

Aims and Objectives of The Centre for Small & Medium Sized Enterprises

The Centre was established in 1985 under the direction of the late Ian Watson as an integral part of Warwick Business School to undertake research, teaching and training of the highest quality in the area of small and medium sized enterprises.

The premise that the small enterprise is not simply a scaled-down version of a large enterprise is fundamental to the CSME's activities. This means that specialist knowledge, backed up by specialist research into the internal and external environment in which small and medium sized enterprises operate, is required. The Centre's objective is to undertake long-term, leading-edge research on this topic, and to ensure this is closely linked to the interests of the SME sector and to the policy community. It then seeks to disseminate this research and best practice to SMEs themselves and to business support services.



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THE CENTRE FOR SMALL & MEDIUM SIZED ENTERPRISES

REPORT 1999/2000

WARWICK
BUSINESS SCHOOL

at the cutting edge of theory and practice

THE UNIVERSITY OF

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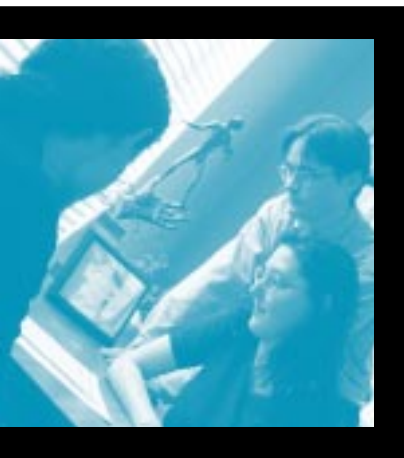
CONTENTS

Director's Foreword	2
Research Portfolio	4
European Observatory for SMEs	4
Economic Impact of Ageing on Start-ups	5
Enterprise Health Check	5
Evaluating the Shell Technology Programme	6
Management Training in SMEs in OECD Countries	6
Midland Productivity Association Fellowship	6
Taxation and Small Business	7
The 'Ten Percenters'	7
The Social Impact of Shell LiveWIRE since 1982	7
West Midlands Business Survey	8
Why Do Most Firms Die Young?	8
World Class Supplier Programme (Accelerate)	8
Dual Training Systems	9
Conference (Funding Gaps Controversies)	10
Doctoral Programme	11
Teaching Portfolio	12
MBA	12
Undergraduate	12
Training Portfolio	13
The Biffa Business School: Certificate and Diploma in Applied Management	14
AEA Technology plc: Diploma in Applied Management	14
Warwick Open Certificate and Diploma in Applied Management	15
Key Manager Development Programme	15
Crown Castle UK - Development Programme	16
Business Growth Programme	16
Business Growth Programme Milton Keynes	17
Grow with Marketing	17
Publications	18
Working Papers	19
Advisory Board	20
CSME Staff	21
School Publications	21



CSME MISSION STATEMENT

TO BE A CENTRE OF THE
HIGHEST INTERNATIONAL
EXCELLENCE IN RESEARCH,
TEACHING AND TRAINING,
IN THE AREA OF SMALL & MEDIUM
SIZED ENTERPRISES



DIRECTOR'S FOREWORD

1999 has been a watershed year. It has seen the departure of three of the Centre's 'famous names'. Shaun de Wolf, Assistant Director of Training, has left to enjoy a well-deserved retirement after being a pillar of the Centre for 12 years. Dr Robert Cressy, Assistant Director of Research, has left to take up a position as Chair of Finance at the University of Hull. He is the second Centre researcher to have moved to a Chair position in consecutive years - Paul Westhead having moved to Stirling in 1998.

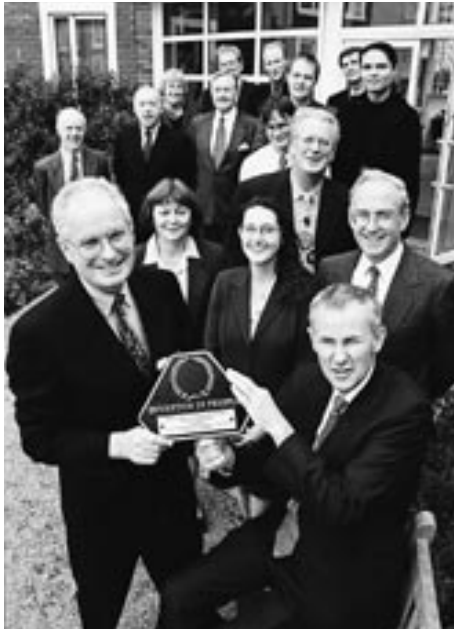
We also saw the departure of Marc Cowling to the post of Director of Research in the Centre for Industrial Strategy at Birmingham University. Both Robert Cressy and Marc Cowling, as internationally respected researchers in this area, are a considerable loss to the Centre, but of course they depart with our best wishes. The contributions of Shaun, Robert and Marc to the Centre have been considerable and I would like to take this opportunity to thank them.

But new appointments have been made. Shaun's role as Assistant Director has been filled by Grier Palmer, one of our Senior Teaching Fellows. Grier has managed all of our programmes for local firms and also worked with all our national clients. He is especially committed to developing relationships with our business alumni and to building a new strategy for our services. We have also appointed two new researchers: Stuart Fraser joined the Centre as the Midland Productivity Association Fellow and Francis Greene joined from Durham University Business School to work on the Shell LiveWIRE project. We welcome Stuart and Francis and hope they will have an enjoyable and productive time here.

1999 saw several important developments on the teaching front. First the Centre contributed for the first time to the joint Law and Business Studies Degree, so that students obtained knowledge, early in their course, about smaller enterprises. Secondly the Centre has begun to develop a cadre of doctoral students: Rafael Lorenzo, Stephen Bushell, and Eileen Roddy are all working in challenging areas. We expect to add to that group in the coming year. Thirdly, and particularly exciting, is that the Centre will make a significant contribution to a new taught Masters in Innovative and Entrepreneurial Management. This degree, initially to be delivered jointly with the Universities of Twente (Netherlands) and Aalborg (Denmark) is due to begin in January 2001.



David Storey saying goodbye to Shaun de Wolf who retired as Assistant Director in October 1999



David Storey, Centre Staff and Associates receiving Investors in People Award from Malcolm Gillespie, Chief Executive of Coventry & Warwickshire Chamber of Commerce, Training and Enterprise

1999 could easily be remembered as the Year of Awards. The major Centre award was its 'Investors in People'. We were delighted to receive this award from Malcolm Gillespie, Chief Executive of Coventry and Warwickshire Chamber, following almost 18 months of preparation. Internally it was 'masterminded' by Shaun de Wolf and Margaret Toozer and all Centre staff, I know, appreciated their contribution. The Investors process has given us better communication between the respective teams in the Centre, the organisation of which I have always described as a three-legged stool: that is we research best practice, then disseminate to students and business people.

From a personal perspective 1999 has been a very special year, since I was granted study leave for nine months. This has enabled me to conduct my own personal academic research, free from administrative burdens. However I have found time to be the recipient of three awards, all of which reflect the support I have personally received over the years from the Centre staff. The first was an Honorary Doctorate from the University of Jönköping in Sweden, whose Business School is an international leader in entrepreneurship. I also received a Fellowship from the Institute of Small Business Affairs and a special award as a 'Supporter of Entrepreneurship' as part of the Ernst & Young Entrepreneur of the Year awards for the Central Region of England.

I am also delighted to report that Grier Palmer was awarded his Warwick University Post Graduate Certificate in Teaching, and Elaine Pollard obtained her Level 4 NVQ in Administration.

The Centre's training activities continued to prosper in 1999 with the development of a Diploma in Applied Management for AEA Technology plc, continuing work with Crown Castle International and Biffa Waste Services plc, together with continued Business Growth and Management Development Programmes. This year will see the major launch of an 'open' Certificate and Diploma in Applied Management, together with the continuation of our other core programmes.

STOP PRESS

• **The University of Warwick has been awarded £1.5 million by the Government under the Science Enterprise Challenge. The funding is designed to enhance 'entrepreneurship' in Universities and, naturally, the CSME is to play a leading role in the development**



David Storey receiving Honorary Doctorate from Prof. B. Hjern, Jönköping International Business School

David Storey
April 2000

RESEARCH PORTFOLIO

European Observatory for SMEs

This research is sponsored by DG XXIII European Commission and is undertaken by the following partner institutions:

Austria	Österreichisches Institut für Gewerbe - und Handelsforschung (IfGH)
Belgium	K.U. Brussel
Denmark	Danish Technological Institute (DTI)
Finland	Small Business Institute, Turku School of Economics and Business Administration
France	APRODI
Germany	Institut für Mittel-stands-forschung
Greece	University of Piraeus
Iceland	National Economic Institute of Iceland
Ireland	ESRI
Italy	Bocconi University
Italy	Instituto Guglielmo Tagliacarne
Liechtenstein	Schweizerisches Institut für gewerbliche Wirtschaft an der Universität St.Gallen
Luxembourg	Chambre des Métiers du Grand-Duché de Lux
Netherlands	EIM
Norway	AGDER Research Foundation
Portugal	IAPMEI
Sweden	NUTEK
Spain	IKEI
Switzerland	Observa Eco'Diagnostic Analyses
United Kingdom	Centre for Small and Medium Sized Enterprises, University of Warwick in conjunction with Leicester Business School De Montfort University

The Observatory continues to provide DG XXIII with an up to date situation report on the SME business sector throughout the Member States, associated countries and Switzerland (E19). This year the Partners to the ENSR (European Network for SME Research) compiled the data for the 6th Annual Report.

Leicester Business School (LBS) collaborates with CSME in the collection and analysis of data for the whole report. LBS act as the liaison point with EIM and conducted the English language unification exercise.

The general objectives of this Sixth Report are:

- To analyse the current and foreseeable performance and behaviour of SMEs in their business environments;
- To analyse the recent and foreseeable impact of the completion of the Internal Market on the performance and behaviour of SMEs;
- To identify the objectives and measures of enterprise policies likely to affect the SME-sector.

The report is divided into five parts. In Part I, the position and development of SMEs is analysed, after which, in Part II, enterprise behaviour in relation to the environment is studied. In this year's report attention is paid to: functioning of markets for products and services, labour market issues, access to finance, e-commerce, access to Community programmes and the role of associations and foundations in the social economy.

Part III deals with enterprise policies, whilst, in Part IV, two in-depth thematic studies are presented: Continuing Vocational Training and SMEs and New Services. In Part V, the performance and behaviour of SMEs are analysed in the framework of the Internal Market.

In 1998, the number of enterprises in the non-primary private sector in Europe-19 grew to almost 20 million, with a positive effect on employment. These enterprises were providing employment for 117 million people. The vast majority of these enterprises are SMEs, enterprises with less than 250 employees, which are responsible for two thirds of total employment. An average European enterprise provides employment for 6 persons. This figure differs with respect to size: an SME provides, on average, employment for four persons, while the average number of employed persons in a large enterprise amounts to 1,000.

A major improvement to the data collection this year was the revised Enterprise Survey, which was expanded to include nearly 8000 enterprises across the E19. The increase in this database allowed better judgements to be made in many sectors. The survey, developed in close collaboration with all Partners, included questions on the ten main chapters of the report.

A further extension of the report this year will be the production of a CD ROM containing not only the 6th Annual Report, but also an overview, country by country, of the definition of SMEs, the national policy, the national organisation for dealing with SMEs, a list of useful contacts in the public and private sectors and bibliographies for each sector (by country).

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Economic Impact of Ageing on Start-ups

This work was undertaken with Marjolein Peters at EIM for the Forward Studies Unit of the European Commission. Consultancy advice was provided by Professor Alan Walker of Sheffield University.

The context for the research was that the European population is expected to grow slightly but then decline. Within this general pattern it is forecast that the proportion of the new population above the age of 60 will rise from 22% in the year 2000 to 27% by the year 2020. This places a 'burden' upon younger working age people who have to support these individuals through pensions paid for in the form of taxes.

One way to 'resolve' this is for older people to work longer. Self-employment/new business formation could be an attractive option to a proportion of older individuals since they can choose, more easily, the extent of their working hours. Currently, however, prime age workers dominate entry into self-employment and new business formation. For example, only 10% of those starting new businesses are 50+ years of age.

The research highlighted the following issues about 'grey' entrepreneurs:

- **Individuals starting their business around the age of 50 have higher survival rates in business than younger workers**
- **These are perhaps three times as high as those in teens and early twenties**
- **Businesses established by older workers exhibit slower rates of growth, in terms of employment and sales, than businesses established by prime age individuals**

The major policy debate is whether 'grey' entrepreneurship should be encouraged by governments in the sense of using public money to stimulate it further. There are four reasons presented in the report for introducing an active policy in this area:

- **Government needs to get as many 'grey' people working as possible to help public finance**
- **'Grey' people need help in starting new businesses because they may lack the technological competence of younger people**
- **'Grey' people provide part time employment and 'additional' wealth creation and so justify encouragement**
- **'Grey' people can provide valuable part time advisory services for young entrepreneurs**

The report also presents four arguments against developing new publicly-funded initiatives in this area:

- **Development of 'grey' entrepreneurship will happen anyway, as a result of economic imperatives**
- **'Grey' people are experienced; they do not need, and will not use, advisory services**
- **If public money is to be used, it would be much better spent on encouraging entrepreneurship amongst young people where there is a bigger potential longer-term impact**



- **Older people run slower growing firms. Hence they should be discouraged, since many of their activities may well displace those undertaken by younger people**

If policy initiatives to promote 'grey' entrepreneurship were introduced, the report favours policies to reduce administrative 'burdens'. These might include increases in VAT thresholds for businesses owned by individuals above the age of 55. Taxation exemptions for modest self-employment earnings by individuals in this age group might also be considered.

There are three areas of uncertainty: Research into the performance of older entrepreneurs is heavily concentrated in a few European countries and it would be valuable to know whether these are typical of the EU as a whole; there is considerable uncertainty about the reasons why businesses established by older entrepreneurs survive better, and it is also not clear to what extent businesses owned by older workers 'displace' or 'crowd out' those of younger or prime age workers

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Enterprise Health Check

Following its hosting of the UK Conference on Small Businesses, the UK Department of Trade and Industry invited EIM to assemble, with the help of national experts, a review of good SME policy practice.

This work, co-ordinated by Koos van Elk of EIM, included a contribution from The Centre for Small & Medium Sized Enterprises, Warwick Business School.

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Evaluating the Shell Technology Programme

The Centre continued its long standing involvement with assessing the impact of the Shell Technology Enterprise Programme (STEP). STEP is an eight week summer placement project for undergraduate students who obtain formal work experience. CSME's David Storey, together with Professor Paul Westhead now at Stirling, have been evaluating its impact upon participants from the 1994 Programme.

Their key result is that, having traced them both in 1995 and 1997, STEP participants were more likely than otherwise similar non-participants to obtain offers of employment shortly after graduation.

In 1999 the Centre undertook more work for Shell in providing case studies of the STEP businesses which, in the intervening years, had grown rapidly. This work was undertaken by Mr. John Roberts, an Associate of the Centre.

The work found:

- **Young people can, with an open mind, creatively solve day to day problems faced by SMEs**
- **Businesses were able to save between £2,000 and £6,000 by using a student as opposed to outside professional consultants**
- **Seven of the nine companies subsequently used a student for vacation work - though not all through STEP**
- **Selection of the students was of paramount importance**
- **Interpersonal skills were vital for SME businesses**

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Management Training in SMEs in OECD Countries

Commissioned by the Government of France, the OECD is undertaking a review of management training in SMEs. David Storey has undertaken a review of the topic for the UK, USA and Canada. Other countries included are Finland, Germany and Japan. The report is to be published in 2001.

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Midland Productivity Association Fellowship

CSME was granted an award from the former Midland Productivity Association to appoint a Research Fellow to undertake research into the factors influencing the performance of SMEs.

Stuart Fraser from Nottingham Trent University was appointed in October 1999 to this Fellowship. Stuart has a Ph.D. in Economics from Warwick

His current interests include :

- **exploring the size distribution of enterprises**
- **factors influencing choice of self-employment**
- **performance of West Midlands SMEs**

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Stuart Fraser

Taxation and Small Business

The Federation of Small Business asked Robert Cressy to undertake a review of tax assistance and compliance in the small business.

The work is to report in 2000 and involved interviews with a random sample of SMEs. In total 1100 interviews have been undertaken in order to estimate the tax and administrative burden which they experience. It is also concerned with the impact which this has upon their performance. Finally, the research is concerned to assess the awareness of such businesses about the availability of government support.

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The 'Ten Percenters'

Since 1996 the Centre has been examining the performance of rapidly growing middle market UK companies. These are defined as those whose sales were between £5m and £10m and grew by at least 30% per annum over a four year period.

The key finding in the analysis of the Ten Percenters two years on is:

- Very few middle market companies experience smooth, yet rapid, year on year growth. A much more frequent pattern is massive spurts followed by fallbacks - some of which are substantial. There is considerable year to year volatility.
- The reason for these huge oscillations is probably the often short-lived surges of demand which can disappear almost as quickly as they arrive. The Managerial skill is to be able to harness and benefit from these, often short-term, movements in demand.
- Two other 'water-based' analogies may be appropriate. Apart from the relatively few Ten Percenters occupying a dominant position in a market niche, most middle market companies lack market power; they cannot set a course by driving through rough waters. The less successful ones are like corks bobbing about in a rough sea - they are pushed and buffeted and as likely to go back as forward.
- The skills which the successful businesses have can be considered analogous to those of a surfer. They recognise there will be surges in demand. Their skill is not to be thrown by a surge coming from an unexpected direction but instead be able to exploit and benefit from the surge, however temporary this may be. They need to constantly scan the sea for signs of the next wave and then plan to take maximum advantage of opportunities it presents. They certainly do not attempt to 'plot a course' which ignores the certainty that a giant wave will arrive.

- The analogy highlights the emphasis which fast growers place upon 'flexibility'. The business has to be totally responsive to market-place changes. Since managers of businesses cannot forecast accurately what will happen next (where the next surge will come from), they have to be braced to respond to it in a highly 'flexible' manner.

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Francis Green

The Social Impact of Shell LiveWIRE Since 1982

Shell LiveWIRE is a programme for young people (sixteen to thirty) who are interested in setting up in business. It offers two types of service:

- An outreach and enquiry service whereby young people can receive a free business pack and the opportunity to have one-to-one support from a business advisor, and
- An annual competition designed to find the best young entrepreneur

Shell UK Limited supports both services, and has asked the Centre for Small and Medium Sized Enterprise to evaluate how important the programme is in helping young people into entrepreneurship. Thus far, the research has been mainly concentrated upon data collection, with a major telephone survey and postal surveys generating a sample of 1,400 young people.

We hope, once the data has been analysed to describe the ways that Shell LiveWIRE supports entrepreneurship and, just as importantly, to present insights into the factors that lie behind the start-up process in new businesses.

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West Midlands Business Survey

Since 1988 David Storey has, in conjunction with Price Waterhouse (now PricewaterhouseCoopers) and Wolverhampton Business School, produced twice yearly, the West Midlands Business Survey. The Survey, comprising about 1000 firms of all sizes, is designed to be an authoritative voice of business trends in the region.

West Midlands businesses were, early in the year, rather pessimistic, but 1999 turned out to be significantly better than many feared. This was less the case for manufacturers than for those in the services and construction sectors, but generally 1999 proved to be a good year with optimism being high for 2000.

During 1999 David Storey was invited to become involved with the East Midlands Business Survey. He will continue that involvement in the year 2000.

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Why Do Most Firms Die Young?

In 1997 Robert Cressy and David Storey were awarded funding under the ESRC Realising our Potential Award (ROPA), to look at why most small firms died young.

The research for this was conducted by Robert Cressy and has been judged to be 'outstanding' by the ESRC. The work is exclusively theoretical but found:

- **Most new firms cease to trade within three years of start-up**
- **This failure rate varies little with macro-economic circumstances**
- **Survival rates are higher in enterprises with better human and financial capital**
- **Survival is generally enhanced by growth, subject to avoiding 'overtrading'**

The purpose of the research is to develop these theoretical concepts into a practical tool for forecasting the success of new start-ups.

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World Class Supplier Programme (Accelerate)

The Accelerate Programme funded by the EU, is designed to enhance the performance of small and medium sized enterprises supplying, primarily to the motor industry in the West Midlands.

An extensive evaluation of the Accelerate Programme has been conducted by Deloitte & Touche in Birmingham. CSME involvement has been from Jon Smith who has visited the SMEs to determine progress, and David Storey who has contributed to the study methodology.

The first report for Accelerate I was submitted in 1999, but Deloitte & Touche have been asked to assess Accelerate II, using a similar, but upgraded, methodology. Jon and David will continue this involvement until 2002.

The new programme again focuses attention on providing support for Midlands based automotive component manufacturing companies, to enable them to implement projects designed to further improve their manufacturing methods. The work involves detailed analysis of information gathered from a series of site visits to a wide cross-section of participating companies.

The companies involved can be either 'stand-alone' or form part of a 'hub and cluster' arrangement, where a larger company acts as the focus for a group of its suppliers. The objective of this is to help improve supply chain relationships and thereby improve performance through joint collaboration.

In addition to evaluating the improvements in operation performance resulting from the initiation, attention is also paid to researching the factors that influence the ability of companies to sustain changes. This includes an investigation into how companies are preparing themselves from a strategic standpoint to compete effectively in what is becoming an increasingly competitive global market.

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Dual Training Systems

The Dual Training survey and analysis study was commissioned by the LEONARDO programme of the European Commission to gain insight into the influence which the institutional set-up, in various European Member States, has on the performance output of dual training systems. The bulk of the work is undertaken by Julian Hancock of De Montfort University, Leicester.

The work, which is on going, is being carried out in six of the Member States with two separate studies taking place in Spain.

Partners:

EIM	Zoetermeer, The Netherlands
CINOP	Den Bosch, The Netherlands Bocconi University, Milan, Italy
BIBB	Berlin, Germany
IKEI	San Sebastian, Spain
CIREM	Barcelona, Spain Turku School of Economics, Turku, Finland
CSME	University of Warwick, in conjunction with Leicester Business School and De Montfort University, UK

The study is focused on the construction industry and in particular on the wood trades.

The initial problem identified by the Partners was the definition of 'Dual training'. Quite clearly there are significant differences in the approach to vocational training or dual training across Europe and this, in itself, is partly due to the institutional set-up. Regional variations were also identified and in the case of Spain, they were so noticeable that two separate studies were necessary.

It was agreed that the study should separately look at the institutional set-up in three distinct strata: Macro or national level, Meso or regional level and Micro or local level.

- **At the macro level the key government departments and private sector bodies were identified. Interviews were undertaken and the relationship between the various organisations was determined.**
- **The Meso or regional level in the United Kingdom was seen to be in a state of considerable change, which will impact on the provision of educational services and the allocation of budgets. Discussions with regional industrial representatives, TECs and a study of the Further Education regional organisations provided the majority of the data at this level.**
- **The local or Micro level was represented by the training providers, usually colleges of Further Education and the individual enterprises in the construction sector. At this level interviews were held within the colleges with staff and students to gain a broad view of the relationship between the institutional set-up and the performance of the training providers and the students.**

An interim report has been produced by EIM and submitted to the European Commission. The Final report is in an advanced stage of preparation.

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FUNDING GAPS CONTROVERSIES CONFERENCE 12-13 APRIL 1999

The Centre was delighted to host an international conference on Funding Gaps, which was an outstanding success. The academic programme for the Conference was organised by Robert Cressy and administered by Debbie Kirton.

It attracted leading academics on small business finance, including Bruce Peterson, Zoltan Acs, David Audretsch, Josh Lerner and Greg Udell from the United States; Bronwyn Hall, David de Meza, Simon Parker and Steve Bond from the UK; Alan Riding and Tom Astebro from Canada, and Dietmar Hartoff and Adriano Giannola from Germany and Italy respectively.

The eighty-seven attendees included not only academic, but also UK and overseas policy makers from governments, the banks, the EU and OECD. We were most grateful for the financial sponsorship from ESRC through the study group organised by David Deakins at Paisley University. Currently Robert Cressy is seeking to obtain a high quality publication outlet for some of the papers presented.

Conference Papers available from

Research Secretary
Telephone (0)24 7652 3692
Email smegh@wbs.warwick.ac.uk



Professor Greg Udell and Professor Robert Cressy



Conference delegates

DOCTORAL PROGRAMME

The Centre is interested in receiving applications from individuals interested in studying for a Ph.D. It is, however, highly selective, favouring candidates with a strong quantitative background in economics or a closely related area. Excellent writing skills are also a pre-requisite.

Currently the Centre has one full-time Doctoral Student, Rafael Lorenzo from Mexico, and two part-time Doctoral Students, Stephen Bushell and Eileen Roddy. These will be supplemented by new students in 2000. Both Stephen and Eileen have formally passed through their WBS first year assessment.

Rafael Lorenzo is from Monterrey Institute of Technology (ITESM) in Mexico. He has been involved with several projects in the small business sector in his native country. He has carried out a consulting programme for micro and small sized business based on peer-exchange learning and problem solving mechanisms. Also, he has participated in the design and development of the Centres for Entrepreneurial Development and Competiveness (similar to Business Links in the UK) and in the Business Clinics programme for SMEs at ITESM.



Rafael Lorenzo



Eileen Roddy

His thesis will examine the provision of microfinance in one emerging economy (Mexico) and one traditional advanced economy (UK). Its aim is to examine the impact of microcredits on enterprise and community development.

Stephen Bushell is a part time student, and is employed by Psion. His research is looking at how director motives and contractual incentives affect company performance. The subject of director remuneration is currently the focus of significant political and company interest. This empirical research examines how director motives such as the need to provide for retirement and job satisfaction, together with contractual incentives such as share options, affect company performance.

Eileen Roddy is a Senior Lecturer at Manchester Metropolitan University. Her research studies the potential impact of graduates upon growth patterns in corporate SMEs. The research proposal was a direct outcome of her experience as Curriculum Development Co-ordinator within the Higher Education Sector.

A key objective of the study is to determine the level of potential 'fit' between graduates (across the many academic disciplines) and companies operating in the SME sector, as a viable and growing area of opportunity for future graduate employment expansion.

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TEACHING PORTFOLIO

The subject of entrepreneurship and small business generates increasing interest amongst all groups of students each year. Without exception, the numbers taking SME related courses continue to rise. CSME is now discussing how its range of teaching, particularly to undergraduates, can be extended in the future.



Undergraduate

Entrepreneurship and Small Business

Because of Stephen Batstone's absence on study leave, this course was managed by David Storey, but a major contribution was made by Graham Beaver and by Nigel Sykes. Their contributions were much appreciated by the students and the course obtained a particularly high score in the student assessment. Stephen resumed responsibility for this course in October 1999, and has developed a substantial amount of new material.

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Starting a Business

This option is now running in its 11th year and continues to be very popular with Mathematics, Engineering, Computer Studies, Biological Science Students, as well as visiting exchange students. The course develops an exciting mix of contributions both in class and through assignments. Cross linkages and informal networks across disciplines are also encouraged through running the programme.

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Law and Business Studies

For the first time in 1999 CSME contributed to the Law and Business Studies Degree. First year students were given an early appreciation of the issues relating to small firms. This course has continued in 2000, since it was found to be a successful combination.

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Postgraduate

Full Time MBA - Entrepreneurship and New Venture Creation

Full Time MBA students recognise the Entrepreneurship and New Venture Creation Option the Centre teaches, as a valuable course which integrates the learning experience of the overall MBA subject area. The course is considered as very appropriate to participants aspiring toward self-employment as a career choice. The course continues to attract over 90% of the MBA cohort, and feedback from participants is very encouraging.

Modular MBA - Entrepreneurship and New Venture Creation

Modular MBA continues to be a favoured route for students. The concentrated week proves a 'life changing experience' as students relate so well to entrepreneurship and to how their individual attributes can be recognised and integrated into a start up, or to a business development situation in their existing business.

Evening MBA - Entrepreneurship and New Venture Creation

The Autumn Term Course 1999 proved to be extremely popular and the positive feedback reflects the growing interest in entrepreneurship and small business development. This is particularly interesting because so many participants are currently employed in larger firms.

Distance Learning MBA - Small Enterprise Management

The DL MBA Option is 'Small Enterprise Management'. It was originally developed in 1988 by Ian Watson, the late Centre Director. The programme has since been managed by Steven Batstone, and currently by Nigel Sykes. Although modifications and updates have been undertaken, the 'product' has now been comprehensively revised to reflect current small business and research issues. We are extremely grateful to Professor Graham Beaver of Nottingham Trent University Business School and Associate of the Centre, who has undertaken this task.

For further Information on The Centre's MBA Options, please contact:

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TRAINING PORTFOLIO

The training wing of the Centre works principally with growth-minded owners and organisations needing pro-active and intrapreneurial managers. Our emphasis is on training, coaching and counselling practical application of winning ideas and techniques. 1999/2000 gives evidence of both continuity and new developments.



Grier Palmer

A key strength our customers tell us, is the CSME team of trainers and business counsellors who combine 'hands on' experience of business with a commitment to expanding the boundaries of best practice. We aim to help firms grow, and also develop their key people, primarily through the comprehensive and work-based programmes we organise.

During the year 2000 we will launch two Warwick University qualifications: **Certificate and Diploma in Applied Management**, available on an open basis. These programmes will combine the quality of Warwick learning with practical project application, helped by the stimulus of contributions from a cross section of managers from different firms and sectors.

These new courses build on the successful in-house specialised programmes we run for corporate firms like Biffa Waste Services Limited, AEA Technology plc and Crown Castle International. All three firms share similar goals of encouraging managers to make a bigger contribution to their business unit's performance and the overall results. Fortis Bank, one of Europe's leading banking and insurance groups, joined our Alumni with their launch of their MEC-NOB European Programme, to which we are contributing.

The interchange of ideas and best enterprise practice remains the core of our work for entrepreneurs, owner managers and growth minded firms. Our collaboration with the Chamber/Business Links at both Coventry & Warwickshire and Milton Keynes, will continue within the new strategies emerging for the new Small Business Service and its franchisees, and also the RDAs, in particular Advantage West Midlands. Apart from the highly evaluated flagship programmes, **Business Growth** and **Key Manager Development**, the Centre will re-launch its modular programme as **Key Business Skills**.



A meeting of the Centre's Associates and Trainers

An exciting development in 1999 was the work by myself and Margi Levy from the Business School's IT/Information Systems Group, helping local firms to perform and compete better with IT. This has led to the set up of an **e-network** of firms and individuals starting, developing or supplying e-business.

Workshops are being run on e-commerce and e-marketing, combining research, case studies and ideas of local e-minded businesses. This subject will form part of the new **Key Business Skills** modular portfolio, as well as being integrated into the Centre's core programmes.

The Centre has been aiming to help local professionals through its Professional Development Programme (now **Key Business Skills**). This part of our mission is growing strongly with our relations with the **Chartered Institute of Marketing (CIM)**, with whom we have run several events. The annual CPD Workshop for the four Midlands Branches centred on 'innovation', and three local entrepreneurs led a lively seminar session. Another success has been the **Grow with Marketing** programme of workshops for the Marketing Council and the Business Links National Council. This help for business support organisations is another part of our mission towards SMEs, and we aim to increase this work as the Department of Trade and Industry prepares to launch the new **Small Business Service**.

Finally, we are working to complement our Warwick based programmes with Distance Training. One initial new product is the **Educare Plus** paper-based learning programme for junior managers, team leaders and supervisors, produced in liaison with the local Chamber and De Brus Marketing. Another project is the Centre's own Skillscan which we have converted to a PC format and are using on all our corporate and qualification programmes.

Additionally, our team of trainers and associates are writing a new Warwick series with a major publisher, aimed at helping, with the best practical advice, individuals planning start ups, entrepreneurs and growth minded managers.

For further information please contact:

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The Biffa Business School: Certificate and Diploma in Applied Management

Biffa Waste Services Limited is a very successful company operating in the waste management sector. The company has recognised that an important factor contributing to its growth is continued investment in the professional development of its managers. This investment has continued with the Biffa Business School now in its third year, offering training to both its UK and Belgian managers.

The second Diploma in Applied Management Programme for Biffa, started in January 1999 and is due for completion in May 2000. January 1999 also saw the start of the third Certificate in Applied Management. This was successfully completed at the end of the year, with five managers progressing to the third Diploma in Applied Management which commenced January 2000.

The emphasis in both programmes is on the application of the knowledge and skills gained. In this respect, the programmes have been very successful. Changes have been made to the programme content this year to provide a greater focus on customer service, innovation and creativity. These were introduced to address the needs of the company.

The programmes have been very well received, not just by the company, but by the participating managers. Applying knowledge and skills to the work role is a challenge which the participants have met. Their views of the programme can be summed up by their comments:

- **"I feel through completing the Certificate in Applied Management that I have met all the objectives and priorities I listed before the course started. There have been a number of areas which I have found especially useful, and will be able to continue using through my working time."**
- **"I have found all the assignments to be beneficial in the workplace, as there is something in all of them that even if not directly linked, the theory can be applied or adapted to be of benefit."**

All the participants on both programmes have demonstrated much greater confidence in their own capabilities, and the ability to capitalise on the benefits of working together in teams, often crossing boundaries that would previously have presented real obstacles.

For further information on the Biffa Business School Diploma or Certificate in Applied Management, please contact:

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AEA Technology plc: Diploma in Applied Management

Sixteen young managers from AEA Technology plc, will complete the Centre's Diploma in Applied Management in June 2000, after completing an eighteen month programme.

The Centre's brief from AEA Technology was to provide a practical management foundation course, which had a number of central themes running through the core syllabus.

These are

- **Entrepreneurship**
- **Customer Focus**
- **Leadership**
- **Creativity**

It is a tough thorough-going programme. Each student has to complete nine assignments, a large business-based project, a personal learning portfolio and eight three-day residential workshops. The central themes above ensure that the whole training programme is in line with the Company's strategy for organic growth. In the words of AEA's Chief Executive, Dr. Peter Watson, "I want these young managers to be able to start new businesses for us".

In addition the programme explored the triangular training relationship which must exist between the Centre, the participants, and their line managers. Three-way review meetings are a vital feature of the programme.

The second AEA Technology cohort commenced work in January 2000, initiating a powerful network of 'switched-on' young managers across businesses and disciplines within the company. The Diploma in Applied Management will create a cadre of technical specialists who have the vision to exercise their skills as leaders of teams and developers of business.

For further information please contact:

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1999/2000 Diploma Students

Warwick Open Certificate and Diploma in Applied Management

This is a qualification in practical management and entrepreneurship. It is especially designed for technical specialists who are in or moving into management roles; for young managers in the early stages of their careers; for managers with experience who need to update and revitalise their skills; and managers in SMEs who need to build up a practical foundation in management techniques and ideas.

Benefits to the Sponsoring Company

- A more effective and enterprising manager
- Major work-based project increases turnover and/or profits
- Skills and spirit of the entrepreneur linked to strategies
- Three-way training relations - to support applications to the business
- Consolidates and refreshes earlier training - a real return on the investment
- Brings 'best practice' into the firm
- Work-based assignments give fast payback

Benefits to the Manager

- Enhance skills in leadership, managing people, strategy and planning financial management, service delivery, influencing skills, marketing new products, winning new business, e-business, project management
- Learning new models of management and putting them into practice
- Acquiring a recognised business qualification from a top university
- Involving the sponsors in the training through active 'three-way' relationship which helps the managers to practise what they learn

The Diploma consists of six key aspects:

- Focus on effective leadership, enterprise and the customer
- Work-based assignments and projects
- A broad management education
- Informal residential workshops with experienced tutors who have 'been there'
- Eight three-day workshops in an 18 month programme starting in October 2000
- Held at one of Warwick University's residential teaching centres

For further information about the new Certificate and/or Diploma in Applied Management please contact:

Grier Palmer
Telephone (0)24 7652 3671
Email smegp@wbs.warwick.ac.uk

or Andrew Hardwick
Telephone (0)24 7652 2935
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Key Manager Development Programme & Syndicate Group

Key Manager Development Programme

We have re-named our Management Development Programme to reflect the key roles taken by the managers in their companies. Effective management development is more than just the provision of refresher modules to improve skills. Our objective is to link the learning on the programme to the growth strategy of the individual business.

There are two ways of doing this that really work :

The participant undertakes a project in their workplace which both improves the performance of the business and simultaneously enhances confidence and competence in the manager. This needs the support of the line manager or the owner/manager.

Through the mutual support, challenge and advice given at syndicate group meetings. These groups facilitated by a Centre tutor, are held at a participant's premises between the taught workshops. In this action learning group, issues of strategy and implementation are tackled with a vigorous objective perspective. Plans and actions agreed with peers are always followed through.

For further information please contact:

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Crown Alumni at 3G Showcase

Crown Castle UK - Development Programme

Crown Castle International Corporation's UK subsidiary (previously Castle Transmission) provides the infrastructure and services to major communication companies like the BBC or One-2-One. Crown's world class technical skills and knowledge have been demonstrated in its launch of Digital Television for the BBC, and now as a front-runner to supply the Third Generation telecommunications companies. As part of a new entrepreneurial company with global ambition, the UK's Management Board recognised the urgent business need to develop rapidly new skills in its middle management cadre, and encourage a more pro-active approach in the business units.

Following a pilot workshop with the Directors in December 1998, the Crown Castle Development Programme was launched. The fifth programme started in February 2000 and to date, sixty-eight managers have participated. Two business aims were to help managers understand the new strategy and the market orientation, plus be aware of the inter-dependence of the different functions and units in the company. Additionally, course members were coached in increased Personal Effectiveness, both in planning and implementing their own personal development, and also in improved use of inter-personal skills.

The first three cohorts have been presenting their analysis and ideas for operations improvements to the Chief Officer, which have been communicated onwards to the Corporate Executive in the US. Additionally, a Management Forum has been launched in Crown Castle UK to share and sustain the initiatives and changes emerging from the respective programmes. Warwick experts will be guesting at these sessions to keep up the flow of new ideas and best practice.

In parallel with the Development Programme, in 1999 the Centre ran a series of cross company workshops for over one hundred staff. These workshops were used to communicate to the staff, and also back to the Directors, on the key issues of the corporate strategy, inter-relationships across the organisation, and the new Crown pro-active culture. The Centre's co-trainers Robert Craven and Grier Palmer, also led sessions at the company's annual conference on 'Change, Customers and Crown Castle', using Warwick research on high growth firms and entrepreneurship.

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Business Growth Programme

The Business Growth Programme is a flagship programme for the Centre, supported by the Coventry & Warwickshire Chamber's Business Link. The programme aims over one year of workshops, syndicate and individual coaching sessions, to help owner managers prepare themselves and their firms for the next phase. This could be:

- geographical or product expansion
- improved/more profitable operations
- developing key managers or a team

The programme in 1999 tackled a variety of company and personal issues. A frequent theme is the challenge facing family owned firms. This group included succession candidates who needed to prepare themselves for a larger role. Other owners examined and planned how to progress equally complex issues of how best to develop a shared ownership relation. Manufacturing was well represented, and the external issues arising from the strong pound and the impact on the West Midland's economy were tackled both in terms of strategy and short term finance.

The programme is integrated by a project specific to each owner and firm. One company gained a better understanding of marketing, and developed a brand new concept and logo. Another examined the diversification options arising from the explosion of demand for e-commerce based on IT systems. Nearly all introduced into the management of their firms the use of a strategic 'scorecard' to help focus their organisation on the key indicators.

The inter-change of ideas and experiences, plus the support to each other, are two elements most highly valued by programme participants. Syndicate meetings continue after the programme has officially ended, which illustrate one way the Centre's alumni or network can help sustain progress and support. Another opportunity taken up by the majority of Growth members is to cascade through the firm key skills and techniques: director candidates, newly appointed managers or team leaders have been placed on other Centre development and training programmes in order to accelerate the firm's progress. Additionally, several firms have used the consultancy/research projects offered by the Business School - the MBA review of a firm is especially popular.

The Centre has participated fully in the local Chamber's partnership development of proposals for the new Small Business Service. Reciprocally, the local Business Link's team of PBAs is taking a more forward role in assisting the programme, which fits with the strategic goal of identifying and supporting growth minded firms. In 2000 new support for owners on previous programmes will be launched in the new **Key Business Skills** portfolio of workshops and coaching.

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Business Growth Programme Milton Keynes

The Business Growth Programme based at Milton Keynes is an exciting new joint venture with Milton Keynes and North Bucks Business Link. The programme has been extensively and successfully marketed to SMEs in the Milton Keynes area by the Business Link, and especially by the Personal Business Advisors. Funding support has been provided from the European Social Fund.

The taught components of the programme have been designed and managed by the CSME, with the PBAs delivering one-to-one advice and syndicate group facilitation.

One of the many positive features of the programme is the way in which the owner/managers learn together and change the way they manage their businesses. All are in successful enterprises but recognise that for further success, changes and improvements have to be embraced, and they have to take the lead in these changes.

This is an appropriate moment to record our appreciation of the commitment and creativity brought to the programme by the PBAs. They attend every taught seminar and run stimulating syndicate groups and individual counselling sessions. This joint venture is a really successful innovation in training and development, as can be proved by the way the first programme has been followed seamlessly by a second.

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Grow with Marketing

In 1998, The Centre for Small & Medium Sized Enterprises and The Marketing Council, partnered nine Business Links in a programme designed to develop 'marketing champions'. The aim was:

- To have a 'marketing champion' in each Business Link who would be the focus and stimulus of good marketing practice within the Business Link and
- Who would ensure that sound marketing skills were transferred to all SME clients

The project created so much interest last year, that thirty Business Links, from all parts of the country, participated in a series of training days. The needs of well-skilled and experienced advisors, together with those with more basic marketing experience, were addressed. In the words of one champion, "It was like doing an advanced driving course".

Regional groups of champions were set up to continue discussions and to study different aspects of the programme between training days.

The Chartered Institute of Marketing agreed to endorse the programme, as a contribution towards the continued professional development requirement of each individual champion.

The training sessions on e-commerce were well received and demonstrated the need for e-commerce skills to be developed by SMEs of all sizes and in all business sectors.

At the end of the programme, a website was designed to launch a unique marketing 'toolkit' to be used by the champions when helping SME clients.

The Grow with Marketing Programme will become even more important this year with the introduction of the Small Business Service and the restructuring of the Business Link network.

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Don McPhie, Programme Manager

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- 1 'The Characteristics of Young Companies quoted on the Unlisted Securities Market', H. Stoddart and D.J. Storey.
- 2 'Funeral Directors', D.J. Storey and S. Marlow.
- 3 'Entrepreneurial Reputation and Social Capital', S. Batstone.
- 4 'Births, Deaths and Turbulence in England and Wales', S. Batstone and E. Mansfield.
- 5 'Cost of Capital and Market Power: The Effect of Size Dispersion and Entry Barriers in Market Equilibrium', R. Cressy.
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- 10 'The Effect of Labour Market Discrimination on Women's Expectations of Self-Employment', S. Marlow and Adam Strange.
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- 47 'Job Creation and the Self-Employed', Marc Cowling, Peter Mitchell and Mark Taylor

WORKING PAPERS

48 *'The Impact of Board Director Education, Training and Development on the Performance of Middle Market Firms in the UK'*, Elizabeth Amos, Jane Spiller, David Storey and Richard Wade

49 *'Entrepreneurial Women and Men: Two Different Species?'*, Marc Cowling, Mark Taylor and Peter Mitchell

50 *'The Determination of Bank Small Business Loan Premia in the UK'*, Marc Cowling

51 *'The Incidence of Loan Collateralisation in Small Business Lending Contracts'*, Marc Cowling

52 *'Small Business Loan Requests: Who Gets the Cash?'*, Marc Cowling

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54 *'Public Financing Initiatives for Promoting Smaller Firms: Predicting Defaults and Hazard Rates on the UK Small Firms Loans Guarantee Scheme'*, Marc Cowling and Peter Mitchell

55 *'The Performance of JASDAQ Companies and Venture Capital Investment: Before and After Flotation'*, Kenji Kutsuna and Marc Cowling

56 *'The Entrepreneurial Society'*, Marc Cowling

57 *'Entrepreneurial Ability and the Size Distribution of Firms'*, Marc Taylor and Marc Cowling

58 *'Estimating the Impact of Publicly Subsidised Advisory Services upon Small Firm Performance: The Case of the DTI Marketing Initiative'*, Colin Wren and David Storey

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61 *'The Extent and Determination of PRP Systems in Scandanavian Countries'*, Marc Cowling

62 *'Performance Related Pay in Southern Europe'*, Marc Cowling

63 *'Fixed Wages or Productivity Pay: Evidence from Fifteen EU Countries'*, Marc Cowling

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67 *'The Management of Newly Registered JASDAQ Firms'*, Marc Cowling and Kozo Yamada

68 *'Discouraged Borrowers: A Study of Micro and Small Businesses in Trinidad and Tobago'*, David Storey

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David Brown
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Tim Hart
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David Rowe
 Director, Warwick Science Park

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SCHOOL PUBLICATIONS

General

Warwick Business School Profile
Academic and Research Staff List

MBA and Post-Experience Programmes

The Warwick Full-time MBA
The Warwick MBA by Evening Study
The Warwick MBA by Distance Learning
The Warwick MBA by Modular Study
The Warwick MPA - Master in Public Administration
Executive Development: Tailor-made Solutions for Organisations

Specialist Masters Programmes

The Warwick MSc in Economics and Finance
The Warwick MSc in Financial Mathematics
The Warwick MSc in Management Science and Operational Research
The Warwick MA in Industrial Relations
The Warwick MA in European Industrial Relations
The Warwick MA in Organisation Studies

Research Degrees

The Warwick Doctoral Programme

Undergraduate Programmes

The Warwick BSc in Accounting and Finance
The Warwick BSc in Management Sciences
The Warwick BSc in International Business

Research

Research at Warwick Business School
The Warwick 'Hot Topics' Series