



INVESTING IN SUCCESS

Capturing the Lessons from the Phoenix Development Fund

EXECUTIVE SUMMARY

An overview of the '*Lessons Learned from the PDF*' project
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on behalf the SBS

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Bibliography

SUPPLEMENTARY THEMED REPORTS

(available separately from the SBS)

**Disadvantage and Disability
BME Businesses, and Refugee Support
Social Enterprises
Mental Health and Enterprise
Housing Associations
Serving and Ex-Offenders
Women in Enterprise
Sectoral Perspectives**

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FOREWORD

The projects funded by the Phoenix Development Fund have been important contributors to the good ideas and good practice available to organizations delivering enterprise and business support services to groups who have traditionally been hard to reach by mainstream providers. The success of many of the projects to access these groups shows that these client groups can be reached and can become successful entrepreneurs with the right help.

This report (and the associated themed reports) represents the views and experiences of many of the people who led and worked in the projects. It is not a substantial evaluation of the Phoenix Development Fund (for which see the evaluation report by Peter Ramsden available from the SBS site) but will give the reader ideas about different ways to reach out to, and provide services for people who are in disadvantaged areas or who are under-represented as entrepreneurs.

The SBS is using the material produced through this exercise of learning lessons from the projects to create a range of documents that will help share the learning. There will also be a series of events at national regional level to discuss the policy and delivery issues raised by the projects.

DISCLAIMER

The views expressed in this report are the authors' and the practitioners' who managed Phoenix Development Fund projects, they do not necessarily reflect those of the Small Business Service or the Government.

EXECUTIVE SUMMARY

Why the Lessons Learned Review?

1. The 'Investing in Success' report is a culmination of a research exercise involving key specialists from eight key PDF themes, each of whom (with their teams or co-researchers) led on identifying the key lessons emerging from the funding programme. During the period mid-December 2005 to end March 2006 fifty-six PDF projects across these eight key themes were contacted for this Review, of which fifty-four participated.
2. The work of these projects represents a considerable 'body of knowledge'; the learning from which could add significant value to future projects, programmes and policy development around enterprise development, social inclusion and regeneration.
3. This report deliberately sets out reflections and conclusions on the nature and extent of 'lessons learned' from the PDF but offers no recommendations or hard 'exhortations to action'. Neither does it offer 'rocket science' but instead, sets out ideas, tips and case studies of 'what works' when providing enterprise support to disadvantaged communities.
4. In 2004, at the end of the 1st and 2nd funding rounds, prior to the commencement of a 3rd funding round which closed on 31st March 2006, former Secretary of State for Trade and Industry and Minister for Women, Patricia Hewitt said:

*'The Phoenix Development Fund projects have contributed significantly to our aims by developing imaginative and innovative ways of delivering better business support in some of our more disadvantaged communities and for groups that are under-represented in terms of business ownership.'*¹

5. The role of the Phoenix Development Fund (PDF) was to²:
 - Explore innovative ways of promoting business start-ups in disadvantaged areas
 - Help existing businesses in disadvantaged areas to diversify, to provide better services and become more profitable, and to
 - Provide specialist (outreach) support to groups that either live predominantly in disadvantaged areas and who, through personal circumstances, face particular difficulties in setting up and running their own businesses.
6. The main 'Themes' or research groupings for the Review were as follows:
 - Disadvantage and disability
 - Women in enterprise
 - Black and minority ethnic (BME) businesses and refugees support

¹ DTI/SBS (May 2004) "Leading Lights – experiences from the Phoenix Development Fund", a publication celebrating the achievements of 93 projects supported between 2001 and 2004.

² <http://www.sbs.gov.uk/phoenix>

Social enterprise
Sectoral focussed projects
Mental health and enterprise
Serving and ex-offenders
Housing associations and enterprise

7. The lessons learned Review was designed to, a) capture innovative practice, and to identify potentially replicable aspects of the PDF, and b) to do this in order to support the secondary objective of *mainstreaming* good practice.

What were the key Lessons Learned?

1. Targeting, marketing and outreach

Overall assessment:

A broad range of approaches and methods were utilised, all based on gaining access to, particular target groups/communities. Although these modes of communication were often fairly traditional, the effort to make these meaningful within a local context was considerable, representing significant time and investment in building trust and credibility.

Good practice was especially evident when 'social' factors were taken account of, and appropriate provision made to reduce barriers to access. This was particularly effective when a project had gone to some length to include potential users in outreach and programme design; had undertaken a local needs analysis, and/or had a well-researched outreach and participation strategy in place.

Targeting, marketing and outreach - *critical success factors:*

- Be absolutely clear on your target market and tailor your approaches accordingly. Go beyond traditional channels to reach your target group.
- Be upbeat and language and wording when targeting; the language of disadvantage does nothing to inspire individuals/communities to use even a carefully targeted service.
- Develop strategies to deal with your target group's 'aversion to risk' and the need to build self-confidence.
- Using traditional channels of reaching your target group is fine, but what boosts success is effective research and partnership working within the immediate/target locality, especially with trusted, credible intermediaries. This takes time and effort.
- Work with trusted, credible, local intermediaries. Develop effective partnership arrangements in the immediate/target locality. This takes time and effort.
- Be aware and respond to 'social' barriers to access, for instance child or other carer duties, and poor access and/or transport.
- Back up effective local visibility and contact with a credible and quality service.
- Use trusted local individuals as role models and avoid 'high flying' celebrity entrepreneurs.

- Use familiar and accessible local venues; be flexible in the timing of your provision – to suit the target community, bearing in mind ‘social’ barriers.
- Use information and communications technology (ICT), eg mobile phone and web-based technology can attract customers and provide them with easily accessible on-going support.
- Word of mouth is one of *the most powerful* channels for spreading the word about what you want to achieve.

2. Models of delivery

Overall assessment:

The range of models or systems of delivery by projects ranged enormously, all designed to meet their prospective clients’ needs. Interventions ranged from skills for life, self-employment days and job education, pre and start up business support/gateway and signposting services, through to direct counselling, coaching, peer networking, forums and mentoring. There were also accredited development and training programmes, growth and diversification programmes, and industry or sector specific training.

Some programmes also offered access to finance and lending circles, access to social franchising models, higher level management skills training and business adviser training, and access to both actual and virtual incubator space, with excellent web-based services. Others worked in a multi-agency mode, acting as coordinators of services, able to provide users with a range of flexible personal and business support.

What clearly distinguishes the ‘PDF approach’ from mainstream provision is the ability, specialist knowledge and propensity to offer a more ‘transformational’ or holistic approach to enterprise support.

Models of delivery - critical success factors:

- Regardless of type of programme envisaged, the needs of individuals must be central; be prepared to flex from the original programme specification if needs be.
- An inclusive and holistic approach to developing the skills and confidence required for individuals to move ‘forward’ really works, as does the use of coaching, specialist sector advisers, peer or other supportive networks etc.
- The above takes ‘longer than usual’ amounts of time and investment in relationship and trust building; be realistic about what can be achieved in a very limited life programme.
- This can also be more costly but needs to be weighed against the longer-term benefits of clients/users coming off benefits (for instance).
- Investing time in building positive relationships with mainstream business support agencies is crucial and can lead to a change in mainstream culture and provision, leading to potentially more productive partnerships and win-wins.
- Well-designed and holistic enterprise support can also add significant value by providing optional routes into employment and further learning for individuals who feel enterprise is

not for them at the present time.

3. Innovative approaches – identifying ‘what works’

Overall assessment:

Part of the basis of the PDF was to review and develop further good practice and approaches in targeted enterprise. On the whole this was achieved with great success, evidenced by the tremendous variety of innovation carried out. This included approaches, materials and programmes to support *project users* (flexible and supportive coaching methodologies; training manuals; participants’ handbooks; supported resource centres; guidelines; toolkits; skills assessment methodologies; and guides). There were also materials and qualifications that support individuals into employment as well as self-employment; self-study packs; specialist publications; self-assessment inventories; collective marketing models; cluster support structures and accredited training.

Significant work also went into *supporting project development and management*. The potentially ‘replicable’ materials and processes that could be shared onwards include evaluation and accounting models; feasibility and research methodologies; outreach strategy toolkits; business adviser training programmes; consultation mechanisms; franchising and licensing models, and franchise operations manuals; and diagnostic tools for advisers etc.

Innovative approaches – identifying ‘what works’ - *critical success factors:*

- Reviewing ‘what works’ really helps to get access to the best of what has gone before. The lessons learned review has revealed lots of good practice for supporting commissioning, project and service design, as well as for supporting effective project management and evaluation.
- Keep in mind four basic components of good practice: a) maintaining credibility in the target community; b) maintaining focused and quality provision; b) utilising specialist sector knowledge; c) maintaining strong communications with target group and others in the project ‘supply chain’.
- Some flexibility is essential if on-going innovation is to be supported, be prepared to change tack or drop what clearly does not work in favour of a more effective approach.
- When time and resources are limited be realistic as to what can be achieved but also recognise that relatively ‘new’ areas of development require time to embed effectively. It is therefore key to engage mainstream organisations as quickly as possible in order to secure longer-term options and impact.
- Continue to capture ‘what works’ and share across a wider community of interest to ensure that lessons are not lost.

4. Linkages to the mainstream and other agencies

Overall assessment:

There was a mixed degree of success in the linkages developed by PDF projects, and their concomitant success in securing an alternative future at the end of the PDF. Most projects had projects formed proactive linkages with other specialist sector or expert agencies in their communities in order to secure the best possible services and outcomes for their target users. Some had formed regional forums in order to communicate with, and influence their regional development agency (RDA). Some themes had been more successful than others in engaging government departments, in order to share expertise and explore opportunities for further support.

A few projects had been successfully hosted by Business Link (BL) organisations, and a few others had actively sought and achieved a good working relationship with their local BL organisation, bringing in expertise to their local communities. But over the whole community, PDF organisations appeared to have had little contact with or influence on, their local BL organisation, and a few had been frustrated in their relationships with BL.

Linkages to the mainstream and other agencies - *critical success factors*:

- Meeting the more complex needs of target groups is likely to be more sustainable if workable relationships are brokered between other mainstream agencies as well as 'specialist providers'.
- Being able to demonstrate an ability to help meet partner agencies' targets is the first step to overcoming potentially divisive inter-agency competition. It's also useful when trying to overcome any institutional skepticism of some key institutions with which you may wish to develop a hosting arrangement.
- Relatively new policy areas like social enterprise, social franchising and procurement are not 'cure all' for local enterprise growth, but they are areas that have great potential if expectations are properly managed, and time and resources are focussed on their continued development.
- Again, linked to effective engagement with, and marketing to mainstream organisations and other government departments: explore ways of better defining your target group, and ways of capturing longer-term soft outcomes.
- Really understanding the impact the informal sector has on your target group. It should be viewed as incubator for enterprise, so encourage dialogue with other projects, programmes and 'experts' in order to build pressure for (appropriate) policy changes. And, on a practical level, explore what achievable incentives could help your target group transfer to self-employment/business start-up proper.
- Being knowledgeable of the range of policies that create additional barriers for people setting up on business, eg test trading regulations and therefore being realistic about what is possible from the outset.

5. The impact of the PDF, and role of the PDF and SBS

Overall assessment:

The review pointed to the successful delivery of the original PDF aims and objectives. The theme researchers felt that the programme has had a significant impact, across a number of 'parameters of success':

- (a) Inclusion through non-judgmental opportunities for self-determination, employment and enterprise.
- (b) More productive and growing enterprises, and a sense of 'regenerating' communities by bringing the excluded into economic activity (even in relatively 'closed communities' like those in custody, within a single prison).
- (c) The raising onto the national agenda, of the significance and impact 'specialist enterprise provision' can have on disadvantaged communities.

Virtually all the PDF projects felt they had achieved their core purpose, and that they had made a significant difference to people's lives, as well as developing new approaches and practices to provide enterprise support to disadvantaged communities and areas.

There were some interesting reflections on the issue of 'supply and demand' for specialist knowledge and specialist sector, and very targeted programmes of work. Some projects felt they had demonstrated a significant 'nascent' demand for flexible, client-oriented enterprise support, delivered by knowledgeable committed programmes, and that they could not meet the apparent demand for their services.

But there were also a few projects where access to the client group (eg people experiencing mental distress), appeared problematic in terms of persuading people onto programme, largely caused by fear of stigmatisation, labelling and/or fear of failure by potential users. Thus demonstrating the ongoing need for sensitivity, realism and effective partnership and multi-agency working.

The role played by the SBS/PDF staff was highly recognised and praised by projects – mainly for the quality of support and engagement with projects as they developed forward, and a 'commitment to learning' – as well as for a fairly 'free wheeling' attitude to target setting. All of which combined to aid innovation and programme development.

The impact of the PDF, and role of the PDF and SBS - *critical success factors*:

- Commissioning and selecting projects for programmes etc, is always fraught with difficulty, and it helps by ensuring complete transparency in the selection process and offering feedback to unsuccessful bidders.
- Remembering that staff and other resources for programme support (at 'HQ') may change during the lifespan of any fund. This can impact on perceptions funding recipients have of the kind of support that they get, and thus require careful handling of expectations.
- Managing expectations around limited life funding streams is also essential and potentially difficult, but there's a real need to reiterate that projects need to take responsibility for their own succession and exit strategies.
- Providing ways of sharing good practice and innovation during the lifetime of any fund or programme initiative provides added 'return on investment', especially if mainstream

providers and agencies can benefit from help with culture and practice changes.

6. Concluding Remarks

The overall aim of the Phoenix Development Fund was to test innovative solutions and fresh thinking to overcome gaps in the delivery of business support to 'hard to reach' groups and communities. A secondary aim has been one of advancing social inclusion (using enterprise as a mechanism to do so) through greater equality of opportunity, which chimes nicely with the Chancellor's commitment to 'opportunity for all'.

The PDF has allowed projects to test and refine outreach strategies and integrate business support with wider support mechanisms. Indeed many of the approaches used during the PDF are based on sound marketing principles, and projects have mostly applied the sorts of lateral thinking and innovative approaches espoused by top business gurus - to effectively target their particular market place.

Most importantly, what the PDF has strongly demonstrated is that a holistic approach to programme delivery is most effective in encouraging, supporting and growing businesses in enterprise gap groups. A wide variety of 'transformational' approaches have been developed and delivered, making a significant difference a people's lives. A secondary benefit has been that this process of close and tailored support has also opened up opportunities in the labour market and/or further education for those not wishing to engage in enterprise.

There is clearly tremendous scope to replicate good practice and models, and there is clearly a need to imagine 'a place' where all the learning could reside in an easy to access format.

When viewed some years hence, would the 'PDF body of work' still be recognised and utilised as a national (OGDs) and regional resource by sub-national structures eg RDAs, BL, and sub-regional partnerships, LAs et al? This remains to be seen and begs the question '*will lessons be learned or lost?*'