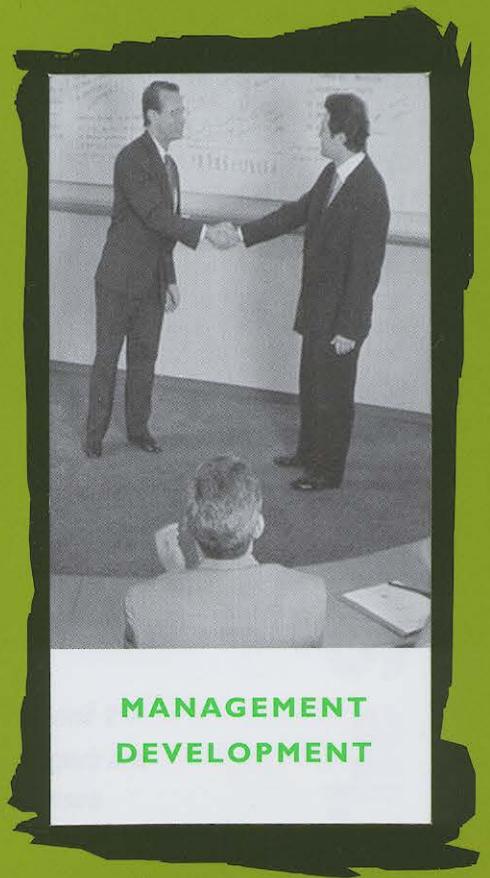


L L O Y D S T S B
SMALL BUSINESS RESEARCH TRUST



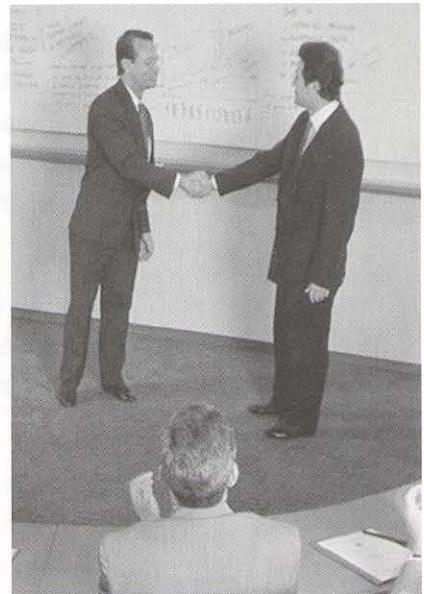
**MANAGEMENT
DEVELOPMENT**

QUARTERLY SMALL BUSINESS
MANAGEMENT REPORT

Issue number 3 • Volume 7 1999

L L O Y D S T S B
SMALL BUSINESS RESEARCH TRUST

Management Development



**MANAGEMENT
DEVELOPMENT**

QUARTERLY SMALL BUSINESS
MANAGEMENT REPORT

SMALL BUSINESS RESEARCH TRUST
based at
OPEN UNIVERSITY BUSINESS SCHOOL
WALTON HALL, MILTON KEYNES, MK7 6AA
TELEPHONE: 0190 865 5831
E-MAIL: b.porter-blake@open.ac.uk

WEB VERSION: INTRODUCTION

The Lloyds Bank/TSB-sponsored series of small business management reports commenced in 1992, and concluded in 2009. In total, 53 reports were published over a period of 17 years.

Our target audience comprised the owner-managers of independent small businesses, typically employing fewer than 50, and based in mainland UK.

The series originated from a longitudinal study of small business management, undertaken by the Polytechnic of Central London (now University of Westminster), and culminating in: *The Management of Success in 'Growth Corridor' Small Firms*, (Stanworth, Purdy & Kirby, Small Business Research Trust, 1992).

THEMES

The themes were wide-ranging – including such as entrepreneurship, work & stress, employment strategies, and the environment – a full list is shown overleaf.

INSIGHT

In addition to asking questions and supplying the respondents with a range of answer options, the corresponding questionnaire was included as an appendix to each report so that readers would know exactly what questions had been put to respondents.

We also sought qualitative information – in the form of verbatim comments about the key theme – to help elaborate on whatever related challenges respondents felt they were facing at the time.

Finally, the findings are primarily intended to be indicative rather than definitive – partly due to the sample size, which is, on average, 111 for the 2003-09 reports.

PUBLISHING FORMAT

The reports were published in hard copy form, obtainable via subscription. Initially

by the Small Business Research Trust, and from 2003, by the Small Enterprise Research Team (SERTeam), both research charities based at the Open University.

Regrettably, SERTeam ceased operating in 2009, and so in 2010 the authors felt that the more recent reports would find wider interest if they were made freely available in Acrobat format via the Internet – especially with the UK economy set for a protracted journey out of recession, and with the government in turn refocusing on smaller businesses to aid the recovery.

It is worth mentioning that the series commenced as the UK economy emerged from the early 1990s recession.

In 2015, the earlier reports were also converted (1993 to 2003), with the full series made available at Kingston University: <http://business.kingston.ac.uk/sbrc>

SUPPORTING INFORMATION (WWW)

In later years – as the world-wide-web developed and an increasing number of sources of information became more readily available – suggestions for online sources of related material were included.

N.B. For reports 2003 onwards - where successfully validated, the web links (URLs) were enabled in 2009. And in the case of many invalid web links, an alternative was offered, but not where the organisation appeared defunct and an obvious replacement was not traced.

**John Stanworth, Emeritus Professor,
University of Westminster**
<http://www.westminster.ac.uk/schools/business>

**David Purdy, Visiting Fellow,
Kingston University**
<http://business.kingston.ac.uk/sbrc>

© co-authors John Stanworth & David Purdy 2015 (and Graham Bannock for reports 1-19, 1993-97). Creative Commons Attribution-NonCommercial 4.0 International
<http://creativecommons.org/licenses/by-nc/4.0/>

Lloyds Bank/TSB & SBRT
Quarterly Small Business Management Report
ISSN 0968-6444

1993 (Vol.1)

- 1 Surviving The RecessionFebruary 1993
- 2 Using Your TimeJune 1993
- 3 Management Style September 1993
- 4 Financial ManagementDecember 1993

1994 (Vol.2)

- 1 Purchasing March 1994
- 2 Quality Standards & BS 5750June 1994
- 3 Management Succession.....August 1994
- 4 Customers & Competitors . November 1994

1995 (Vol.3)

- 1 Information Technology..... March 1995
- 2 Holidays.....June 1995
- 3 Company Vehicles.....August 1995
- 4 Pricing Policies..... November 1995

1996 (Vol.4)

- 1 Training March 1996
- 2 A Day In The LifeJune 1996
- 3 Financial Management September 1996
- 4 Tax ComplianceDecember 1996

1997/8 (Vol.5)

- 1 'Europe' & Small Businesses ... March 1997
- 2 Employee Recruitment.....July 1997
- 3 Information Technology..... October 1997
- 4 Business Support Agencies.. January 1998

1998/9 (Vol.6)

- 1 Entrepreneurship..... May 1998
- 2 Work & Stress September 1998
- 3 Employment Strategies.....December 1998
- 4 Small Firms & The Environment .. Mar 1999

1999/2000 (Vol.7)

- 1 The Impact of HolidaysJune 1999
- 2 Late Payment September 1999
- 3 Management Development .December 1999
- 4 Exit Routes..... March 2000

2000/01 (Vol.8)

- 1 E-commerceJune 2000
- 2 Sources of Finance September 2000
- 3 Transport & GovernmentDecember 2000
- 4 Government & RegulationsApril 2001

2001/02 (Vol.9)

- 1 Marketing & Sales.....July 2001
- 2 The Human Side of Enterprise Oct 2001
- 3 Health Issues January 2002
- 4 Premises.....April 2002

2002 (Vol.10)

- 1 Networking in BusinessAugust 2002
- 2 The EuroDecember 2002

Lloyds TSB & Research Team
Small Business Management Report
ISSN 1478-7679

- 3 Crime Against Small Firms June 2003

Lloyds TSB & SERTeam
Small Enterprise Research Report
ISSN 1742-9773 No.2 (Vol.1) onwards

2003-04 (Vol.1)

- 1 Small Firms And PoliticsOctober 2003
- 2 Pensions February 2004
- 3 Work-Life Balance..... July 2004

2004-05 (Vol.2)

- 1 Education & EnterpriseOctober 2004
- 2 Made in Britain February 2005
- 3 Management & Gender Differences..... July 2005

2006 (Vol.3)

- 1 Local or Global ?.....January 2006
- 2 Managing IT May 2006
- 3 Networking in Business September 2006

2006-07 (Vol.4)

- 1 Owner-Manager Flexible Working..... December 2006
- 2 The Ageing Workforce..... April 2007
- 3 Travel & Transportation..... August 2007

2008-09 (Vol.5)

- 1 The London 2012 Olympic And Paralympic Games..... April 2008
- 2 Competition: Small Firms Under Pressure.....January 2009

WEB VERSION PUBLISHING

<http://business.kingston.ac.uk/sbrc>

Certain content needed to be re-set, e.g., the figures in the earlier editions, but the report body content is intended to be identical to that in the printed original. This web version - an Acrobat document - is derived from the original DTP text and will permit searching.

LIABILITY DISCLAIMER

The information and analysis in each report is offered in good faith. However, neither the publishers, the project sponsors, nor the authors, accept any liability for losses or damages which could arise for those who choose to act upon the information or analysis contained herein. Readers tracing web references are advised to ensure they are adequately protected against virus threats.

HIGHLIGHTS

This is the twenty-seventh in a series of small business management reports based on surveys of a panel of small firms, mainly in manufacturing, retail/distribution and business services. The focus of this survey was on **Management Development**. The principal findings were as follows:

- **Respondents' advice to new business owners** – The learning processes considered most appropriate to someone at the 'start-up' stage of building a business are, in order of popularity: 1) **formal classroom courses**, 2) use of **consultants**, and then, 3) **books/magazines**.
- **Respondents' advice to new business owners: sector variations** – The preferences of manufacturing respondents match that of the sample overall, above, but for the **business services** sector, **consultants** emerges top, and amongst the **retail/distribution** sector, **books/magazines** are favoured most.
- **Respondents' own preferences when seeking new management skills and techniques** – The most popular method is **books/magazines**, followed by **formal classroom courses**, and the use of **consultants**. **Purpose-designed video/audio cassettes** rate highly amongst **business services**, whilst **TV/Radio programmes** rate quite highly amongst **retail/distribution** businesses.
- **Respondents' advice to new business owners: age preferences** – There is some evidence that **computer-based packages** are favoured by the youngest respondents (25-34 years), second only to formal classroom courses as an aid to start-up management development.
- **Current priorities for management development** – **Marketing** emerges top, followed by **business planning**, **selling**, **information technology**, then **finance**. Interest in training in the use of **information technology** is **highest amongst business services** but **lowest in retail/distribution**.
- **Staff or the owner the highest priority for management development ?** – In the smallest firms (0-4 employees), only 21% said that **other** managers are the key priority, rather than the owner-managers themselves, but this rises across the size bands until it reaches 84% for the largest band (20-49 employees). However, firms with **increasing** sales have a 67% likelihood of prioritising **others**, but for those with **falling** sales, only 44% do likewise.
- **Barriers to management development** – According to 41% of the respondents, **insufficient time** is the reason most frequently offered for not becoming involved in management development processes. Only 22% claim **high costs** a problem, and even fewer, 10%, **doubt the relevance**. On the issue of time pressures, 61% of the smallest firms gave this as a reason (0-4 employees), compared with just 24% amongst the largest size band (20-49 employees).

continued ...

- **Sales trends** – Half of the respondents (49%) claim to have experienced higher sales in the 3rd quarter of 1999 than in the similar period in 1998. **Manufacturing fared better** than **retail/distribution** and was only a little below firms from the **business services sector**. Firms run by **female** owner-managers **did as well** as those run by their **male** counterparts.

TABLE OF CONTENTS

Highlights	1
Past Surveys	5
Figure 1 Recommended Management Learning Processes For Business 'Start-Ups'	6
Figure 2 Recommended Management Learning Processes...'Consultants': By Sector	7
Figure 3 Recommended Management Learning Processes...'Books/Magazines': By Sector	7
Figure 4 Recommended Management Learning Processes...'Computer-Based': By Sector	8
Figure 5 Recommended Management Learning Processes...'Video/Audio': By Sector	8
Figure 6 Recommended Management Learning Processes...'By Respondent Age 25-34 Years	9
Figure 7 Preferred Management Learning Processes For Respondents Themselves	9
Figure 8 Preferred Management Learning Processes...'Computer-Based': By Age	10
Figure 9 Priorities For Off-The-Job Management Training	10
Figure 10 Priorities For Off-The-Job Management Training: 'Information Technology': By Sector	11
Figure 11 Priorities For Off-The-Job Management Training 'Other Staff': By Employee Size	11
Figure 12 Priorities For Off-The-Job Management Training 'Other Staff': By Sales Trend	12
Figure 13 Barriers To Management Development	12
Figure 14 Barriers To Management Development 'Insufficient Time': By Employee Size	13
Figure 15 Sales Trend 1998-99	14
Figure 16 Sales Trend 1998-99 'Greater Than Last Year's': By Sector	14
References Sources Of Further Information (WWW)	14
Comments By Respondents	16
Appendix 1 Additional Information About Sample	20
Figure 17 Profile Of Sample Respondents By Industrial Sector	20
Figure 18 Profile Of Sample Respondents By Region	20
Figure 19 Profile Of Sample Respondents By Employee Size	21
Appendix 2 Survey Questionnaire	23

ACKNOWLEDGEMENTS

The Small Business Research Trust wishes to thank all responding firms for their time and effort involved in participation in the production of this Management Report. The Trust acknowledges the help provided by David Purdy, The Open University, and The University of Westminster, in designing the survey, processing data and analysing the results.

The Small Business Research Trust is particularly pleased to acknowledge the generous support provided by Lloyds TSB in sponsoring the research, analysis and presentation of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of Lloyds TSB.

Report Author – Professor John Stanworth (University of Westminster)

Series Editor – David Purdy

Lloyds TSB

The Small Business Research Trust

MANAGEMENT ISSUES

The emphasis of our Quarterly Management Reports is on monitoring the key management problems and practices of smaller business, with an emphasis on survival and success. Accordingly, each issue of the Lloyds TSB/Small Business Research Trust Management Report addresses one or more highly topical small business management issues. In this survey we focus on **Management Development**.

PAST SURVEYS

1993 (Vol.1)

- No.1 *Surviving The Recession*
- 2 *Using Your Time*
- 3 *Management Style*
- 4 *Financial Management*

1994 (Vol.2)

- 1 *Purchasing*
- 2 *Quality Standards & BS 5750*
- 3 *Management Succession*
- 4 *Customers & Competitors*

1995 (Vol.3)

- 1 *Information Technology*
- 2 *Holidays*
- 3 *Company Vehicles*
- 4 *Pricing Policies*

1996 (Vol.4)

- 1 *Training*
- 2 *A Day in the Life*
- 3 *Financial Management*
- 4 *Tax Compliance*

1997/8 (Vol.5)

- 1 *'Europe' & Small Businesses*
- 2 *Employee Recruitment*
- 3 *Information Technology*
- 4 *Business Support Agencies*

1998/9 (Vol.6)

- 1 *Entrepreneurship*
- 2 *Work & Stress*
- 3 *Employment Strategies*
- 4 *Small Firms & The Environment*

1999/2000 (Vol.7)

- 1 *The Impact of Holidays*
- 2 *Late Payment*

THE SAMPLE

This report is based on responses received from a panel of over 350 small businesses situated in the Northern, Midland and Southern regions of Britain. Respondents are predominantly small firms with fewer than 50 employees, drawn mainly from the manufacturing, business services, and retail/distribution sectors of the economy. The precise distribution of firms varies from survey to survey, but typically over half of the participants employ fewer than 10 people.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as an appendix. This survey was carried out during October-November 1999.

**'Face-to-face'
processes
– classroom courses
& consultants –
come out top**

THE SURVEY

The management development processes considered most appropriate to someone at the **'start-up'** stage of building a business were considered to be, in order, formal classroom courses, use of consultants and then books/magazines (**Figure 1**).

Alternatives such as computer-based packages, audio cassettes, TV/radio programmes and distance learning packages followed (in the order) some distance behind.

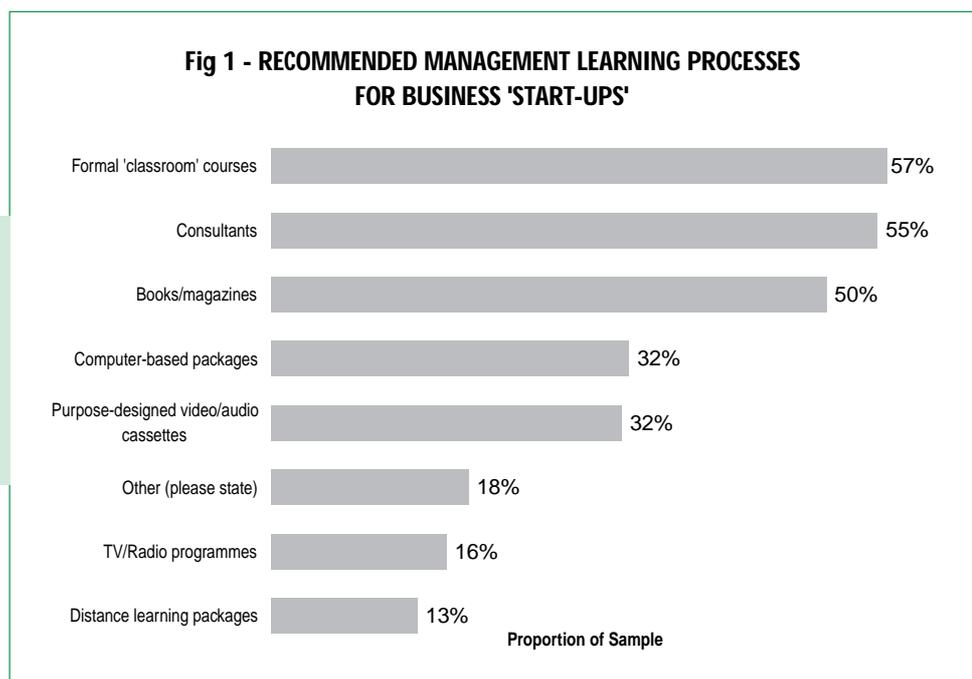
Suggestions for other methods/sources included:

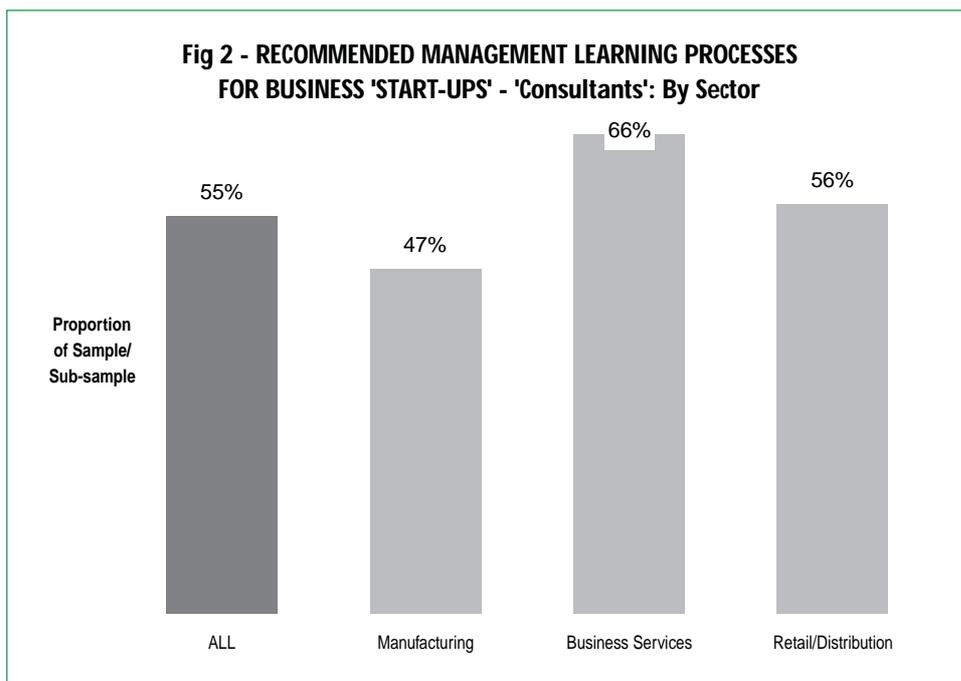
- A talk with the small business officer at bank
- By learning from own mistakes and hands-on experience
- Case studies of failed and successful businesses
- Friends in business
- Good education
- Group discussion
- Internet
- Marketing mistakes
- Mentoring
- Personal advice: Enterprise Agency, Business Links, bank, accountant
- Practical first-hand experience

- Speak to existing business owners
- Talking to business owners in similar field
- Talking to people who have started their own business
- TEC, Business Link
- Trade associations

Interesting sector breakdowns and differences are shown in **Figures 2, 3, 4 and 5**. For instance, whilst the manufacturing respondents conformed precisely to the above ordering (classroom courses, followed by consultants and then books/magazine), in the case of respondents from the business services sector, the use of consultants emerged strongly (**Figure 2**) and even nudged ahead of formal classroom courses. The same was true in the retail/distribution sector of books and magazines (**Figure 3**). **Figures 4 and 5** show respectively a liking for computer-based packages amongst respondents in manufacturing and purpose-designed video/audio cassettes in retail/distribution.

When our results were broken down by age of respondent, it emerged that the liking for computer-based packages varied quite considerably with age. For instance, those in the 25-34 years age group (**Figure 6**)





Two-thirds of business services respondents – which includes consultancy services – favoured consultants

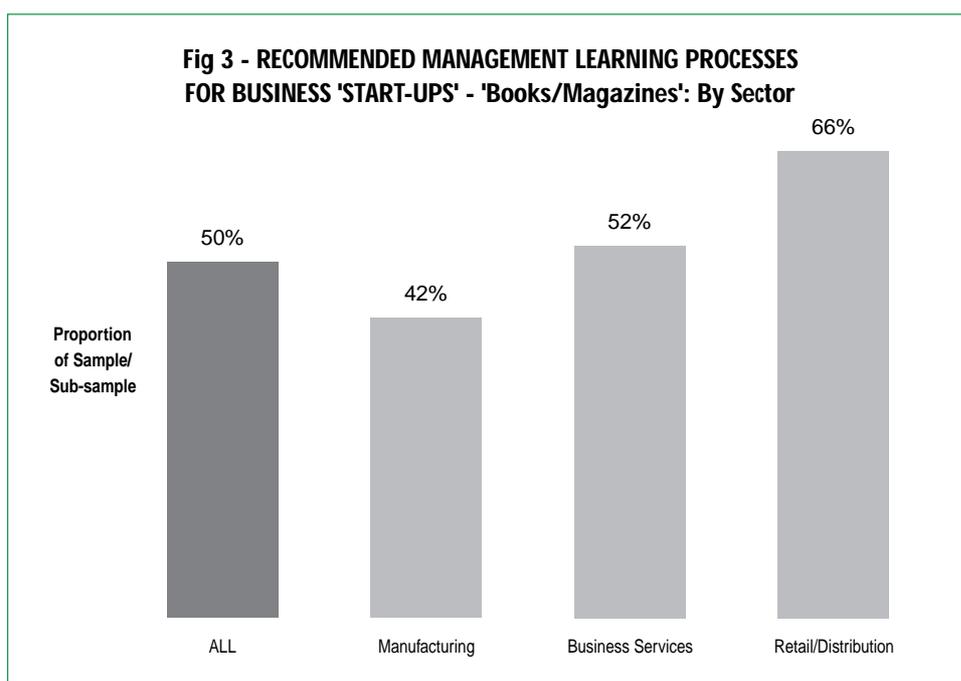
identified this mode of learning as second only to formal classroom courses as an aid to start-up stage management development and were clearly ahead of all other age groups currently in their liking for this form of management learning.

“There are too many government agencies. Time is spent on ‘start-ups’ but nothing is done to carry through to the second stage of development.”

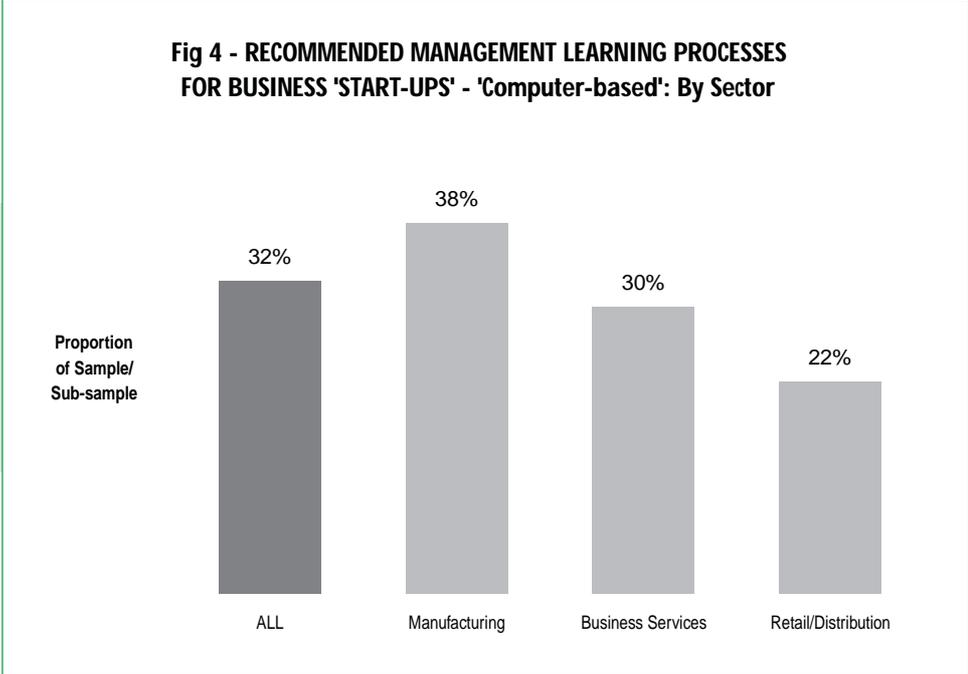
Some respondents felt that the emphasis on ‘start-up’ assistance by government agencies was overdone. For instance, one said:

Other respondents stressed the need for tenacity at the start-up stage:

“If you have a good idea, pursue it - do not give up. Twenty years ago I started up in business. What do you



**Manufacturers
the most receptive
to computer-based
training packages**



know about the 'hire trade', I was asked by my bank manager. I replied 'nothing'. I had been a manager for Woolworth's for 17 years and got nothing from him. I sold the house and lived over the shop. I had two children under 12 years old, a cat and a dog, and an idea. It worked."

books/magazine moving at once into a very clear lead and by a very large margin (Figure 7). Otherwise, the earlier rankings were generally observed with formal classroom courses second and use of consultants third. Purpose-designed video/audio cassettes rated highly amongst respondents from the business services sector whilst TV/Radio programmes rated quite highly amongst respondents from retail/distribution businesses.

When asked to identify how respondents **currently** acquired new management skills and techniques, the ranking changed with

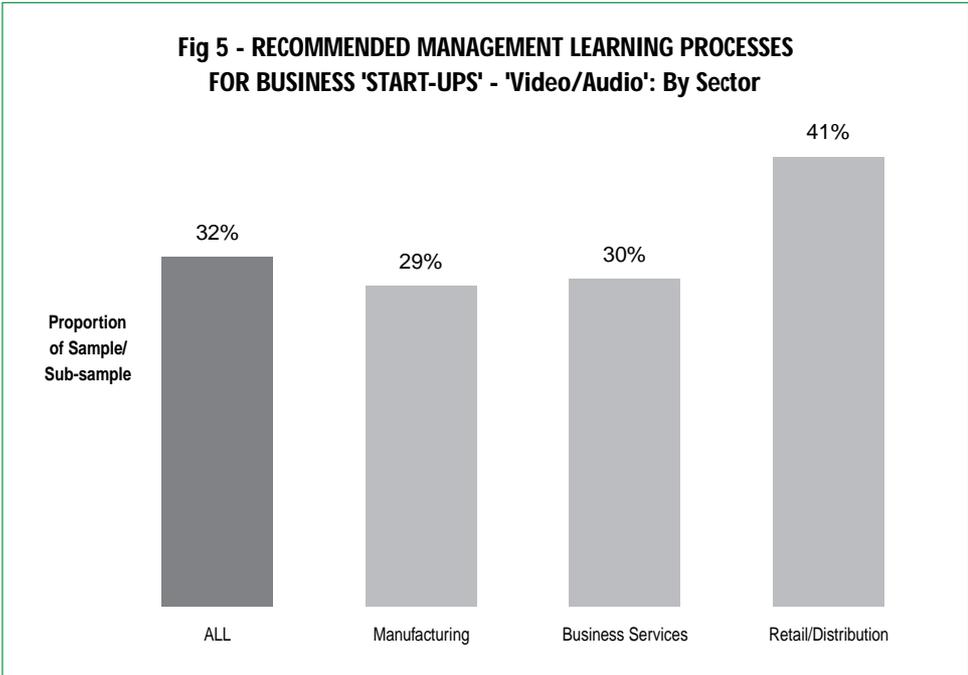
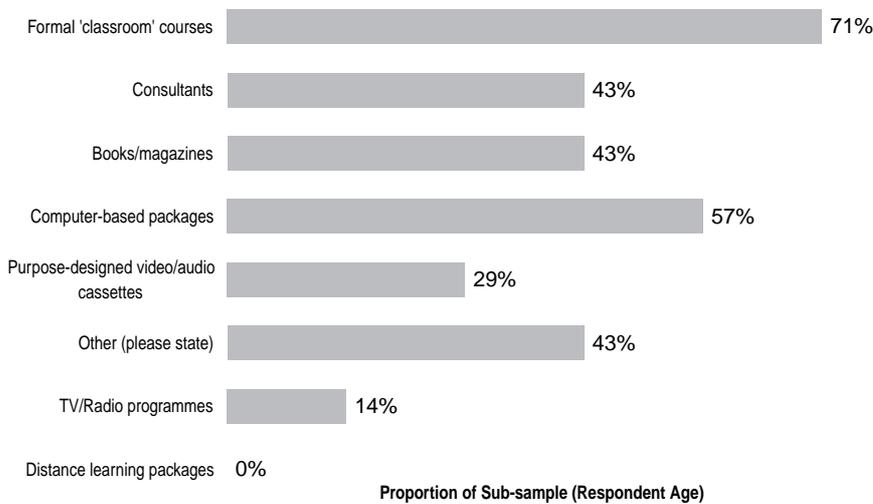


Fig 6 - RECOMMENDED MANAGEMENT LEARNING PROCESSES FOR BUSINESS 'START-UPS': By Respondent Age 25-34 Years



Preferences for other methods/sources included:

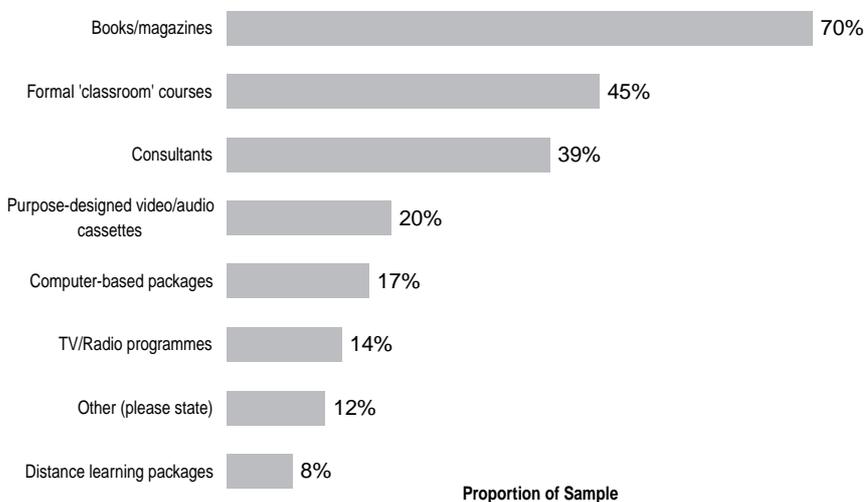
- Deal with issues on site as they happen and learn through experience
- Group discussion
- Internet
- Meeting like-minded business people exchanging experiences
- Mentoring
- Networking
- Other businessmen

- Others in same position
- See the firm's accountant and bank representative
- Self-taught by experience
- Talking to others in the trade
- Trade associations

Some spoke highly of the potential dividends yielded by good management development:

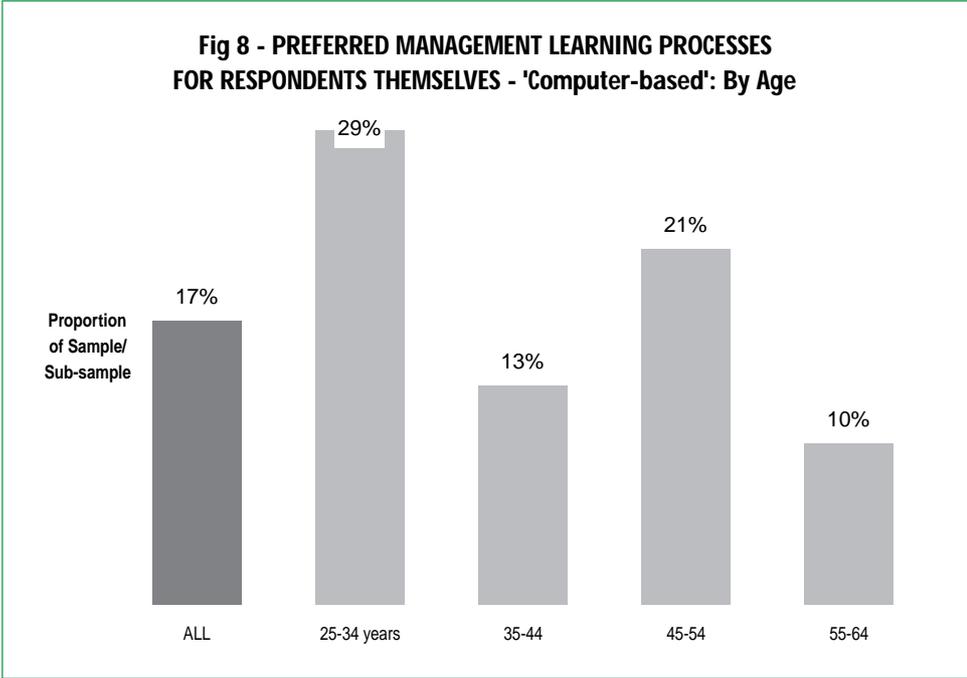
"Management development is

Fig 7 - PREFERRED MANAGEMENT LEARNING PROCESSES FOR RESPONDENTS THEMSELVES



Books/magazines an effective way to deliver material to owner-managers

Nearly half the respondents see IT as a priority for management



essential. It enables managers to accelerate their experience by learning from the successes and mistakes of others. The cost and time needed is always significantly lower than 'learning the hard way'.

word. They are always expensive and generally insufficiently experienced and hands-on."

"You have to learn for yourself through experience. Consultancy companies and agents are useless. It's like the old adage, 'Those who can, do, and those that can't, teach."

Some respondents had harsh comments to make about consultants:

"Our experience with consultants is not good. 'Con' is an apt three-letter

Figure 8 shows here that the current liking for computer-based packages amongst our

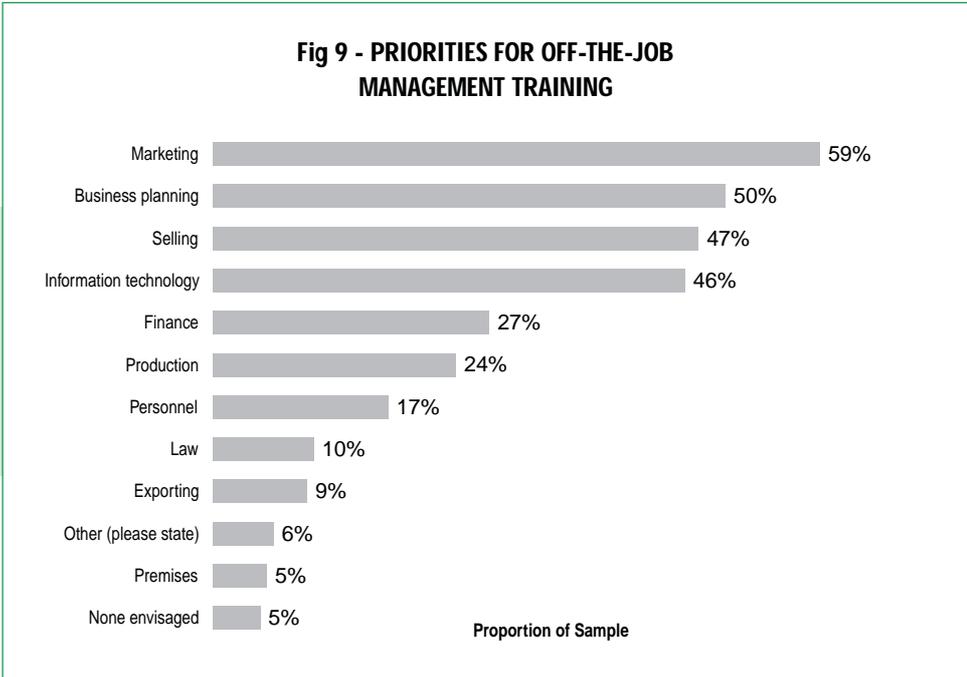
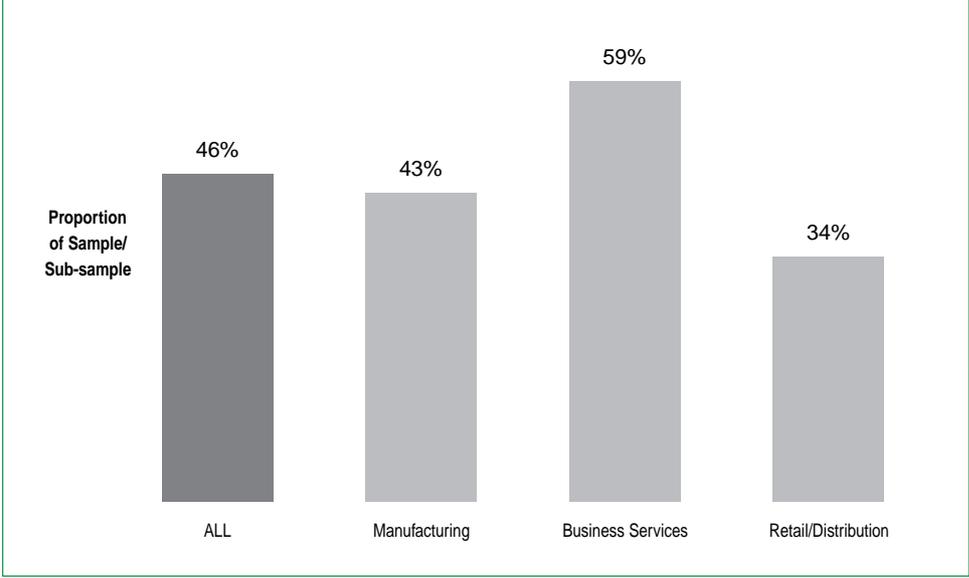


Fig 10 - PRIORITIES FOR OFF-THE-JOB MANAGEMENT TRAINING - 'Information Technology': By Sector



The widest need for management training in IT is felt amongst business services

youngest age grouping (25-34 years) compared with their older counterparts who might have been expected to have had less familiarity with computers.

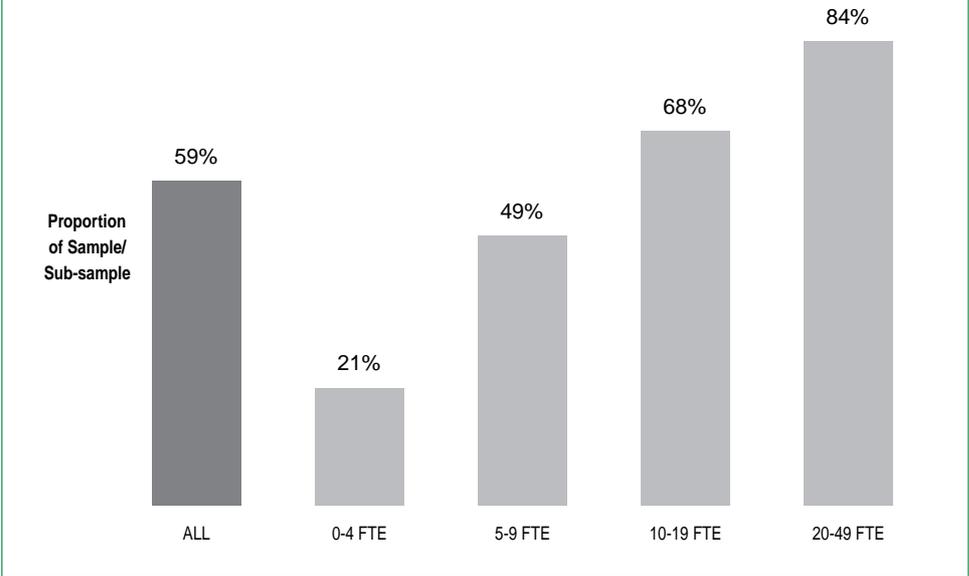
When asked to prioritise areas of current interest in management development, marketing emerged top followed by business planning, selling, information technology then finance (Figure 9).

Other areas identified included:

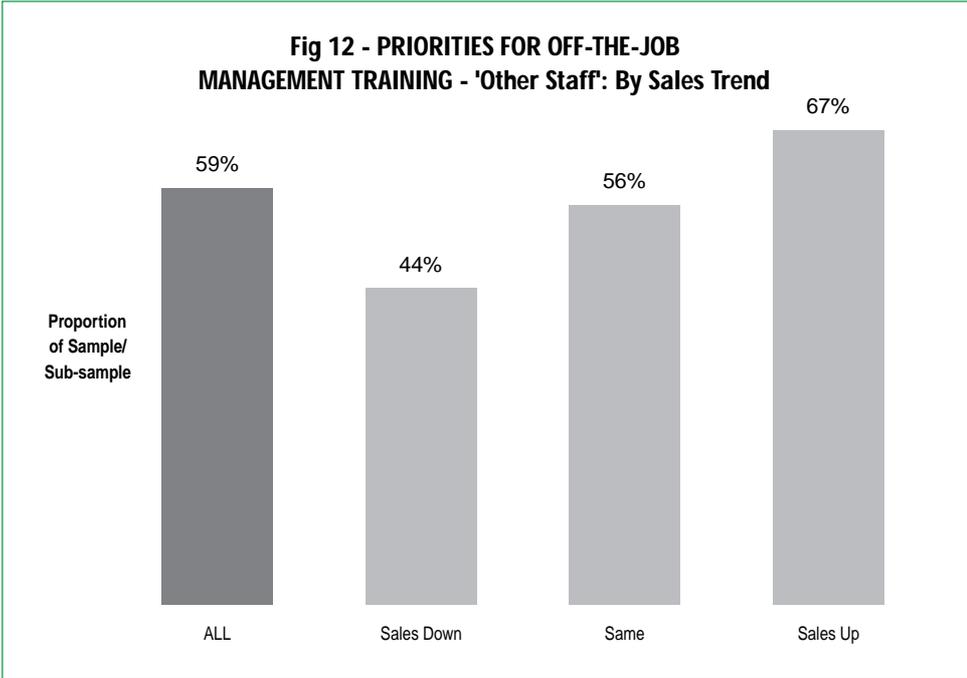
- Change management
- Interpersonal skills
- Leadership
- 'Practical' training with role play
- Shop floor [management]
- Time management

Looking at sector differences here, interest in training in the use of information technology was highest amongst business services respondents and lowest in the retail/distribution sector (Figure 10). One

Fig 11 - PRIORITIES FOR OFF-THE-JOB MANAGEMENT TRAINING - 'Other Staff': By Employee Size



**Lack of time
– not cost –
the biggest
problem**



respondent said:

“Over-computerisation is stifling management development and destroying potential thought and individual ability.”

When questioned on the issue of whether respondent owner-managers themselves or, alternatively, other managers in their businesses, represented the major priority for management development, there were

considerable variations depending upon workforce size (Figure 11) and sales trends (Figure 12).

For instance, in the smallest firms (0-4 workforce size) only 21% said that other managers were the key priority. This figure rose with increasing workforce size until it reached 84% for the 20-49 workforce size. This same trend was repeated when we examined current sales figures. Firms with increasing sales had a 67% likelihood of

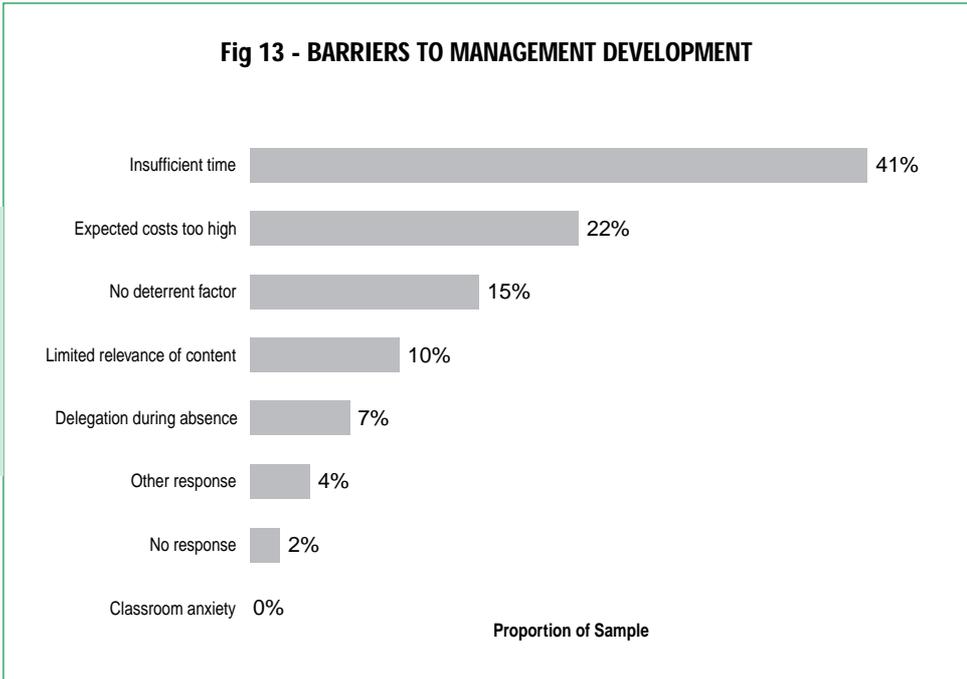
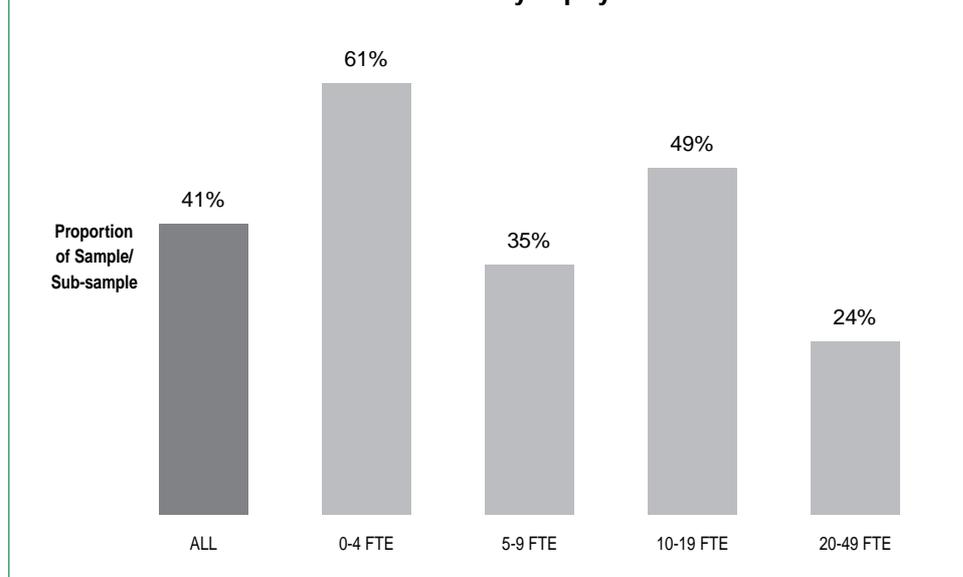


Fig 14 - BARRIERS TO MANAGEMENT DEVELOPMENT
'Insufficient Time': By Employee Size



The smallest businesses – with arguably the greatest need – have least time

prioritising others whilst, for those with falling sales, the figure was only 44%. One said:

“Other individuals don’t believe they need training.”

Insufficient time was the reason most frequently offered for not becoming involved in management development processes, with 41% stating this reason, compared with only 22% claiming costs were too high and 10% questioning relevance (**Figure 13**).

Some respondents felt that the pressures under which they operated simply ruled out any possibility of serious consideration of Management Development:

“For small companies such as ours, it is impossible to give time to management development, particularly in the light of the quantity of regulations, and paperwork generally, which has to be read.”

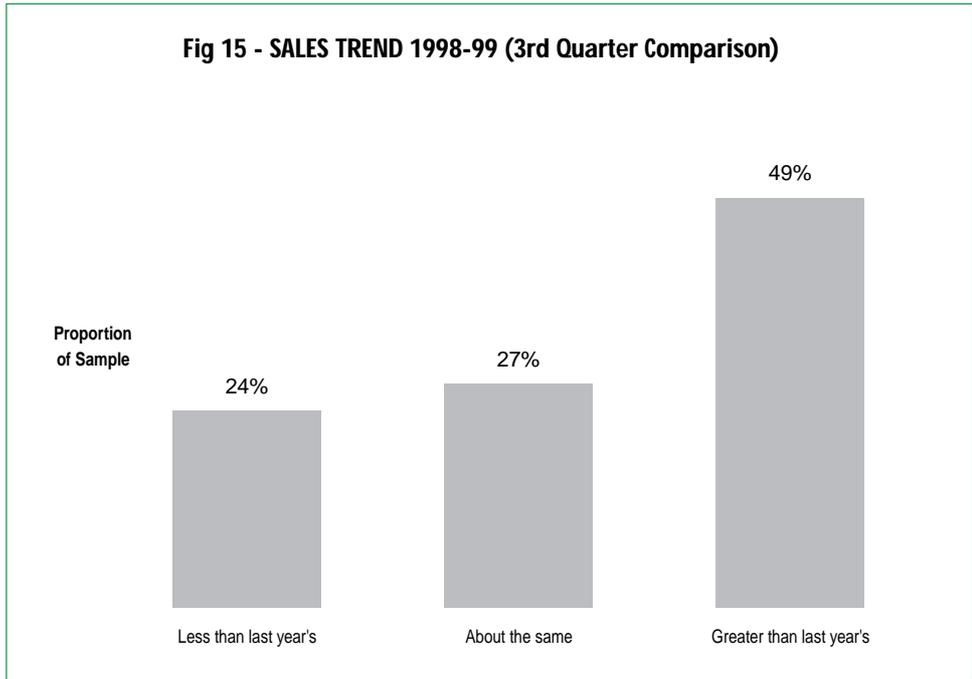
“A small, tightly-run ship has no spare labour in any area and bringing staff to multi-skill levels is a slow process.”

“In my dealings with various clients, it seems to me that there are frequently too few staff available for the efficient running of the departments I am liaising with. The term ‘crisis management’ is often heard. I suspect that more staff equals more available time equals better management development.”

“Some private providers of management training charge very high fees and are of questionable quality. There seems to be no regulation or accreditation. I think that the provision by the higher education sector is not promoted enough - it is good value for money and flexible enough to fit in with workplace commitments.”

“My ‘old-fashioned’ view is that managers emerge from a workforce as the people who bother to learn from experience and are of higher quality than managers manufactured by any other agency.”

On the issue of time scarcity, 61% of our very smallest firms gave this as a reason (0-4 workforce size group), compared with just 24% amongst the largest workforce



size group (20-49 employees) (**Figure 14**).

Finally, on the issue of the buoyancy of the small businesses in our sample, half (49%) claimed to be experiencing higher sales in the 3rd quarter of 1999 than in the similar period in 1998 (**Figure 15**). Interestingly, manufacturing firms had fared slightly better than their counterparts in the retail/distribution sector but the most buoyant sector was business services (**Figure 16**). Firms run by female entrepreneurs did as

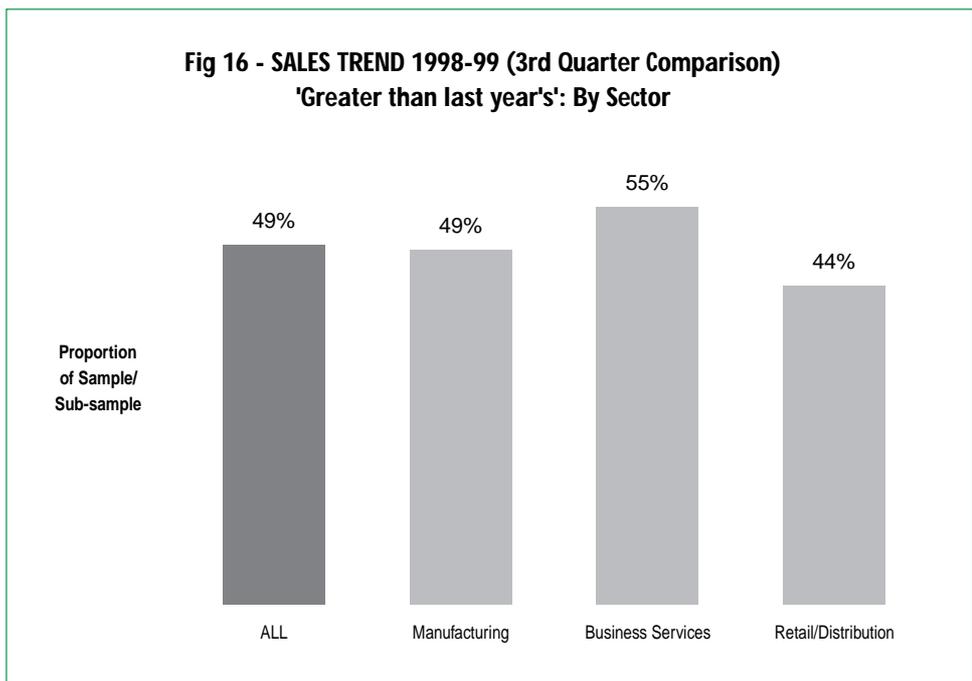
well on these figures as those run by their male counterparts.

RESPONDENTS' COMMENTS

These are shown on the following pages.

**REFERENCES:
MANAGEMENT DEVELOPMENT**

The references below are offered as an aid to readers interested in seeking further



information, much of which is readily available via the Internet (WWW). The coverage is not intended to be definitive, and inclusion here should not necessarily imply either agreement or disagreement with the views expressed via these sources. N.B. Some pages may contain links to other WWW pages offering related material.

- **Institute of Personnel & Development**

Aims: "To advance continuously the management and development of people to the benefit of individuals, employers and the community at large; To be the professional body for those specialising in advancing the management and the development of people, recognised as the leading authority and influence in this field." **Key Facts Sheets** (general guidelines via 'Best Practice' section), including: Age and Employment; Disability and Employment; Employing People with criminal records; Harassment; National minimum wage; Occupational Health and Organisational Effectiveness; On the Job Training; Recruitment; Redundancy; Stress; Team Reward; Working Time Regulations.
<http://www.ipd.co.uk>

- **BBC Education Skills for Work**

"A one-stop-shop for lifelong learning: whether you want Key Skills, employment advice, business and management advice, career guidance, educational qualifications or training to advance your employment situation..."
 WWW Links: Training via:
<http://www.bbc.co.uk/education/workskills/business/index.shtml>

- **Business Info**

"The new web site for Business Schools and SMEs ... up to the minute information on projects and business news, provide updates on government initiatives, link to support materials and systems for SMEs and provide forums for specific and general discussion."

SME Materials Section includes **How**

Business Schools support SMEs and Needs Analysis Tool for Senior and Middle Managers; and in **Training Tools: 'Managing in the Food Processing Industry'** [new site]
<http://www.business-info.org.uk/>

- **TEC Gateway for Training & Enterprise Councils**

<http://www.tec.co.uk/index.html>

- **Business Links** (support body)

"Business Links are open to all businesses great and small and are run by private sector-led partnerships of Training and Enterprise Councils, Chambers of Commerce, Enterprise Agencies, Local Authorities, government and other providers of business support."
<http://www.businesslink.co.uk/>

- **Industrial Society**

"At the Industrial Society we have one fundamental belief: business success goes hand in hand with fair management practices. We are convinced that an organisation's best chance of success is through an effective partnership between employers and employees." Video and other training materials on management and supervision topics.
<http://www.indsoc.co.uk/>

- **The University for Industry**

"A new kind of public-private partnership which will boost the competitiveness of business and the employability of individuals. Working with businesses, education and training providers, and other organisations, it will use modern technologies to make learning available at a time and place to suit the learner - at home, in the workplace and through a national network of learning centres." [new site]
<http://www.dfes.gov.uk/ufi/index.htm>

MANUFACTURING

Building and Joinery	<i>"As the company is only me, therefore [there is] no real need for further training."</i>
Cash Register Ribbons and Stationery	<i>"Learn and make full use of the Internet. If you don't - your competition will !"</i>
Design and Manufacture of Data Loggers	<i>"We have a good local (subsidised) IIP course - monthly - useful in itself and for networking/mutual support. We only wish there other similar courses aimed at established 'small but growing' companies."</i>
Designer & Mfr. of Helmets & Masks	<i>"In our kind of business no amount of classroom lectures given will provide that 'in-business' feeling and understanding of the trade. One best way of self-development is via going through the every-day business ritual, in other words 'working in the kitchen if you want to be a chef'."</i>
Electrical Engineering & Contracting	<i>"Learn as much as you can about business issues even if they appear irrelevant at the time - you never know when you might need the information in the future. You can never know too much !"</i>
Fabrication, Welding, Machining, Special Purpose Machines	<i>"As SMEs grow older, or their founder partners [likewise], too many fail to recognise the need for succession planning and die away - some not slowly !"</i> <i>"We do devote time to off-the-job training of management but can always do more."</i> <i>Q6 'Delivery of Management Training' - [There is] 'No deterrent factor', "But it has taken many years to establish this."</i>
Fireplace Manufacture & Gas Fire Sales	<i>"You have to learn for yourself through experience; consultancy companies and agents are useless. It's like the old adage, 'Those that can, do. Those that can't, teach'."</i>
Hydraulic Cylinders and Power Units for Lift Industry	<i>"There is too much regional variance with regard to funding available for management training. Too many classroom courses being taught by 'failed' businessmen."</i>
Kitchen & Furniture Manufacturers	<i>"Management techniques are only developed through experience which quite often means doing the wrong things to start with. I think therefore that more people who are, or were, involved in industry or commerce should be recruited to guide and help others, especially small businesses."</i>
Lamination of Coasters, Placemats etc.	<i>"For small companies such as ours, it is impossible to give time to management development, particularly in light of the quantity of regulations, and paper generally, which has to be read."</i>
Manufacture Diving Suits	<i>"[Our] Experience with 'consultants' is not good. Con is an apt 3-letter start to the word. Always expensive and generally insufficiently experienced/hands-on. Business Link/Prosper is very good."</i>

MANUFACTURING continued

Manufacturing and Publishing Greetings Cards and Gift Stationery	<i>"[There are] Too many different government agencies. Time [is] spent on 'start-ups' but nothing [is] done to carry firms through to the second stage of development."</i>
Pharmaceuticals	<i>"[There are] Too many fads. People have to understand the basics really well and then adapt them to their own environment."</i>
Powder Filling Machines	<i>"Most managements don't understand/accept the need for it [management development]."</i>
Printing, Graphic Design, Copy Service	<i>"'Consultants' and 'trainers' usually teach theories, which usually have little relevance to running a small business. It is easy to give advice and find the problems, [but] much more difficult to find a workable solution."</i>
Publishing. Trade and Leisure magazines	<i>"To retrain and motivate staff, training is essential. However, 'training' tends to be vocational but most management skills require a grounding in theory - principles - learning."</i>
Steel & Aluminium Fabrications	<i>"There is a shortage of appropriately qualified/experienced personnel available to improve business potential - training gives no instant fix."</i>
Textile Yarns	<i>"A small, tightly-run ship has no spare labour in any area and bringing staff to multi-skill levels is a slow process."</i>

BUSINESS SERVICES

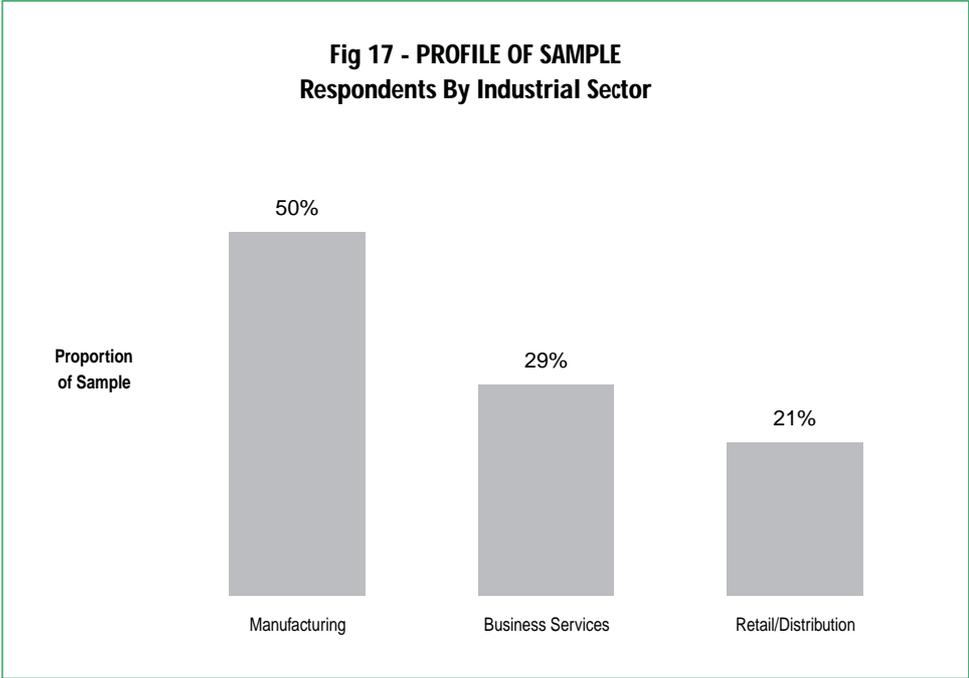
Accountancy, Audit, Tax & Management Consultancy	<i>"Management development is probably one the most important aspects within a small business, however it is often the most neglected because of time constraints imposed on owners and their managers."</i>
Chartered Accountants	<i>"There are far too many owner/managers of businesses who cannot manage and who consequently spend too much time working in the business without proper reward."</i>
Computer Consultancy	<i>"The government should organise ways for small business managers to get together on a regular basis to swap ideas via talks, socialising, demonstrations etc."</i>
Consulting Civil & Structural Engineering	<i>"Easy access to financially assisted training information is very difficult to locate with no single source apparently available."</i>

BUSINESS SERVICES continued

Fluid Dynamics Software	<i>“The essential element of management today is identifying and responding to change in the operating environment. Management development must be about enabling managers to lead change in a continuously accelerating dynamic business environment.”</i>
Implementation & Audit of Quality Standards	<i>“Management development must be equal to experience gained, in that they complement each other. Government agencies could offer continuous development programmes at regular intervals.”</i> <i>‘Delivery of Management Training’ [‘Classroom anxiety’ option] - I hate the institutionalised smell of the classroom.”</i>
International Freight Forwarding Services	<i>“Ongoing training is essential to our business - part of it is a legal requirement. It is at the heart of business success.”</i>
Legal and Debt Recovery Services	<i>“In my dealings with various clients it seems that there are frequently too few staff available for the efficient running of the departments I am liaising with. The term ‘crisis management’ is often heard. I suspect that more staff = more available time = better management development may be true.”</i>
Management Training Courses	<i>“Management development is essential. It enables managers to accelerate their experience by learning from the successes and mistakes of others. The cost and time needed is always significantly lower than ‘learning the hard way’.”</i>
Non-Destructive Testing	<i>“Formal management qualifications are not sufficiently acknowledged in industry. A ‘Chartered Manager’ qualification could help at all levels.</i> <i>Q6 ‘Delivery of Management Training’ (barriers) - Other: individuals don’t believe they need the training.”</i>
Software Development	<i>“Some private providers of management training charge very high fees and are of questionable quality. There seems to be no regulation or accreditation.</i> <i>I think that the provision by the higher education sector is not promoted enough - it is good value for money and flexible enough to fit in with workplace commitments.”</i>

RETAIL AND DISTRIBUTION

Computer System Reseller	<i>"Sadly Business Link, mid-range accountants and bank managers have a poor understanding/fail to contribute."</i>
Domestic Furnishings & Lighting	<i>"Over-computerisation is stifling management development and destroying potential thought and individual ability."</i>
Hardware and Pet Store	<i>"My 'old-fashioned' view is that managers emerge from a workforce as the people who bother to learn from experience and are of higher quality than managers manufactured by any other agency."</i>
Specialised Accessory Equipment to Process Industries	<i>"We suit training to personal and business development needs. Suitability is judged by staff's ability to put what be learnt into practice on the job and within the company."</i>
Suppliers of Woodscrews, Adhesives, Fixings &c.	<i>"It must be in everyone's interest that a 'certificate of competence' be required by all co-directors and proprietors ! Funded by an examination fee !"</i>
Tank Container Haulage	<i>"The transport industry is stagnant due to the high cost of fuel and proposed legislation."</i>
Tool Plant & Equipment Hire, Sales & Repair Service	<i>"If you have a good idea, pursue it - do not give up. 20 years ago I started up in business - what do you know about the 'hire trade' I was asked by my then bank manager. I replied 'nothing' - I had been a manager for Woolworth's for 17 years - he said you get nothing from us. Sold house lived over the shop. I had a wife - 2 children under 12 years old, cat and dog - and an idea. It worked."</i>



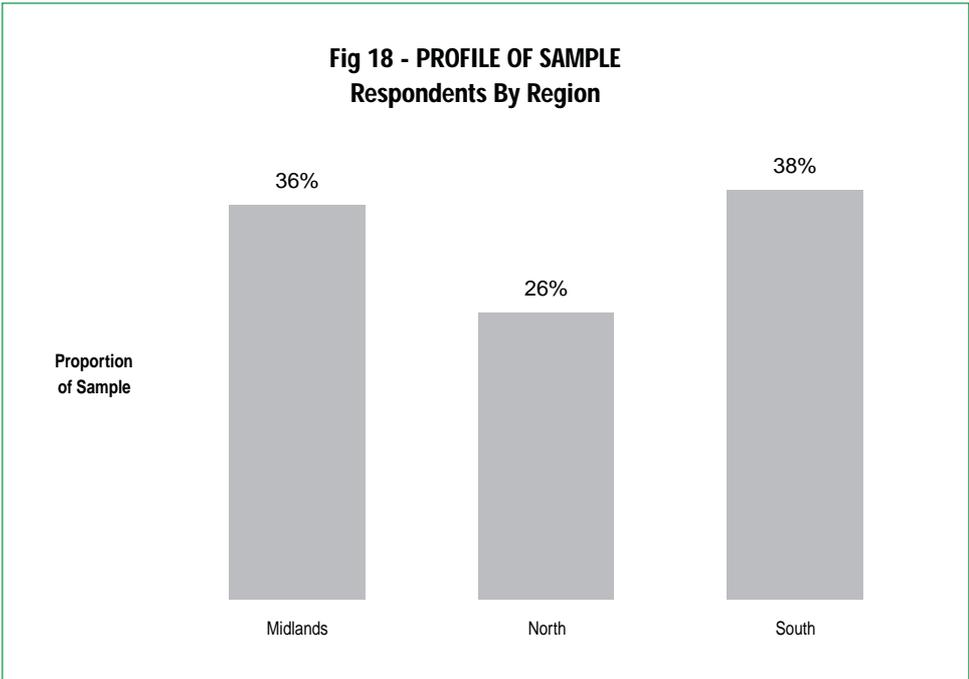
APPENDIX 1 - ADDITIONAL INFORMATION

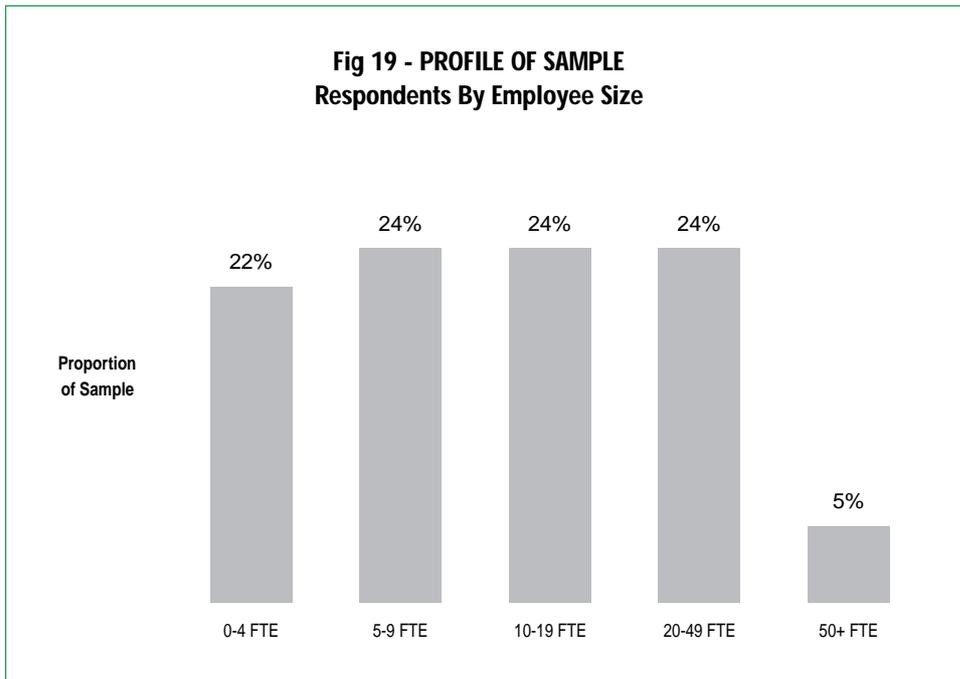
As an aid to the interpretation of the various figures (histograms), we have included some further information about the firms responding to this survey.

The analyses involve key variables, and **industry sector** and **employee size** are those most frequently used as they are reasonably reliable indicators and less

prone to misinterpretation. Other variables have also included **region**, **sales growth**, **respondent age** and **sex**.

Industrial sectors – based on the descriptions supplied by respondents, each firm is coded according to the Standard Industrial Classification (SIC 1980). Firms are then grouped into manufacturing, business services, retail/distribution. From 1996 onwards, firms falling outside these 3 bands – previously classified as ‘other’ –





are now allocated to the foregoing sector which offers the closest match.

Regions - firms are also classified according to their physical location, namely, North, Midlands and the South.

Employee size - finally, firms are placed in bands according to the number of employees. Each part-time employee is assumed to be equivalent to 40 per cent of a full-time employee ('FTE' = full-time equivalent). All of the surveys to date have received only a small number of responses from firms with 50 or more FTE employees. These responses have been **included** in the breakdowns for the **sectoral** and **regional** analyses, but have been **excluded** as a '50+FTE' band in the **employee-size** analyses (the 'All' band in each histogram includes all usable responses regardless). This is because a percentage breakdown band based on just two or three firms may not be representative of this size of business.

Figure axes/scales (histograms) - each figure uses a linear scale, with reference to a common zero axis, e.g. running horizontally across the bottom of each column, as in the figure above.

Distribution of firms

The highest proportion is in manufacturing (50%, previously 47%), followed by business services (29%, see **Figure 17**). Previously, the samples have contained the largest proportion of firms in business services, but the composition has shifted slightly due to the introduction of additional respondents to the sample late 1998, and again, mid-1999.

In this survey, the Midlands region has the largest representation, with 36% of the sample's respondents (see **Figure 18**).

Historically, the manufacturing and business services firms in the samples have tended to be larger, in terms of employees, whereas the firms in retailing/distribution have had fewer full-time equivalent employees. Likewise, the sample has been biased towards smaller businesses, but there has been an increase latterly in the 20-49 FTE firms (**Figure 19**).

As on previous occasions, the sample is predominantly male (80%).

Lloyds TSB

The Small Business Research Trust



**Quarterly Small Business
Management Report No.27**
Sponsored by Lloyds TSB

This questionnaire will take approximately 5-10 minutes to complete – most answers require only a single tick. All information received will be treated in complete confidence. **PLEASE DESPATCH AS SOON AS POSSIBLE.**

MANAGEMENT ISSUE: Management Development

1 a) Please indicate the number of people working in your business (including yourself):
Full-time : _____ A
Part-time (16 hours/wk or less) : _____ B

b) Your age last birthday:
16-24 years A
25-34 B
35-44 C
45-54 D
55-64 E
65 or over F

c) Your gender:
Male M
Female F

2 Business 'start-up' management – In your view, which of the following learning processes are likely to be of greatest benefit to someone setting up and managing a new business:
✓ Against all which apply
Books/magazines..... A
Computer-based packages, e.g. CD-ROM B
Consultants C
Distance learning packages, e.g. Open University . D
Formal 'classroom' courses E
Purpose-designed video/audio cassettes F
TV/Radio programmes G
Other (please state): _____ H

3 Preferred learning methods – Which of the following processes do you personally use when seeking to acquire new management skills and techniques
✓ Against all which apply
Books/magazines..... A
Computer-based packages, e.g. CD-ROM B
Consultants C
Distance learning packages, e.g. Open University . D
Formal 'classroom' courses E
Purpose-designed video/audio cassettes F
TV/Radio programmes G
Other (please state): _____ H

4 Management development – If there was sufficient time to devote to off-the-job management training for anyone in your business, which area/s do you feel would offer the greatest benefit:

✓ Against all which apply

Business planning	<input type="checkbox"/>	A
Exporting	<input type="checkbox"/>	B
Finance	<input type="checkbox"/>	C
Information technology	<input type="checkbox"/>	D
Law	<input type="checkbox"/>	E
Marketing	<input type="checkbox"/>	F
Personnel	<input type="checkbox"/>	G
Premises	<input type="checkbox"/>	H
Production	<input type="checkbox"/>	I
Selling	<input type="checkbox"/>	J
None envisaged	<input type="checkbox"/>	K
Other (please state): _____	<input type="checkbox"/>	L

5 Priority for management training – Which ONE of the following represents the highest priority for such training within your business:

Just ONE ✓ only

Yourself	<input type="checkbox"/>	A
OR Other management staff	<input type="checkbox"/>	B
OR Not applicable, e.g. no need envisaged	<input type="checkbox"/>	C

6 Delivery of management training – Which ONE of the following factors, if any, is most likely to prevent your business from pursuing such training:

Just ONE ✓ only

Expected costs too high	<input type="checkbox"/>	A
OR Insufficient time	<input type="checkbox"/>	B
OR Limited relevance of content	<input type="checkbox"/>	C
OR Classroom anxiety	<input type="checkbox"/>	D
OR Delegation during absence	<input type="checkbox"/>	E
OR No deterrent factor – we shall probably pursue envisaged training	<input type="checkbox"/>	F

7 Sales trend – Compared to the same quarter last year (1998), were your invoiced sales for the 3rd quarter this year, July to September 1999:

Just ONE ✓ only

Greater than last year's	<input type="checkbox"/>	A
OR About the same	<input type="checkbox"/>	B
OR Less than last year's	<input type="checkbox"/>	C

8 'Management Development' – If you have any strong views about the topic, especially if you feel that any aspect is not fully appreciated by important sections of the business community (such as the government help agencies or the financial services sector), then please comment



Lloyds TSB

ISSN 0968 - 6444
M51076

Design by Long Blue Cat
Printed by Regent Graphics