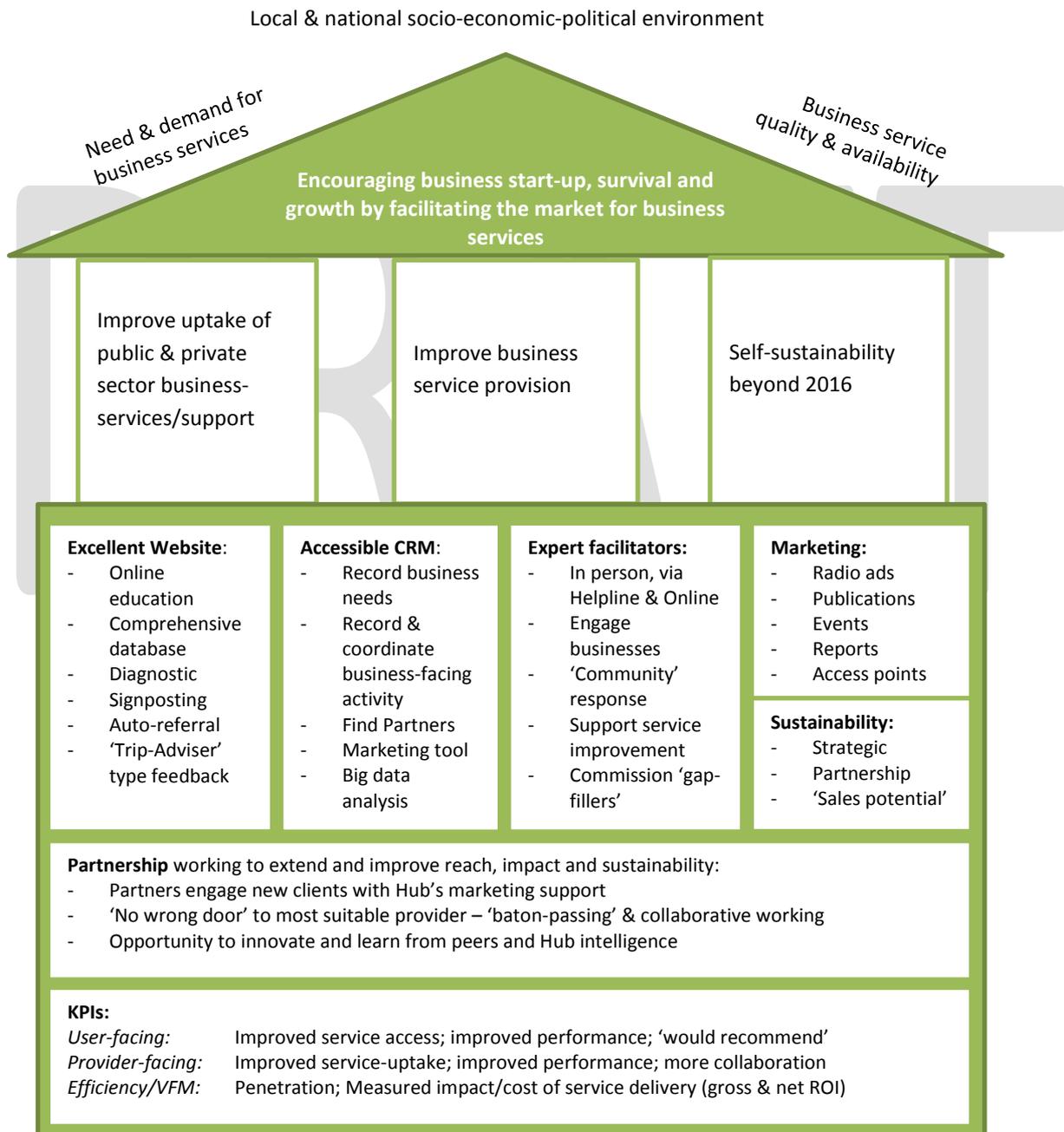


# The D2N2 Growth Hub - Strategy

*“Helping business profit from services  
in Derby, Derbyshire, Nottingham & Nottinghamshire”*

Figure 1: Key Pillars of the D2N2 Growth Hub Strategy



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## **Introduction, aims and objectives**

The D2N2 Growth Hub is to be established as a new permanent 'agency' to facilitate the market for business services in the D2N2 LEP area (Derby, Derbyshire, Nottingham & Nottinghamshire).

For many businesses there are difficulties in finding a good supplier, a better deal, or even to decide what their strategy should be and what assistance might help them to realise their potential! Government studies have pointed to the impact that poor use and management of business services has on the economy, as those who use services well are more likely to survive, compete, and grow. Businesses that use business services well are more likely to make better investments in the right things at the right time, and realise consequent benefits in terms of sustainable competitiveness, profitability and growth. However, many challenges hinder the process, particularly (but not exclusively) for smaller businesses and start-ups. These include the ability to find and manage the right service-providers, and to afford the services offered. A great host of services are on offer from the public, private and third sector, but businesses may struggle to find their way in this market and make it work for them. In summary, many businesses don't know what they don't know, and don't recognise or, more importantly, value the opportunities and services on offer.

Good services are available, and initiatives already abound to help improve access to them. Overall, however, there still remains great complexity and uncertainty that creates a great barrier to change for many businesses – holding back both users and providers of business services.

The overarching aim of the D2N2 Growth Hub is therefore to improve the ability of businesses in the D2N2 area to value and engage appropriately with business service providers (be they public or private), and to help business service providers to improve their offer. More specifically, the D2N2 Growth Hub will:

- Create awareness of the benefits of taking up the business services available
- Help businesses understand what services they should be using, and why
- Help business leaders to make informed choices about the service providers they engage with
- Encourage more businesses to work with business service providers and to keep on working with them as they address evolving challenges and opportunities
- Help service providers to understand what customers need and to shape their offer to better match the evolving needs of businesses
- Work with the public, private and third sectors to find ways of appropriately filling the 'gaps'
- Increasingly allow the D2N2 Growth Hub to be recognised as the place to go for information and advice about the business services market in the D2N2 area.

This Strategy sets out how we think the D2N2 Growth Hub should work, and how D2N2 Local Enterprise Partners can make it work for them.

## What will the D2N2 Growth Hub do?

The core **value-added** offer for users and providers of business services can be summarised as:

1. **To create and share market-intelligence:**
  - a. **For businesses** – what services are available reflecting their needs and locality?:
    - i. How good are those services, and what experience clients can expect - based on user-feedback and ratings?
    - ii. What support might you need?
  - b. **For providers** - about the needs and requirements for business services and support:
    - i. What do D2N2 businesses need/want?
    - ii. What works best for them, in terms of single service/scheme, or customer journey and outcomes?
    - iii. Where do opportunities currently lie (marketing and sales support), and where might they be in the future?
    - iv. Are there other service providers that could help them provide a better solution for their client(s)?
2. **To improve Business Service engagement, experience and outcomes:**
  - a. Leading in activities that stimulate business awareness about needs and opportunities to benefit from business services/support
  - b. Monitoring and evaluating customer journey and experience, for key agendas, target audiences and, potentially, localities
  - c. Encouraging partnership and collaboration between business service providers in order that a 'community' response to business needs is more likely to emerge, which would also have the benefit of stimulating innovation in business services through enhanced collaboration (sharing of intelligence about issues, requirements, experiences, effective solutions and techniques...)
3. **To encourage and support adaptation of the business service/support market**
  - a. Develop, maintain and report an overview of the service provision in the area, and how well it addresses business needs
  - b. Support appropriate responses by the public and private sector



Figure 2: D2N2's balanced approach to business service market facilitation through the Growth Hub

## How will it do it?

The Programme Plan in **Annex 1** provides a clear summary reference document showing the logical connections between the needs, assets, outcomes, influences, strategies and assumptions for the D2N2 Growth Hub.

The key elements of the operations strategy are these:

## Sustainability

The Operations Strategy is heavily influenced by the **availability of funding** to launch and sustain the initiative. Seed-funding amounts to £150k in FY14-15 (LEP), and up to £525k in FY15-16 (BIS Growth Deal).

Though there may be the opportunity for additional public funding to be secured, this is uncertain. The programme therefore needs to build on a solid backbone from a market-facilitation service which is a value-adding proposition in its own right. This ability is seen to reside in the creation and management of intelligence about (best practice in) the business service market, which could, as appropriate, be 'sold' as a service, e.g. by:

- Securing corporate sponsorship (as long as this doesn't limit the 'free market')
- Providing consultancy
- Selling on-line information/intelligence
- Selling support for grant-applications, etc.?
- Offering business development/marketing services, or
- By franchising the D2N2 Growth Hub to an interested third party provider for delivery.

Though the full implications of these sustainability strategies have yet to be fully evaluated and tested (e.g. reflecting budget requirements or inherent conflicts of interest in the business model that could impact on the Growth Hub's ability to fulfil its brief), the knowledge that this might be a necessary path of action causes us to be cautious about committing to use European regional funding for delivery in the short term (without further research and consideration), as the terms and conditions of funding could potentially constrain the ability of the D2N2 Growth Hub to engage in any revenue-generating activities and a shift to a commercial model. That is to say, if a public funding-dependent path is decided for the D2N2 Growth Hub, it should be in the knowledge that it has sufficient core funding beyond March 2016 to ensure sustainability over its first 5 years, at least.

A process in the short-term that will establish partnership pledges of support for the D2N2 Growth Hub (in cash or in kind), as well as a competitive bidding process that can establish the optimal strategy for sustainability for operations seed-funded by BIS (FY15-16) is therefore an essential part of what needs to be done to ensure the D2N2 Growth Hub is a success.

Though we may not be able to resolve the market failure that gives rise to the initiative, we might anyway find a way to reduce or eliminate the need for public sector funding, and should constantly strive to do so.

This key influence (public funding) is mitigated by another - one which lies at the heart of the proposed delivery model: **partnership**.

## A partnership delivery model

With limited resources and a core brief to facilitate the market for business services – public or private – broad engagement with business service providers is essential for effective delivery. When coupled with limited resources and a desire to support, influence, and improve business service-provision (a successful and growing export market in its own right), partnership working is considered essential for the long-term success and sustainability of the Hub.

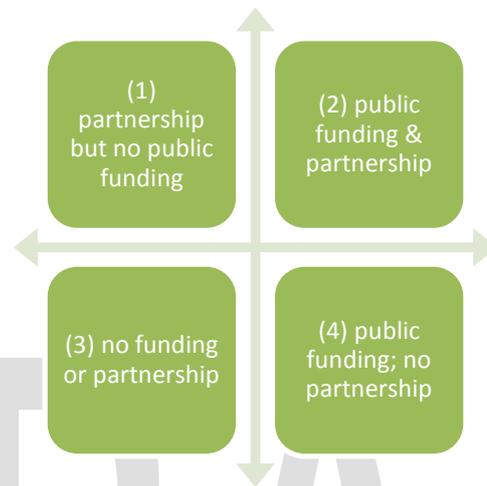


Figure 3: The four possible scenarios that could most influence D2N2 Growth Hub strategy beyond FY2015-16

### An extended front line

Face-to-face contact with an expert is by far and away the most efficient and effective way of engaging businesses in change processes, as has been evidenced by many evaluations and reviews of business support initiatives. Therefore, it is essential that the D2N2 Growth Hub seeks to deploy existing 'assets'/capable capacity, as a preference, in the 'front line' for client-engagement and service-delivery.

There are three key ways we will seek to do this:

#### 1. By helping service-users to make their own, informed choices

- a. Service provider/partner activities can be accessed through the Hub 'at arms length' via **automated referrals from a comprehensive website** of local and national business support and services, which helps online users to simply (i.e. in 3 'clicks') create a short shortlist of potential providers and select which one or ones they would like to talk to. Customer decisions will be supported by 'Trip-Advisor' or 'Amazon marketplace'-type feedback that could:
  - i. Rate previous user experience of the provider's service (e.g. marks out of 4 or 5)
  - ii. Capture and share comments that give a flavour of 'how' the service was delivered, and what was done – to inform expectations
  - iii. Potentially also provide some *value for money* or *return on investment* (ROI) type information, which could potentially be balanced by *price/cost information*.

Based on the shortlist provided by the online 'diagnostic'/service-finder tool, customers could request a call back from shortlisted potential providers.

- b. Should the online information and decision-support resources prove to be insufficient to help a business decide what action to take, they will have recourse to a telephone **Helpline**, through which staff with broad knowledge of business issues/needs and appropriate solutions will help the 'client' decide their next steps. Whilst national (0300 4563565) Business Advice Helpline staff can provide resources to boost the D2N2 Growth Hub's own capacity, it is envisaged that their help and advice should be focused on activities where intimate local knowledge of the available service-providers and support is not critical for success of the Growth Hub operations in the round. Local engagement is seen as essential for the improvement of market functioning, hence Helpline activities will only be outsourced nationally where it will support not interfere with local activities requiring improved coordination of the local business service market, or where a nationally-coordinated response might be more appropriate. To help establish this local Growth Hub 'identity'/profile and connectivity with local service-users & providers, a unique D2N2 Growth Hub Helpline number would be ideally be used.

Automated call-routing could potentially be employed to help direct callers first time to talk to the most appropriate first point of contact for the assistance they need, e.g. MAS/Growth Accelerator, UKTI, local consultant; local authority-funded business 'adviser'; National Helpline staff; university business partnership manager... Such routing would help ensure that D2N2 Growth Hub staff efforts are focused on helping businesses when there is no other existing suitable provision, e.g. when clients need impartial advice in order to determine the right course of action. Where there is additional local capacity to provide detailed local information, we would seek to engage and integrate such resource seamlessly in the D2N2 Growth Hub offer – to ensure that businesses get the best possible information, advice and support.

- c. A **sales and marketing** function will of course be needed to raise awareness amongst business service users and providers about how and why the Growth Hub is facilitating businesses-service engagement. Whilst **face-to-face contact** with experts that can help businesses recognise the need to act is by far and away the most effective means of engaging businesses and should be a primary vehicle for 'marketing', general awareness about events, services, etc., will also need to be raised via, for example: **radio advertising, advertising in appropriate publications for the target audience(s), sponsorship**. Many existing programmes use **workshops** as ways of helping directly add value for clients as well as helping them to determine what additional help they need, and this could be a key vehicle for engagement. Though organising events (to showcase business support or to encourage provider-collaboration) can be a key value-added proposition for the D2N2 Growth Hub, it can also potentially make a wider impact by supporting the workshops and events organized by its partners, e.g. by helping business networks to work with support

that could help their members address key needs/issues they identify, or by channelling businesses to events.

- d. Reflecting the above required ways of working, **the D2N2 Growth Hub staff will have to maintain an overview of the business service offer aligned with up to date information about priority needs, to assess the quality of the provision and advertise and signpost it appropriately, whilst maintaining the infrastructure (CRM and website) required to do so effectively. This could be achieved by a combination of desk-research, partner/provider action, and networking.**

**2. By working with Growth Hub staff to help engage businesses and guide them impartially to find appropriate solutions:**

- a. As already mentioned, whilst engaging businesses face to face is the most successful method for engaging businesses in a business start/improvement/transformation process, and the support-services required to achieve that, the initial Growth Hub seed funding is limited and it is therefore essential to establish effective partnership arrangements that will allow the D2N2 Growth Hub and existing service providers to work together as a team to encourage appropriate uptake of business service and support offers. Subject to their willingness and ability to collaborate with other business service providers in the community, Partners that employ experts to help businesses determine their needs could act as **'Associates'** in the front line for meeting with businesses to determine their needs and support engagement of appropriate providers, including via 'outreach events' (e.g. subject-specific workshops) and business site-visits/assessments.
- b. Associates for such market-making/advisory & consultancy activities would need to sign up to an MoU/SLA which would recognise that in return for their collegiality, and willingness to share information about client needs/activities on the D2N2 Growth Hub CRM they would benefit from support that could help them improve their performance, e.g. creating opportunities for them to engage more businesses; increased referrals; advertising and marketing; improved leverage of complementary resources; networking/training; market intelligence; quality feedback and recommendations. For this to be successful, the D2N2 Growth Hub must be seen by potential users to be an honest broker, and to have wide recognition amongst the target audience.
- c. **A key role for the Growth Hub staff is therefore to engage partners, develop the 'advisor community' and promote/support collegial action by partners, as well as to help develop the quality of partner delivery through analysis, and potentially to engage customers where there is a gap, e.g. a need to help create client interest on key agendas. Partners may also be helped to recognise gaps in provision and helped to commission and potentially also to procure solutions.** In the short term, it is envisaged that the willingness of partners to pledge their commitment to work with the D2N2 Growth Hub will be a fundamental requirement for the delivery of value-adding services beyond the development and delivery of the basic

infrastructure (due to tight budget constraints in FY14-15). We may have to limit the initial offer in order to ensure the D2N2 Growth Hub can effectively support and coordinate these efforts. Thereafter, partnership will continue to be essential for achieving the necessary scale and sustainability of service for the required level of impact.

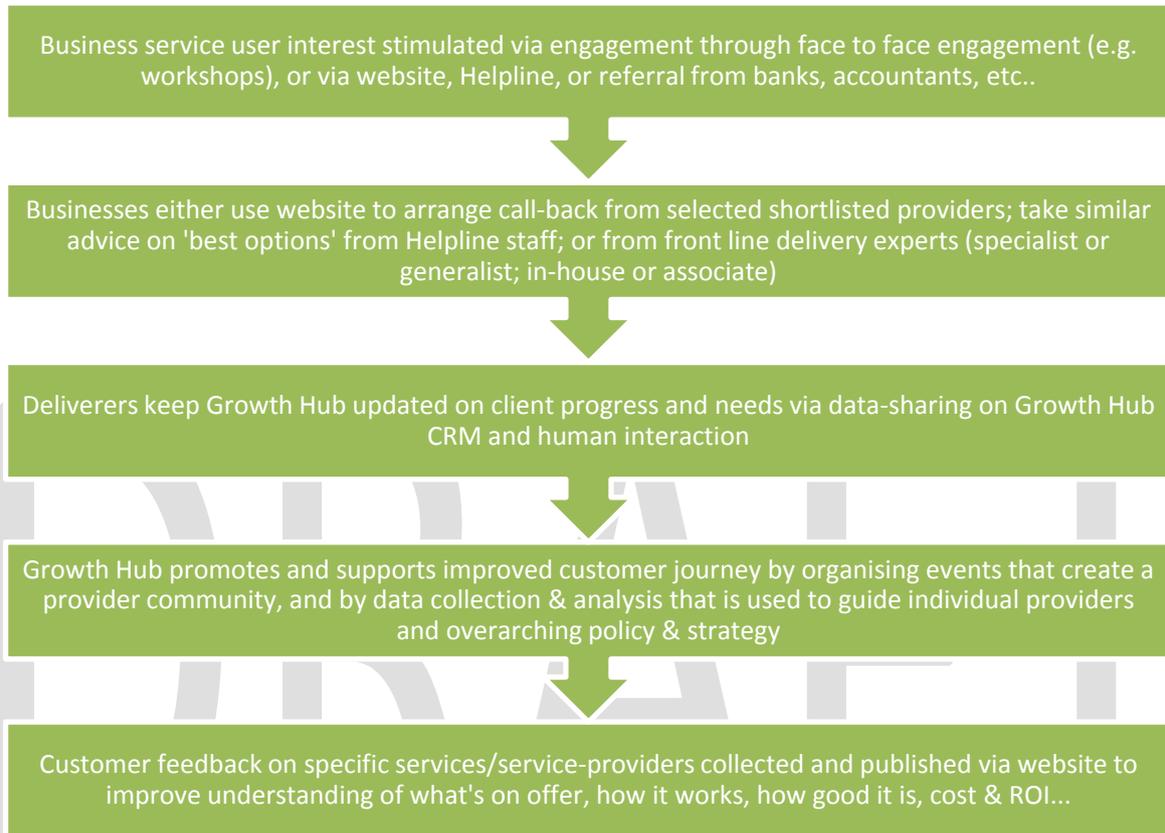


Figure 4: illustrative Growth Hub high level business process

### 3. Using the Hub as a source of support to improve their own service-delivery

- a. Closely linked to 2, above, the last key opportunity for Partners to help create an extended front line is, as previously mentioned, **as 'users' of the service in their own right**. The provision of intelligence about service providers through the website and community-building activities, as well as the opportunity to potentially link to and access the D2N2 Growth Hub's **CRM** make it easier for business service providers themselves to find out where other service and support providers can help improve the service they offer their customers, e.g. sources of expertise, grant-funding, etc.. Partners and other service providers engaging with the system would need to sign up to use the shared CRM, permitting them (subject to key terms and conditions protecting the clients' interests and reflecting the requirements of the Data Protection Act) to pool information about business activities and needs, and to coordinate interventions. Access to the CRM is likely to be restricted to partners signing up to terms and conditions that prevent conflict of interest/misuse of the information.

- b. In addition, through close engagement with a range of providers and customers, as well as interrogation of “Big Data” from the CRM system, the D2N2 Growth Hub staff is able **to develop and share intelligence about service best practice and give guidance on opportunities for improvement** – either on an individual ‘client’ basis or through networking events which are designed to build linkages between providers and improve practice.
- c. **A key role for the D2N2 Growth Hub staff will therefore be to not only ensure that terms and conditions of system use and partnership are respected, but also that the service provides intelligence that service-providers need; and to exploit the pooled data through research and analysis that can help provide intelligence about, e.g. what businesses want, what customer journeys are more effective, the evolving case for public sector interventions, etc.**

### Who are the main intended beneficiaries?

Whilst it is important that the D2N2 Growth Hub helps all types of business to understand and engage appropriately with business service/support-providers, it is appropriate for it to focus more resources on engaging and supporting businesses with ambition for growth, since they are more likely to take action and hence will deliver a bigger benefit and return to the economy for the effort invested. This also implies that more support should be invested in support of the target sectors and themes of the D2N2 Strategic Economic Plan (see [www.d2n2lep.org](http://www.d2n2lep.org)), as well as the priorities established for national partner programmes, such as MAS, Growth Accelerator, and UKTI...

Nevertheless, the D2N2 Growth Hub – by demonstrating what’s possible – will also support local efforts to stimulate ambition and promote success in start-ups & pre-starts where there is greater need for progress/entrepreneurship for sociological reasons.

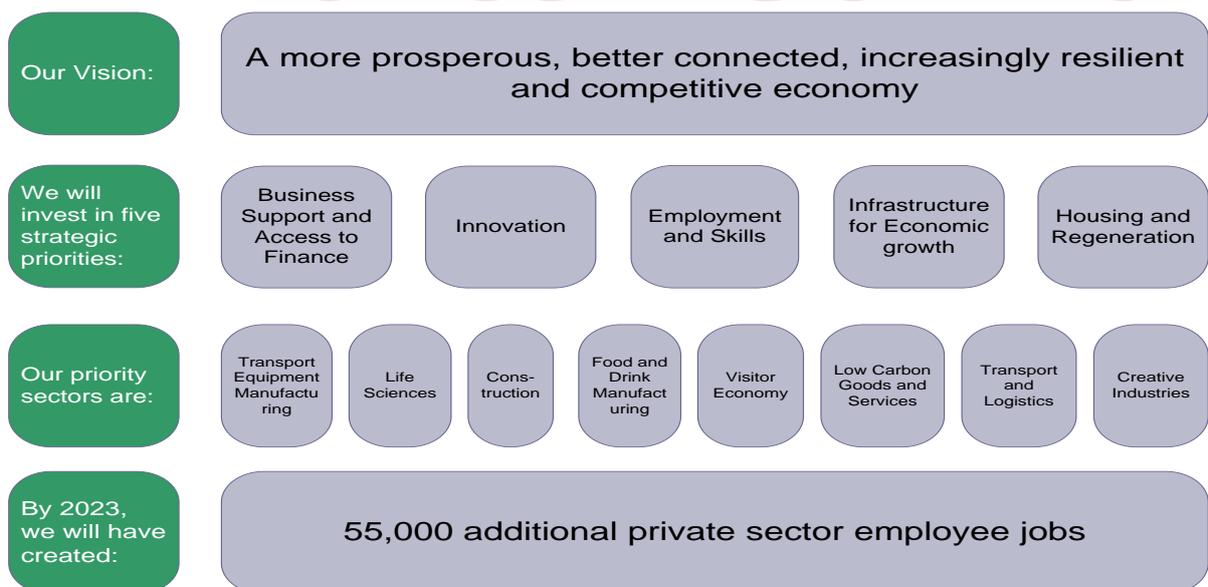


Figure 5: The Key elements of the D2N2 Strategic Economic Plan

Whilst improving the ‘customer journey’ is important for the Growth Hub, its focus should be on increasing first time engagement rather than ‘account managing’ specific businesses, as partners can manage these accounts and support the journey-management, but may rely on the D2N2 Growth Hub to stimulate demand from new clients.

Over time, the focus might shift as it becomes clear where it can make the biggest difference, since its sustainability is rooted in its clear ability to add value for users and providers. However, any such shift should be managed to ensure it is still adequately addressing the coordination market failure which provides the rationale for the initiative.

Though we are not yet clear about the best solution for balancing the potential for partner-led engagement with the value-added proposition for the D2N2 Growth Hub to help fill and manage the ‘pipeline’ for business services and support, it seems clear that the **D2N2 Growth Hub will have to employ ‘Market Facilitators’ that are able to respond to a wide range of enquiries, including the priority targets indicated above (in order to be able to both engage and serve these target-audiences, and identify and shape the services/support available to them).** This suggests they should have significant business experience, and should work as a team in which complementary areas of expertise could be exploited as appropriate to take forward activity on key agendas. The staff in the field need to will be supported by Helpline staff who might have wider, more generalist knowledge. Partnership will be used to boost this delivery capacity as far as possible, and liberate D2N2 Growth Hub resources for new client engagement and overall strategic management functions (e.g. assessment of optimal customer journeys, better practices, opportunities for new service innovation, etc..).



Figure 6: Indicative outline of D2N2 Growth Hub key staffing requirements

## **Where will the activities take place?**

### **Venues**

Though not a key consideration for the D2N2 Growth Hub design and delivery, given the importance of face-to-face activities noted above, there would clearly be value for the Hub to have access to a physical space in which meetings can occur, and for users to be able to drop in as required to inform themselves of opportunities. Therefore, although to a large extent the organization can be virtual and distributed in nature, we anticipate that there could be a need for partners in key locations to offer to provide a managed workspace for D2N2 Growth Hub activities.

Such venues could be located in accessible prime city-centre locations, and/or in premises that are already a focus for business support provision/access, e.g. the enterprise & innovation centres distributed around the D2N2 area. Such spaces could allow, for example, the co-location of experts working the front-line for the Growth Hub, or for workshop activities to educate and engage clients. Again, it is anticipated that such arrangements would result in a win-win for the hosts and the Hub, and that as such the core budgetary requirements for events would be minimised thanks to shared partner interests.

Co-location of service-providers can also promote collaboration and innovation/improvement, in line with the balanced objectives for the D2N2 Growth Hub.

### **Geography**

On the whole, it is believed that the provision of services – notably the engagement of start-ups as well as established businesses - will be distributed across the area to reflect concentrations of need and demand. On the one hand, there are significant concentrations of businesses in certain areas, notably around major urban centres, and we might expect high levels of demand for services in these areas. We recognise that whilst the service is likely to be ‘pulled’ towards areas of highest demand, as market facilitators engage with parties responding to the opportunity for business improvement, the D2N2 Growth Hub will have to take into account socio-political agendas which include encouraging business engagement/success in areas where low demand causes a problem that has become a focus for local economic strategy, e.g. the need for enterprise in areas of high unemployment.

We anticipate that the resources available will be used to employ specialists who will work an appropriate geographical area according to the need and requirement of their subject-specific expertise and availability of partners. Given the small numbers of core staff in the budget, and the anticipated need to deploy people with relevant expertise for key markets, it seems likely that such staff will have a ‘roaming’ brief to cover the D2N2 area. It will be the role of the Growth Hub operator(s) to determine the best deployment of staff in order to address the overarching objectives to improve uptake/quality of services across the key themes. However, a part of their brief is clearly to identify gaps in services/support that they are able to engage businesses with, and help commission these where necessary.

It is important that D2N2 Growth Hub staff and resources should not be used as a substitute for ‘localised’ support delivery, but to help ensure that there is improved awareness of business

service/support needs, and to help generate interest in available 'assets' from a wider business audience.

### **Provision in 'LEP overlap districts'**

The D2N2 Growth Hub operating area overlaps with Sheffield City Region (SCR) in 5 districts:

- Derbyshire Dales
- NE Derbyshire
- Chesterfield
- Bolsover
- Bassetlaw

In this area, accounting for around 25% of the 75,000 business units in the D2N2 area, the respective LEPs' Growth Hub offerings will need to work seamlessly together, to ensure they are simplifying not complicating business access to services.

In principle, there is clear potential for optimising (e.g. by cost-sharing) or enhancing (e.g. by adding) the total offer where overlap with other Growth Hub activity occurs because:

- Complementary offers can be coordinated, e.g. our partner/referral mechanisms would permit business advisers from other Growth Hubs to work as part of the extended frontline
- Website and CRM system databases can be linked and shared (providing clear potential for elimination of overhead costs for establishing and maintaining infrastructure and intelligence)
- Marketing, Branding and Communications can reflect the collaborative partnership going on in these areas, without having to be fully combined and integrated.

The key limits to cooperation relate to the extent to which the D2N2/SCR Growth Hub operations strategies are aligned, and the degree to which district boundaries are relevant to the delivery of services. These factors will impact on what constitutes effective and efficient delivery, and may also impact on the sustainability of the service, e.g. due to funding models. Contracting, delivery, and governance arrangements will therefore be established to reflect the optimal form of collaboration that permits both SCR and D2N2 objectives to be addressed efficiently, effectively, and harmoniously.

The options vary from full coordinated overlap (i.e. both services offer services in the area but coordinate and align their activity), to full sub-contracting (one Hub delivers services on behalf of both LEPs). The ideal solution currently appears to be that:

- Both Hubs retain market facilitators to work with businesses in the area
- Relevant staff in the field and the back-office coordinate activity to avoid overlap
- Marketing, branding and communications are used that reflect the nature of the partnership and opportunity to connect to the available support through either Hub
- Systems are linked in order to support coordinated action and yet also permit independent performance reviews to inform strategy.

D2N2 Growth Hub pilot experiences in FY14-15 will do much to inform this area of strategy.

## **How many?**

Arguably, the aims and objectives of the Growth Hub are to help attain the objectives of the D2N2 Growth Deal, which includes the creation of 55,000 jobs and commensurate growth by 2023 (see **figure 5**). Our objective would be to facilitate this via improved awareness of, uptake and impact of services in key areas by established businesses as well as pre- and new starts in the area.

By focusing the operational objectives on creating new demand and coordinating a partner-led response, rather than hand-holding or account management, we expect the numbers of businesses engaged and impacted to be larger than might otherwise be possible.

We will establish baselines and realistic targets for targeting, monitoring and evaluating increased penetration and impact of the market that result from the Hub's activities. This will take into account the BIS minimum requirements for performance management that are a condition of funding for FY15-16, as well as any relevant benchmark data available from the rest of the national Growth Hub network.

Nevertheless, the importance of key performance indicators reflecting the ability of the D2N2 Growth Hub to give an increasing number of businesses an increasing confidence to use business services/support should not be understated.

## **How much?**

It remains to be decided whether fees will be charged to organizations engaging with the Growth Hub – users, providers or sponsors - subject to strategies for sustainability proposed by partners during the competitive procurement process planned for roll-out of services in FY2015-16.

## **Provisional Action Plan**

Key steps and milestones for the full launch of the D2N2 Growth Hub are anticipated as follows (see table, overleaf):

Step	Objective	Due Date
1. Launch enhanced pilot including: <ul style="list-style-type: none"> <li>• Clarity on targets, objectives and <i>modus operandii</i></li> <li>• Establish name and brand to address these needs and aspirations</li> <li>• Enhanced website look, content and functionality</li> <li>• CRM accessible to staff and partners</li> <li>• Service user–engagement activities (marketing and education)</li> <li>• Provider ‘community-building’ activities</li> <li>• Partner-led delivery of impartial advice to clients in the field (on behalf of the Hub)</li> </ul>	Prepare the basis for testing of the proposed model prior to procurement/roll-out of full service.  The pilot will prove the concept by focusing on ‘outreach’ in a limited number of themes that are supported by partners and where resources are made available.	5 Dec 14
2. Evaluate pilot	Refine thinking on strategy and delivery	March 15
3. Launch full service using £525k BIS core-funding	Employ as much as possible of the available seed funding to establish a base for long-term sustainable delivery	Spring/summer 2015
4. Monitoring, reporting and evaluation BIS-funded period to at least satisfy BIS guidelines and conditions for funding	Learning.	tbc

**Table 1: key steps in the strategy implementation plan**