

*“SHAPING A PREFERRED FUTURE”*

**SERVICE STANDARDS AND BENCHMARKS  
FOR BUSINESS ENTERPRISE CENTRES  
IN WESTERN AUSTRALIA**

**For circulation to the BECs**

DURHAM UNIVERSITY  
**BUSINESS SCHOOL**



## “Shaping a Preferred Future”

### Service Standards and Benchmarks for Business Enterprise Centres in Western Australia.

(A Guidance Note for BEC Committees, Managers and Staff)

#### Background and Context

Western Australia’s network of Business Enterprise Centres (BECs) comprises 36 independent centres providing business development services to both new and existing small businesses. The BECs are differentiated in nature, although all provide a core business facilitation and advice function. A substantial majority of the Centres are more than five years old. This track record provides maturity to the network, which translates into considerable reputation and respect amongst both the small business community and the wider stakeholder environment. The BEC network is supported by the BEC Support Unit located within the Small Business Development Corporation (SBDC).

Initially, the business support approach adopted by the BECs was based upon the essentially re-active “*coffee shop facilitation model*” as defined by Ernesto Siroli in his book: Ripples on the Zambezi. However, over the last five years the BECs, both individually and collectively, have moved substantially towards a more pro-active approach and, in parallel, have expanded their portfolio of activities. This revised approach underpins their strategic positioning and linkages within the wider configuration of business support; defines their activity base and reputation; and provides the foundations for future development. Increasingly, the network is embracing the concept of stakeholder integration. This approach recognises that the ultimate sustainability and success of BECs is a function of their ability to meet the needs of the wider stakeholder community, as well as the local SME sector. The “stakeholder community” being defined as all organisations seeking to support or, in some cases profit from, the indigenous SME sector. Thus, it follows that the future BEC strategy must relate closely to their contribution to, and relative position within, the broader local configuration of SME support. It also follows that BECs need to be reviewed and evaluated (by their committees) in terms of the extent to which they complement and “add value” to other business support activities, and their ability to embed their activities into relevant networks at local, state and national levels. See Figure One: Are We Truly Effective?

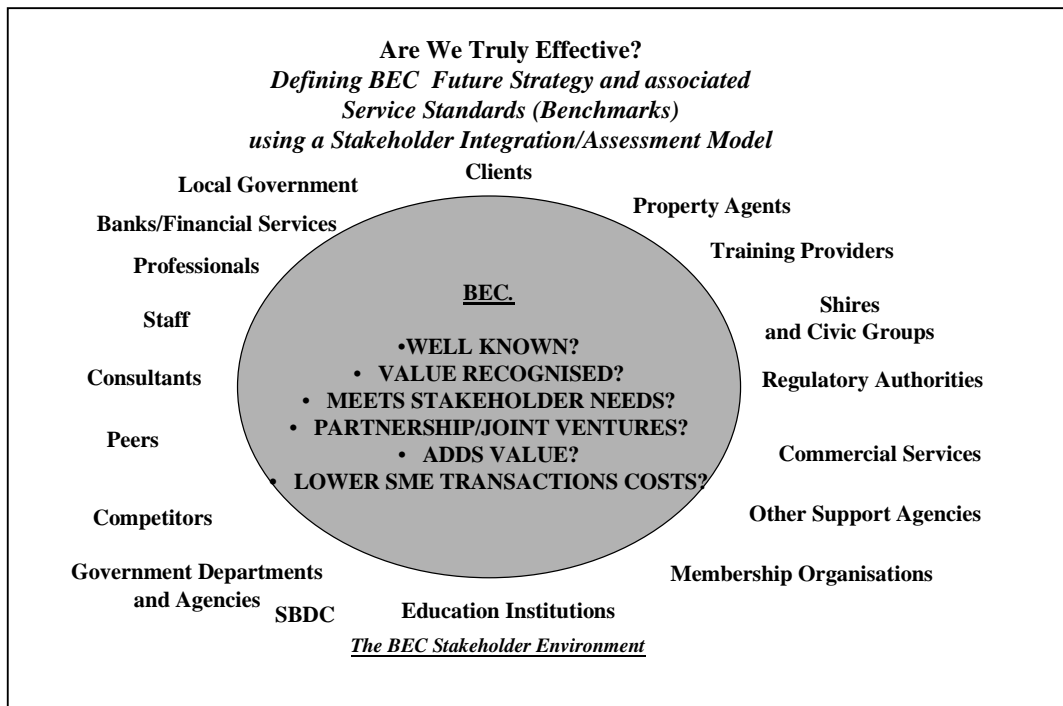


FIGURE ONE

In respect of the above, international best practice would suggest that a successful and dynamic BEC would embody some (or all) of the following broad characteristics:

- *Lean and efficient*
- *Highly differentiated in nature, within a coherent state-wide framework*
- *Highly integrated into local social and economic communities*
- *Strong strategic orientation*
- *Strong orientation towards service innovation and development*
- *Demonstrate real empathy and understanding of the small business context*
- *Able to mobilise competent and appropriate resources in response to current and emergent SME needs*
- *Procedures in place which demonstrate a commitment to quality control, including mechanisms for client feedback*
- *Strong commitment to impact monitoring and evaluation*
- *Well networked and trusted*
- *Demonstrate high incidence of local leverage and gearing in respect of financial (and other) resources*
- *Well informed*
- *Strongly supported from a central hub*
- *High futures orientation*

This paper is intended to identify key ***operating principles*** for BECs, and incorporate them within a set of service standards and benchmarks which can be used by managers, chairpersons, committees and the Small Business Development Corporation to monitor the appropriateness and quality of business support provision and, also, shape future BEC strategy.

Annexed to this paper is a list of ***Critical Strategic Issues for BECs*** which has been produced as a prompt for Chairpersons and Committees (Annex One), and a ***Checklist of Counsellor / Facilitator Competencies*** which has been designed to be used as a training needs analysis for practitioners working in the field of small business support (Annex Two).

This document and its annexes have been informed substantially by the BEC network and the BEC Support Unit during a period of consultation and interaction in February 1999.

### **Essential Characteristics and Capacities for BECs to meet the “Small Business” Challenge.**

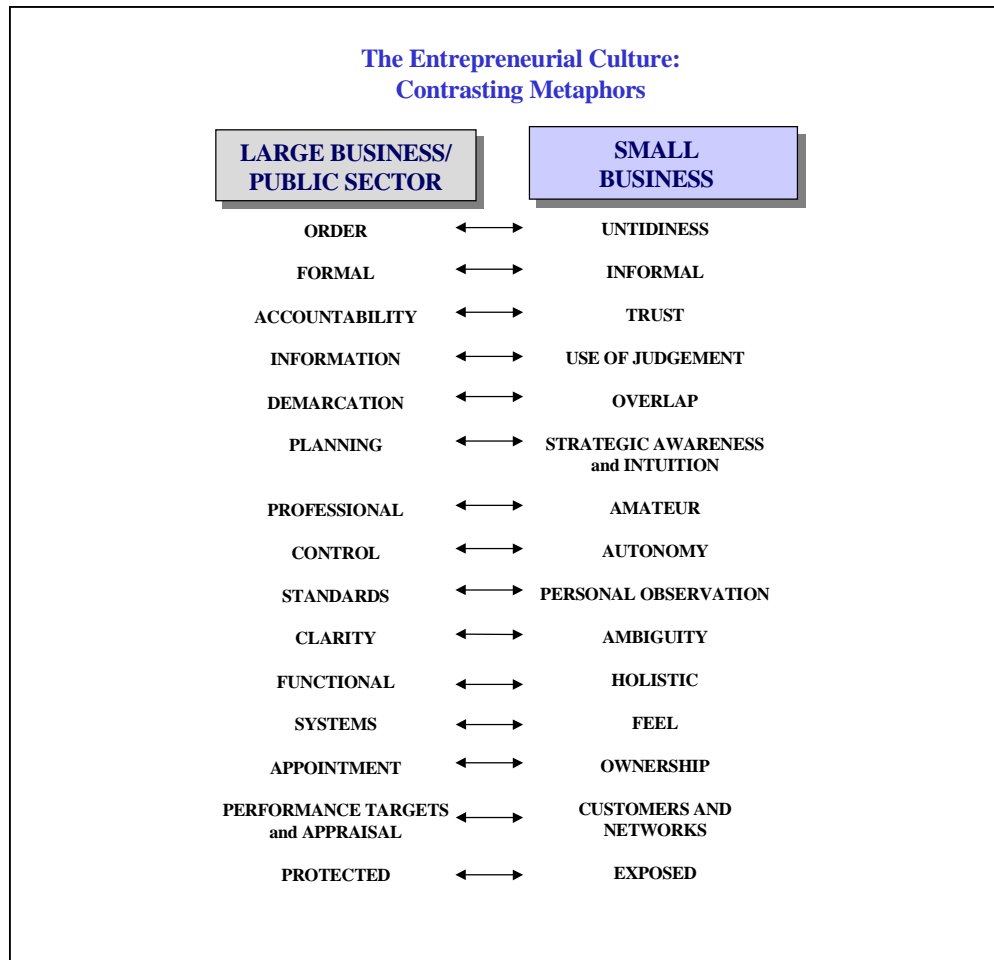
Contemporary thinking on organisation design suggests strongly that institutions, to be effective, need to be shaped as precisely as possible to match the task environment. Observations in respect of international best practice indicate that this principle is particularly appropriate with regard to the design and management of small business support agencies. The small business population is highly heterogeneous. Accordingly, small business support organisations should be highly flexible and adaptable, but seek to segment their customers as carefully as possible. However, within this wider context of diversity, it is possible to identify ***three fundamental characteristics (benchmarks) of successful small business support organisations each of which embody a number of capacities (standards) for effectiveness.***

#### **Essential Characteristic (Benchmark) 1:**

***“Business Enterprise Centres must embody, within themselves, the small business culture”.***

BECs must have empathy with all the different stakeholder groups. However, real empathy and understanding of *the world (and culture) of small business* is the key defining characteristic. In short, BECs should model the small business customer. All too often, it is apparent that many small enterprise support organisations are modelled upon bureaucratic lines (because they are funded by bureaucracies) rather than along the lines of an entrepreneurial organisation. Thus, they tend to embody more traditional bureaucratic norms, rather than the counterpart business values. In such circumstances, it is perhaps inevitable that their bureaucratic values will be reflected in their work and attitudes. Figure Two: *The Entrepreneurial Culture-Contrasting Metaphors* sets out the prevailing features within the small business culture. In practice, BECs may need to embrace both sides of this spectrum: aspects of informality, strategic awareness, trust, coping with ambiguity etc. to reflect the small

business market-place, and the more formal aspects of accountability, control, systems and standards to secure public sector respect and funding.

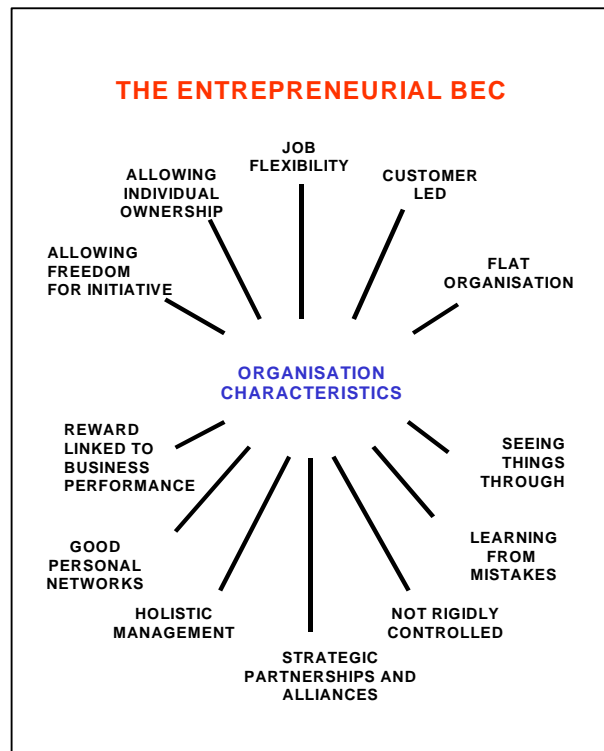


**FIGURE TWO**

The following capacities are therefore essential:

**Capacity (Service Standard) 1.1:**

*BECs must be designed so that they have the capacity to behave entrepreneurially.* In practice, this means that BECs must model themselves upon the small business to allow staff: a strong sense of ownership (both financially and psychologically); a high degree of independence (but with recognition that effectiveness will be judged by success in managing interdependence with all the key stakeholders in the environment); freedom for initiative and a high degree of autonomy; scope for informality and flexibility in operations; a system of reward linked closely to success with clients and customers; and freedom to make mistakes and learn from them. This approach will enable staff to seek to reduce uncertainty in the environment by building close personal relationships of trust with all the key players, and be evaluated and appraised on their success in this respect. Fundamentally, staff should be allowed responsibility for “whole tasks” and “to see things through”, and by this means build personal commitment. Figure Three: *The Entrepreneurial BEC* illustrates the defining features of an entrepreneurial BEC.



**FIGURE THREE**

**Capacity (Service Standard) 1.2:**

*BECs must embody capacity for holistic management and encourage it at all levels.* BEC staff must embrace the total world of business. It is important that the BEC manager (and staff) should be capable of facilitating SME development in a holistic (as opposed to functional) manner, and that they themselves are accorded a great deal of freedom to manage their responsibilities holistically.

**Capacity (Service Standard) 1.3:**

*BECs must provide the means for their managers (and staff) to learn in the same way as the small business.* BECs must create the capacity for their manager to learn from clients, suppliers and other intermediaries and stakeholders in the entrepreneurial network (i.e. learning by making mistakes, experiment, client feedback, problem-solving, peer review, etc.)- precisely the way the small business proprietor learns.

**Capacity (Service Standard) 1.4:**

*BECs must have the capacity for entrepreneurial leadership.* The entrepreneurial capacity of the BEC as a whole will be substantially influenced by the nature of leadership which needs to display ambition, a capability to innovate, vision, strategic awareness and thinking and entrepreneurial inter-personal skills. See Figure Four: *BEC Manager Profile*.

## **BEC MANAGER PROFILE**

- ENTERPRISING INDIVIDUAL
- EXCELLENT FACILITATOR TO GUARANTEE...
  - ORGANISATION HARMONY
  - STAFF DEVELOPMENT
  - CONTROL STRATEGY
- INNOVATOR
- STRONG ENTREPRENEURIAL CULTURE AND VALUES
- STRATEGIC VISION - (both EXTERNAL and INTERNAL)
- EXCELLENT NETWORKER
- HIGH CREDIBILITY WITH BROAD CUSTOMER BASE
- BRIDGE BETWEEN GOVERNMENT AND PRACTITIONERS

**FIGURE FOUR**

### **Essential Characteristic (Benchmark) 2:**

***Business Enterprise Centres must embody all the relevant business support competencies.***

Essentially, BECs must have the same capacities as any business: to identify and meet customer (and stakeholder) needs; segment the market-place; design and package products and services; establish appropriate delivery mechanisms; reach and expand the market; and monitor and evaluate performance with a view to continuous improvement.

The following capabilities are therefore essential:

#### **Capacity (Service Standard) 2.1:**

***BECs must have the all-round capacity to analyse and anticipate the personal and business development needs of the relevant client range of small and medium enterprises. In particular, they must understand the business development processes involved and related development needs. Only with this capacity will they be able to adequately “contextualize” new knowledge in a way that can be beneficial to the small firm.***

### **Capacity (Service Standard) 2.2:**

*BECs must have the capacity to develop and modify their own approaches and materials, and maximise the use of “know who” in their support provision.* This requires the ability to develop different approaches and be flexible in terms of delivery. Importantly, it means sharing contact networks with entrepreneurs so that they can learn to do business and transact with others, and build their own personal networks. Thus recognising that “know who” is as important as “know how” in respect of small business development.

### **Capacity (Service Standard) 2.3:**

*BECs must have the capacity to deliver business support in an enterprising fashion.* This means creating and maintaining the atmosphere and conditions of an entrepreneurial small business insofar as this is appropriate to client capability and the context of the operations. In particular, this means avoiding highly didactic (expert-centred) approaches in favour of a more client-focussed approach where process is more important than functional content.

### **Capacity (Service Standard) 2.4:**

*BECs must have an appropriate entrepreneurial image and marketing capacity.* Small businesses take most of their advice from their peers, customers, family or close friends and advisors because it is cheap, credible, part of a *natural* network, easily accessible, informal, confidential, time effective, based on mutual trust and continually accessible over time. It is important that BECs embody this image in their projection of themselves. This usually means that they must do most of their marketing through the channels and networks with which the small business is familiar. This maximises the potential for marketing by personal recommendation. Thus, BECs should seek in their promotional activity to focus upon “know how”, “need to know” and “know who”; promote the images of successful clients; and articulate their offer in the right language at the right level.

### **Capacity (Service Standard) 2.5:**

*BECs must be equipped to monitor and evaluate their business support activities on a continuous basis.* BECs should aspire to establish mechanisms for monitoring and evaluating their activities at both the **summative** (output) and **formative** (process) levels. In the summative area, this means a capacity to undertake performance evaluations at levels ranging from: client reaction; change of personal behaviour; change of managerial behaviour, enhanced business performance; all leading to (hopefully) positive outcomes. In the formative evaluation process, their needs to be the capacity to cover the whole range of activities from needs analysis; staff competence and style; marketing and promotion; to ongoing monitoring.

**Within the context of “Essential Characteristic Two”, it is particularly important for BECs and the BEC Support Unit within the Small Business Development Corporation to consider the introduction of a programme of continuing professional development (cpd) for managers and staff employed within the support network. CPD is vital to the future of BECs as it will both hone the skills of facilitators to ensure that they are able to respond to the emerging needs of the SME community and introduce a career path and career progression for individuals working in this area. Annex Two contains a Personal Development Plan for Business Advisors which includes a checklist of facilitator competences. N.B. The Small Business Unit at Curtin Business School will be launching a Graduate Certificate of Small Business Facilitation based upon the DEVEX model later this year.**

### **Essential Characteristic (Benchmark) 3:**

***BECs must see themselves as a bridge between the small business and all its stakeholders.***

BECs should set out to see relationships between small businesses and their stakeholders from both sides, and have empathy with any differences in culture and with the problems and opportunities this may bring. They should, in short, understand the development needs of all parties within SME stakeholder relationships.

The following capabilities are therefore essential:

**Capacity (Service Standard) 3.1:**

*BECs must have the capacity to embed themselves in the small business networks, enjoy credibility within those networks and aspire to help them work more effectively.* Thus, it is important that they are able to identify stakeholder networks relevant to the client group in the local (or, where relevant, state-wide or national) environment. In this respect, five key issues are of vital importance: -

- Has the intermediary (stakeholder) *heard of* the BEC?
- Does the intermediary (stakeholder) *value* the BEC service?
- Does the BEC help the intermediary (stakeholder) in a specific way to *improve their own effectiveness*?
- Does the BEC *actively pursue joint ventures and strategic alliances* with intermediaries (stakeholders)?
- How would the intermediary (stakeholder) react to the *suggested closure* of the BEC?

If the response to these questions is largely negative, then there must be grave doubts as to the effectiveness and sustainability of the organisation.

**Capacity (Service Standard) 3.2:**

*BECs must understand the context in which new “knowledge” is delivered and internalised within the SME, and the way that the need for external support provision arises within the client group.* BECs must be seen as “hands on” and “street-wise”. They must be able to demonstrate understanding of “doing business” and the (small) business way of life.

**Capacity (Service Standard) 3.3:**

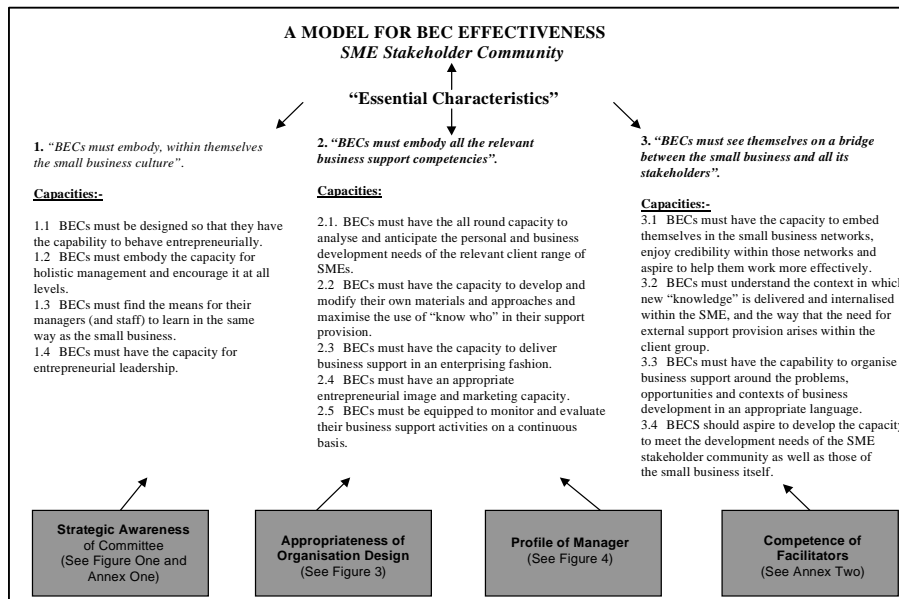
*BECs must have the capability to organise business support around the problems, opportunities and contexts of business development in an appropriate language.* Without this capacity, the BEC cannot be an appropriate or effective facilitator of learning and development. The major challenge in small business development is to assist clients to learn better from their experiences and modify and internalise their own tacit knowledge. All too often, organisations substantially de-contextualise knowledge, organise it in a way that suits them (often along functional lines) and deliver it to clients in a language and at a level that is inappropriate.

**Capacity (Service Standard) 3.4:**

*BECs should aspire to develop the capacity to meet the development needs of the SME stakeholder community as well as those of the small business itself.* This can be equally, if not more, important, than dealing with the small business itself. Indeed, if the BECs works in depth with the stakeholder community, they will be in a far stronger position to assist their small business population.

Any future model for BEC strategic development needs to embrace the concept of stakeholder integration and the associated characteristics listed above. These principles can then be used by the committees to develop strategic awareness (and planning), influence organisational design, profile the competencies associated with effective management and provide a framework for the continuing professional development (cpd) of staff:





**FIGURE FIVE**

## **Conclusion.**

Overall, the outstanding essential characteristic for any business support agency to be effective, sustainable and meet future challenges is that it must aspire to be *a sound entrepreneurial organisation*. BECs cannot, however, achieve this alone. Much depends upon policy makers and governance institutions who provide the terms of reference and a significant proportion of available resources. The ability of a BEC to behave entrepreneurially, autonomously and flexibly in response to customer needs is very much a function of its terms of reference, its financing and the nature of control and accountability. Strict accountability criteria associated with output targets serves to drive out broader measures of effectiveness and weaken the capacity of organisations to network and seek new resources in a variety of innovative ways at local level. The true challenge in terms of small business support is to foster a supportive environment which facilitates “bottom-up” entrepreneurial development and innovation led by autonomous local units, rather than enforce criteria for strict