



Executive Summary

This report presents findings from a systematic review of evaluations of business information, advice and mentoring programmes ('business advice') aimed at improving business growth and other outcomes. It is the second of a series of reviews that will be produced by the What Works Centre for Local Economic Growth.

The review considered almost **700** policy evaluations and evidence reviews from the UK and other OECD countries.

It found **23** impact evaluations that met the Centre's minimum standards. This is a smaller evidence base than for our reviews on employment training, sport and culture, and area based initiatives, although it is larger than the evidence base for broadband and similar in size to our reviews of transport, estate renewal and apprenticeships. It is a very small base relative to that available for some other policy areas (e.g. medicine, aspects of international development, education and social policy).

Overall, of the 23 evaluations reviewed, 14 found positive programme impacts on at least one business outcome. Five evaluations found that business advice didn't work (had no statistically significant effects on any outcomes) and the remaining studies report largely mixed findings across various outcomes.

We included 'business advice' programmes which:

- ✓ Support individuals to set up their own businesses
 - ✓ Support existing businesses to grow
 - ✗ excluding financial support and access to finance schemes (we will address this topic in a future review)
 - ✗ excluding incubator programmes (due to a lack of evidence on their impact)
-

Approach

This review considers the effectiveness of business advice in improving firm performance (in terms of productivity, employment and other performance measures)

Figure 1: Methodology

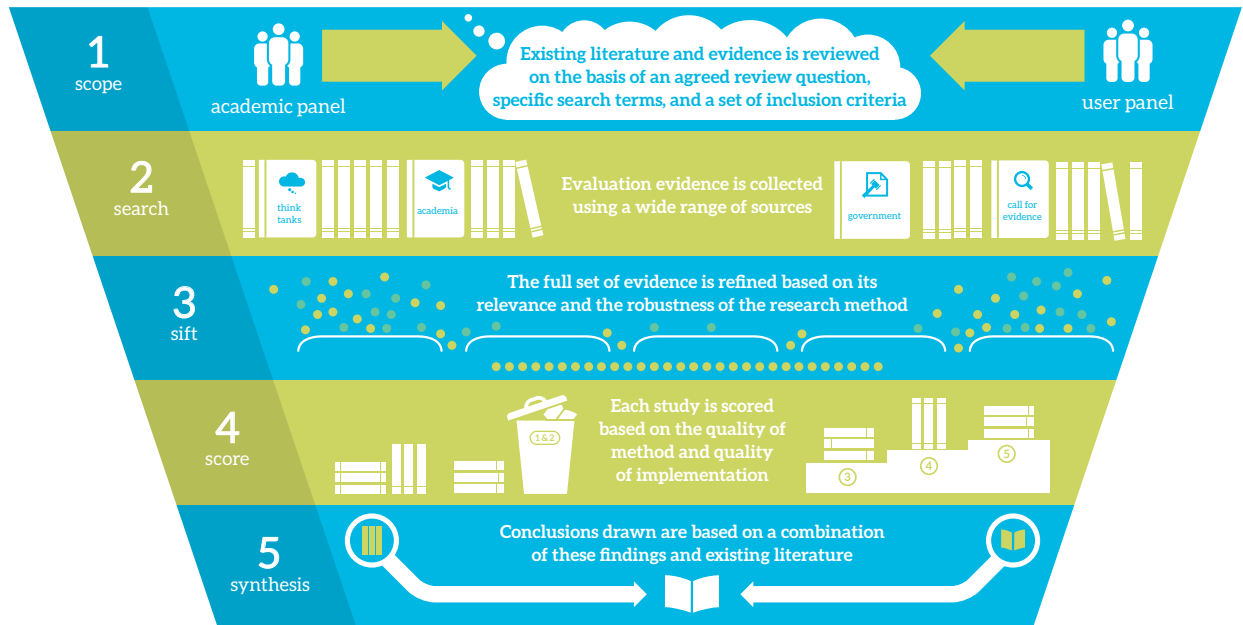
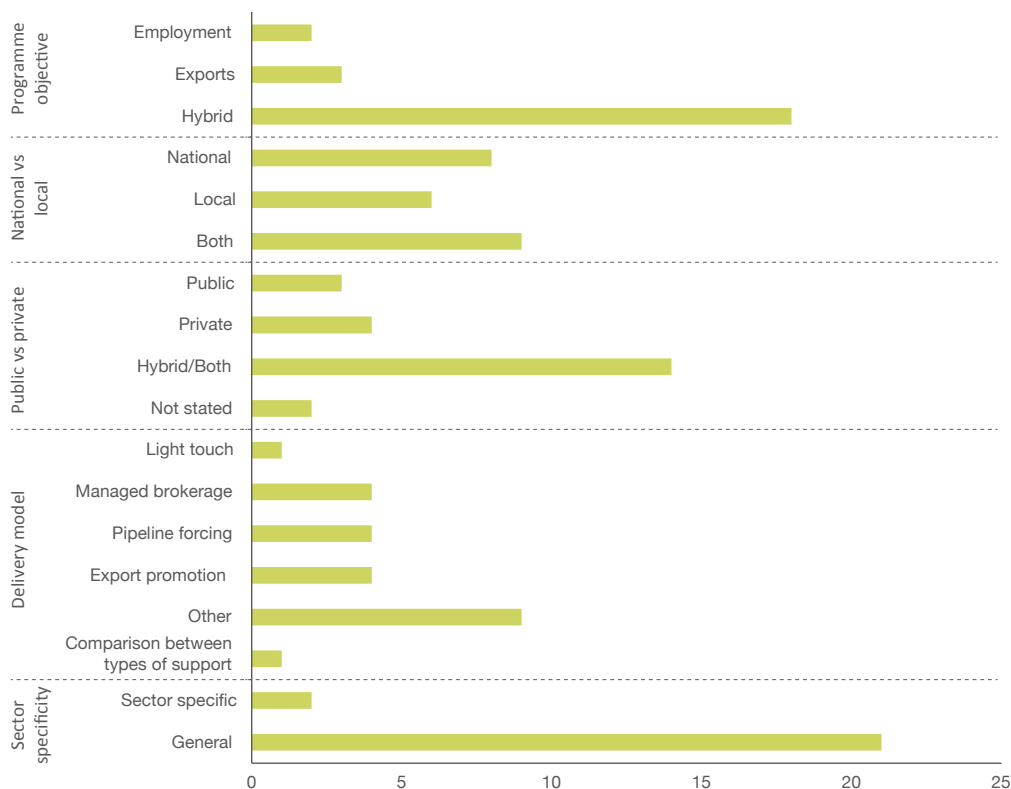


Figure 2 provides a summary of the number of evaluations that look at different programme features:

Figure 2: Number of evaluations by programme feature and context



Findings

What the evidence shows

- Business advice had a positive impact on at least one business outcome in 14 out of 23 evaluations.
- Business advice programmes show somewhat better results for sales than they do for employment and productivity, but results are generally mixed.
- Programmes which used a hands-on, ‘managed brokerage’ approach may perform better than those using a light touch approach (although this conclusion is based on only one comparison study). Taken at face value, this suggests that a strong relationship and a high level of trust between advisor and client may be important to the delivery of positive programme outcomes. It is not clear, however, which of these two approaches is more cost-effective.

Where the evidence is inconclusive

- In most cases, programmes had vague or multiple objectives, which makes measuring success difficult.
- We find no strong differences in results between programmes with multiple objectives and programmes with more focused objectives.
- We found no evidence that would suggest one level of delivery – national or local – is more effective than another.
- It is difficult to reach any conclusions about the effectiveness of public-led vs. private-led delivery.
- Overall, it is difficult to reach any strong conclusions on the link between specific programme features and better firm outcomes.

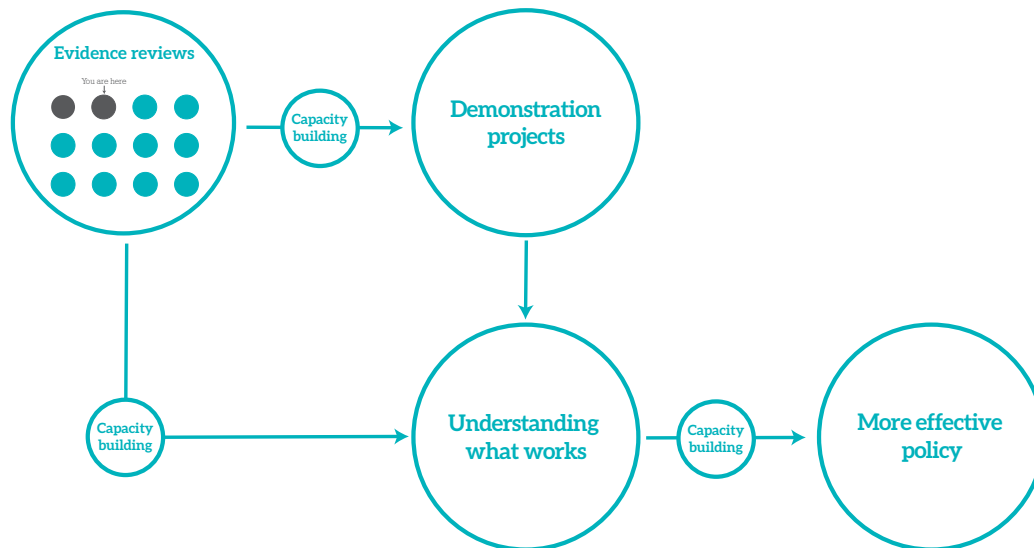
Where there is a lack of evidence:

- There is insufficient evidence to establish the effectiveness of sector specific programmes compared to more general programmes.
- We found no high quality impact evaluations that explicitly look at the outcomes for female-headed or BME businesses.
- We found two high-quality evaluations of programmes aimed at incubating start-ups. Both programmes were targeted at unemployed people and show mixed results overall. However, there is a lack of impact evaluation for Dragons’ Den-type accelerator programmes that aim to launch high-growth businesses and involve competitive entry.

How to use these reviews

The Centre's reviews consider a specific type of evidence, impact evaluation, which seeks to understand the causal effect of policy interventions, and to establish their cost-effectiveness. In the longer term, the Centre will produce a range of evidence reviews that will help local decision makers decide the broad policy areas on which to spend limited resources. Figure 3 below illustrates how the reviews relate to the other work streams of the Centre.

Figure 3: What Works Centre work programme



Supporting and complementing local knowledge

The evidence review sets out a number of ‘Best Bets’ – approaches to business advice that have performed most strongly based on the best available impact evaluations.

However, the ‘Best Bets’ do not address the specifics of ‘what works where’ or ‘what will work for a particular firm’. Detailed local knowledge and context remain crucial.

‘Best Bets’ also raise a note of caution for policymakers if they decide to introduce a programme which has not worked well elsewhere.

Specific recommendations

The 23 evaluations offer a rich source of material for policymakers to use in designing specific business advice policies. In particular, the evaluations will be of use to policymakers at two key stages in the policy design process: determining the policy options, and then selecting the preferred option.

- If we want to know what works in the area of business advice we need to improve programme design and evaluation. When designing a programme, local policymakers should **identify one or two clear programme objectives**, and then identify outcome measures that are both clearly related to the programme objectives, and feasible to measure.
- Business advice programmes tend to be somewhat more successful in increasing firms’ **sales and turnover** than in increasing their employment or productivity.

- One comparative study suggests that **smaller, better-resourced programmes are more likely to achieve success** than larger ‘hands-off’ policies. But it is unclear which of these approaches is more cost-effective.

Filling the Evidence Gaps

This review has not found answers to some of the questions that will be foremost in policymakers’ minds.

These gaps highlight the need for improved evaluation and greater experimentation, specifically experiments that focus on:

- identifying how different elements of business advice programme design contribute to better or worse outcomes; and,
- the value for money of different approaches. Only 5 of the 23 shortlisted studies included cost-benefit analysis, and not all of these used measures that are comparable across studies. There is a clear need for more, consistent analysis of cost-effectiveness in business advice impact evaluations.

This requires embedding evaluation in programme design, and thinking differently about the policy cycle as a whole.

This work is published by the What Works Centre for Local Economic Growth, which is funded by a grant from the Economic and Social Research Council, the Department for Business, Innovation and Skills and the Department of Communities and Local Government. The support of the Funders is acknowledged. The views expressed are those of the Centre and do not represent the views of the Funders.

Every effort has been made to ensure the accuracy of the report, but no legal responsibility is accepted for any errors omissions or misleading statements.

The report includes reference to research and publications of third parties; the What Works Centre is not responsible for, and cannot guarantee the accuracy of, those third party materials or any related material.



HM Government