

LEP collaboration & the Greater Birmingham Project

- ▶ Aston Business School academics collaborating on writing the economic strategy: sectors and inward investment

2 Tools: Innovation Vouchers – a practical example

► Innovation Vouchers

- Aston INDEX scheme 2007-2010
- Model for subsequent Government schemes: Innovation Nation; Technology Strategy Board
- Delivered almost 700 £3000 ‘voucher’ support interactions between SMEs and HEIs across the West Midlands
- National experts in Innovation Vouchers: concept, implementation and evaluation

Innovation Vouchers in the West Midlands: a working collaboration of all universities



Innovation Vouchers - the results...

- ▶ Since 2007, 661 Innovation Vouchers (each £3000) awarded, serviced by universities in the West Midlands (WM)
- ▶ Demand for the vouchers exceeded supply by a factor of 3
- ▶ Highlights of the recent evaluation of Round 5 Innovation Vouchers:
 - ▶ 46% of SMEs had no previous experience of working with a University
 - ▶ 56% continue to work with the same or another university in the WM
 - ▶ Total net additional economic impacts are predicted to be 85 jobs and £5.9 million in GVA – from just over 100 vouchers
 - ▶ **Round 5 generated a return on investment of £12 for each £1 of public funding**
 - ▶ Significantly higher than the national average for science, R & D, and innovation interventions of £8.30

A broad range of companies and projects

- ▶ Development of optical fibres for use in the telecommunications industry
- ▶ Production of bio-diesel
- ▶ Stomach content analysis for crime solving
- ▶ Device aimed at preventing fuel theft from vehicles
- ▶ Reduction of CO₂ emissions from vehicles
- ▶ Improved wigs for cancer patients
- ▶ Digital health and safety learning support for rural business
- ▶ Aid to enable disabled people to take part in canoeing
- ▶ Improved consistency of concrete mix to save power
- ▶ Improved computer interface for older people
- ▶ ...
- ▶ And many more on the website
- ▶ www.innovationvouchers-wm.org

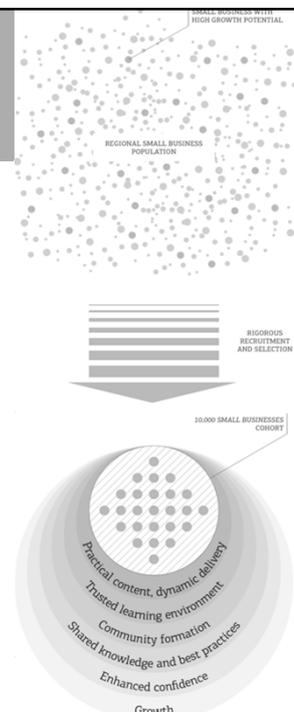
Tools: practical examples

Professor Tim Baines ERDF project on Servitization

- ▶ Stimulation of the adoption of new business practices
- ▶ £0.5m ERDF programme to support manufacturing supply-chain SMEs to:
 - ▶ strengthen customer relationships
 - ▶ create new and resilient revenue streams
 - ▶ set high barriers for competitors
- ▶ through workshops, mentoring and implementation support on servitization

3. Goldman Sachs 10,000 Small Businesses

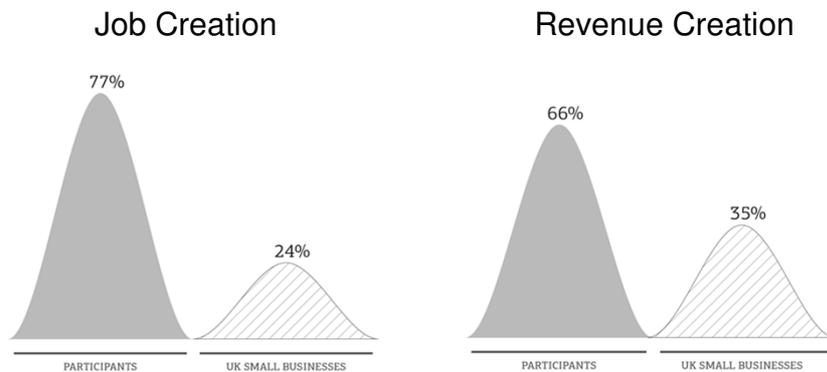
- ▶ Run by Aston Business School for the Midlands region
- ▶ Overseen nationally by Oxford Saïd Business School
- ▶ Also operating in Yorkshire, the North West and London
- ▶ Two cohorts of 25 – 30 high potential small businesses a year
- ▶ ‘Mini MBA’



GS 10,000 Small Businesses



GS 10,000 Small Businesses



77% of participants creating net new jobs vs 24% of UK small businesses

66% of participants growing revenue vs 35% of UK small businesses

Are Business Schools ready for the challenge?

1. Research: identifying the businesses to help ✓
2. Research and Policy: defining the tools to help them ✓
3. Education: providing inspiring training ✓
4. Integrated delivery: a support structure for 'high growth potential' small businesses



4. Integrated support for HGP SMEs

- ▶ **Training:** of all kinds
- ▶ **Product, process and business model development**
- ▶ **Business support:** student and MBA projects, vouchers, KTPs, legal advice, translations, marketing advice...
- ▶ **R & D support:** CASE awards, TSB projects, EU funding bids...
- ▶ **Talent solutions:** project students, placements, graduate recruitment, apprentices, Board members, consultants – selected for the business
- ▶ **Business advice and mentoring**
- ▶ **Networking**
- ▶ **Access to government funding schemes**
- ▶ ...
- ▶ Delivered locally by a Business School

And we could consider the Wayne Brown Institute

Help WBI Launch the Next Generation of
Entrepreneurs



Help Us Launch 375 Companies

Help Them Raise \$600M in Capital

Help Them Create 50,000 Jobs Over the Next 5 Years

Lord Young - an integrated approach to:

- ▶ Confidence: prospects and conviction
- ▶ Capability: skills and performance
- ▶ Coherence: support and access
- ▶ The UK's Business Schools can deliver this

Requirements:

- ▶ Research to improve our ability to identify HGP small businesses
 - ▶ 130 Business Schools can't support 4.8m businesses
 - ▶ But they could make a real difference to 6% of them
 - ▶ GS programme
 - ▶ GEM
 - ▶ Enterprise Research Centre
- ▶ Government to agree a funded pilot scheme to be delivered through key Business Schools
- ▶ Angel investment through approved University-based schemes to receive the same tax treatment as donations...

The importance of universities

'The strongest basis for regional economic activity is activity rooted in a sound understanding of a locality's comparative economic advantage. Much of the UK's comparative economic advantage in the 21st century could be derived from our universities'

Sir Andrew Witty, Chief Executive GSK
April 2013