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The future of enterprise support
Evolve or die-out

Summary

- Latest statistics indicate growth in the startup support market is accelerating
- Reduced central funding and an increased focus on performance indicators are squeezing Revenue and Margins
- The growing "advice/ mis-selling" risk is briefly explored
- Public demand for tools and new ways of working have radically changed other industries. The same is coming to Enterprise Support
- Many providers are lagging, opening-up a fantastic opportunity for some organisations to lead - reducing costs, increasing effectiveness AND giving clients what they want
- The unique needs of Enterprise Support organisations and teams mean tools must be chosen carefully. A checklist framework has been developed and is provided

The Market

An average of 2,300 new businesses have been started *every working day* in the UK this year(1), and it's accelerating far faster than the historical trend would have predicted (2). Maybe this isn't surprising - over 7% of the population are considering starting a new business in the next 3 years(3).

So the market for startup support is huge and growing – and startups play an incredibly important role in the wider economy: BIS report that more than 12.5% of the UK's turnover comes from businesses with 4 or fewer staff (4).

But with only half of startups reaching the 4 year mark (and a 5-year trend showing fewer and fewer making it just to the end of year 1)(5) it's not surprising that 1 in 3 adults who see a good opportunity to start a business simply don't because of a fear of failure. Add this to the pressure for spending cuts and it's not surprising that the Government's Enterprise Minister announced earlier this year that they will be shutting down funding contracts that fail to deliver value for money(6).

The Drivers

So the market is there for startup support - and growing. But there is an ever increasing pressure to reduce costs and deliver value for money. You'll already have seen reductions in margins and a significant tightening of focus on performance indicators in the latest round New Enterprise Allowance contracts for example.

The pressure on support providers to innovate and develop their offering has never been higher – or the impact of failure greater.

The good news is that with over 31m people using Facebook in the UK(7), your customers are ready for technology to take a greater role in your service provision. In fact, users EXPECT technology to be provided. Supermarkets don't offer online ordering because it reduces their costs – quite the opposite in fact. And even local libraries, the obvious offline service, have been driven extend technology right through their offering, from internet catalogues to downloadable e-books.

In enterprise support this imperative is even greater. For example forecasting is crucial for a new business proposition but fewer than 20% of people in the UK study maths beyond age 16. Entrepreneurs face a very real "numbers barrier". Not surprisingly this translates into the major causes of startup failure: inadequate planning and forecasts, cashflow problems, lack of profitable revenue and insufficient capital to name but a few. And the problem goes deeper than education, right down to brain structure and personality types. Fewer than 1 in 8 of the population are naturally apt at analysis and maths ("NT" if you're familiar with Myers Briggs)(8).

> " Clients claim they didn't understand what they were signing up-to and were paid compensation... "

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Of course, lessons must also be taken from the less-obvious analogies to stay ahead of the game. Other "advice" industries such as financial services have seen themselves subject to large fines and censure in recent years for mis-selling. Clients claim they didn't understand what they were signing up-to and were paid compensation in return. As enterprise organisations derive an increasing share of revenue from the dispersal of grants and loans it's becoming increasingly important to ensure all possible steps are taken to keep the client in full control and understanding of what they're getting into. High default rates on startup or New Enterprise Allowance loans for example could precipitate broader inspection of the line between support and advice – and the ensuing liability.

The Opportunity

These challenges point to a fantastic opportunity in enterprise support: To increase client satisfaction rates, startup success rates and reduce costs & risk all in a single stroke: *by harnessing the power of technology*.

Ironically, the enterprise support market has been poorly served by the changing landscape of technology, with very few specialist tools available to help them differentiate their services – leaving them with the cost and risk of developing their own tools. This despite the growth of startup funding platforms and the fact tech startups owe so much to their early support providers!

As a result the vast majority of Enterprise Centres still rely on emails and spreadsheets so are increasingly at risk of security, compliance and compatibility issues.

> " …increase client satisfaction rates, startup success rates and reduce costs at a single stroke… "

Choose Your Tools

Technology *can* deliver a host of benefits to support agencies if chosen carefully. Maximising ROI doesn't happen by accident though – it's important to look out for specific features to ensure the tools deliver the most value:

- DESIGNED SPECIFICALLY FOR THE PURPOSE. With the world's resourcefulness available to you there's no need to (or excuse for) taking a generic tool and bending it to fit your uses. For example, Excel may be flexible but accounting software is far more reliable. And while accounting software is great for recording and looking back, startups need more specialised *forecasting* software to help them make forward-looking decisions. Accountants (the spreadsheet experts!) have realised that although there's almost no limit to what you can do with Excel, software designed specifically for the job works out cheaper – and is far less risky than crafting their own reporting templates. Less than 0.5% of company accounts are now produced using Excel(9).

    DON'T ACCEPT GENERIC. SELECT BEST-OF-BREED TOOLS DESIGNED SPECIFICALLY FOR A NEED

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- REMOTE, CONCURRENT ACCESS FOR BOTH MENTORS AND USERS. The days of offline tools available to one person at a time are gone. Ensure your tools allow users and mentors to work remotely together, concurrently, to provide better one-to-one-support in places that suit them. This has the added benefit of extending your potential client-base to a far wider geographical area.

  ENSURE THE SOFTWARE SUPPORTS LIVE, CONCURRENT USE BY MENTOR AND CLIENT

- COMPATIBLE AND RELIABLE WHEN USED WITH FREE ONLINE SOFTWARE. There are tens of different free email, word processing and spreadsheet tools available. That means you can be confident that however it looks and works for you it will be slightly different for many of your clients. That formula may seem to work and be locked down on your PC, but once it's opened and then saved in a free online spreadsheet editor things may be very different.

  CHOOSE TOOLS THAT WORK – AND ARE TESTED IN A RANGE OF CLIENT BROWSERS, SYSTEMS AND VERSIONS

- SECURE. It goes without saying that any tool should be secure – but think for a moment about your spreadsheets and emails – are they encrypted, password protected and only every shared or accessed over secure links? Look beyond the "padlock" in the browser in any tools you choose – does the vendor secure the servers that the clients data is hosted-on? Do they have a published security policy describing how they ensure they're not exposed by the next "Heartbleed" or "Aftershock"(10) security threats?

  ASK TO SEE THEIR SECURITY POLICY. IF THEY HAVEN'T PUBLISHED ONE IT SPEAKS VOLUMES.

- EASY FOR NEWCOMERS, BACKED-UP WITH PHONE SUPPORT. The last thing you need is to increase your support overheads by giving your mentors and clients tools that are anything less than ruthlessly intuitive. Users have no patience for help manuals and quite rightly so. Anything that interferes with the process of turning an idea into an opportunity is an expense and a distraction.

  CHECK THE SUPPORT PROCESS. EMAIL- OR ONLINE-ONLY SUGGESTS THEY'RE MINIMISING THEIR COSTS RATHER THAN REMOVING THE NEED FOR CALLS IN THE FIRST PLACE

- TESTED, TESTED, TESTED. Everyone claims their tools and software are accurate. But an aggregate study of audits over the last 20 years by companies such as KPMG and PWC show a staggering 88% of spreadsheets contain what they term "significant errors"(11). If that's happening when the professionals create spreadsheets, what has happened by the time your clients have edited them? And how does your software supplier ensure their tool directly addresses this risk?

  ASK TO SEE EVIDENCE OF THE AUTOMATED TESTING PROCESS. QUALITY PROVIDERS ARE PROUD OF THE INVESTMENT THEY HAVE MADE

- HOSTED AND SUPPORTED "IN THE CLOUD". You advise your clients to harness the expertise of others and you should do the same. Minimise your costs and effort by choosing tools that are centrally hosted and supported by the vendor so you can focus on your business rather than managing design agencies, running servers and handling support calls.

    TRY IT OUT – WITH CLOUD SOFTWARE YOU CAN BE UP AND RUNNING IN MINUTES

- AVAILABLE 24/7. Is the tool always there, to suit the hours you and your clients need? Startups are often planned and started in spare-time so tools that are slow or unavailable due to maintenance during evenings(12) and weekends are unsuitable.

    CHECK RESPONSIVENESS AT THE INTERNET'S BUSIEST TIMES: 10AM AND 7-9PM

- AUTOMATICALLY SAVED AND BACKED-UP. The old "the dog ate it" excuse might have been left back in the classroom, but we'd venture it's not been long since one of your clients told you they lost their work because their PC crashed or the spam filter deleted the email.

    HOW OFTEN IS DATA BACKED-UP, AND HOW OFTEN IS THE RESTORE PROCESS TESTED?

- INTEGRATION OPTIONS. The benefit of cloud software could also be its undoing: you lose integration and control. At a minimum, any software you provide to your clients should be white-labelled to match and reinforce your organisation's brand and value-add.

    WILL THE USER SEE AN INTEGRATED EXTENSION OF YOUR SUPPORT OFFERING OR A THIRD-PARTY TOOL?

> " The key is to choose specific, high ROI tools that work for you at every step of your value chain "

Evaluate

Addressing just one of these dimensions may be sufficient to make a tool worthwhile, but if it addresses several then as with any other investment your questions must include:

- What value would we lose by NOT doing it?
- What risks are we running that this change would mitigate or remove?

Would you rather take the step and lead the market, or leave it to your competitors then try to catch up?

As with any business investment, the benefits should be weighed against the cost of implementing. These include the direct and obvious costs but also any training required and the impact of any "downtime" during cut-over. And although it's hard to place a financial figure on

them, risk factors must be accounted-for – including the risks introduced by a new, unknown tool vs. the risks you are exposed-to by relying on manual or spreadsheet processes.

Above All: Focus on Your Value Chain

The key to growth and profitability in Enterprise Support is the same as any other industry: invest in specific, high ROI tools that work for you at every step of your value chain:

1. Acquire more clients by differentiating your service. *Give customers tools they WANT to use*, addressing their concerns, fears or confusion
2. Automate processes to reduce your costs
3. Reduce your exposure to risks such as compliance, security and advice
4. Boost your outputs by increasing startup success rates and driving specific KPIs that help you secure new contracts and maximise the value of those you're already delivering

About Finanscapes

Designed specifically to meet the needs of startups and the organisations that support them, Finanscapes is an intuitive and robust financial forecasting tool developed with reference to user psychology and feedback. Equipped with an administration console it allows organisations to manage users and mentors centrally and securely, with at-a-glance login and completion metrics and full remote access to user forecasts.

Better-informed decision-making means stronger businesses, so each license allows the entrepreneur to create an unlimited number of forecasts and scenarios, with no fear of broken formulae or errors alienating them. The software is provided securely, "in the cloud" meaning you can be using it with your clients in minutes, with no operational overheads or maintenance.

And it's priced per user so it pays-back within the first week in mentor cost savings alone. Once your clients truly "own" the numbers you'll never go back.

Email us at enterprise@finanscapes.com.

Other Articles in this Series

This article is one of a series of papers put together for Finanscapes based on academic and market research, and feedback from their clients. If you would like to receive others (such as "**The key to enterprise support: Brain structure and the entrepreneur**") please email enterprise@finanscapes.com.

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