THE WAY WE WORK: **SYSTEMS VIEW OF ALBERTA'S SMALL BUSINESS PROGRAMS AND SERVICES**

AS PART OF THE DEVELOPMENT OF A

SMALL BUSINESS STRATEGY (SBS)

ALBERTA, CANADA – MAY 2013

THE BUSINESS LINK
Alberta's Business Information Service

Amended December 2013

Alberta Government

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PROJECT PARTNERS:

THE BUSINESS LINK — Alberta's Business Information Service

Alberta Government

Productivity ALBERTA

Alberta Innovates Technology Futures

PROJECT FUNDER:

Rural Alberta Development Fund

SUBMITTED BY:

future iQ PARTNERS

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PROJECT REPORT

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1.0 EXECUTIVE SUMMARY

The study was commissioned on behalf of a collaborative working group of business and innovation programs and services funded by Alberta Enterprise and Advanced Education. The Business Link (TBL), with the support of Alberta Enterprise and Advanced Education, Alberta Innovates Technology Futures, and Productivity Alberta, are working together to form the core of a service provider network and catalyze a "client-focused" culture shift in government and related programs and services. This study, funded by the Rural Alberta Development Fund, has examined ways to improve the provision of services to the small business sector. This study should be viewed in conjunction with recent and concurrent studies, which together are beginning to define the Small Business Strategy for the Province.

The particular purpose of the study presented in this report was to: "Develop the foundational information and analysis to support initial steps related to improving the client focused service culture of related programs and services for business under the small business strategy." During April and May 2013, this project undertook a comprehensive process of surveys, interviews and focus group sessions with both service providers and clients.

The data and information collected has helped form the recommendations outlined in this report. In particular, the brief for the project included addressing the topic from a systems perspective; that is, looking at how the various service delivery pieces work together, and the degree to which the suite of services offered by the Province and its partners occurred as a coherent system.

CONTEXTUAL ENVIRONMENT

As in many Government jurisdictions, the programs and services offered to small business are varied and complex. Many were created at different points in time, and for different reasons and needs. In addition, the needs of small business are changing and evolving as fundamental changes occur in the Provincial and external economy, and as changes occur in technology, consumer preferences and market demands. In this regard, it is timely and appropriate to step-back and consider the overall service provision model, and its effectiveness and suitability in today's world.

KEY HIGH-LEVEL OBSERVATIONS

From discussions with businesses, stakeholders and agencies, it does appear that there is a real appetite for change amongst the service providers within the Province. There was recognition from both the client and delivery sides, that no real system currently exists, and that it is largely a disjointed clustering of services with no cohesive integration or transparency of what is on offer and available to businesses. There was a universal desire to see a more integrated and cohesive method of connecting the existing and new services.

Beyond the mechanics of designing an integrated service delivery model, there was an expressed desire to see this in the context of a transformative process, where the stakeholders come together to design a world-class system of service delivery. Given the complexity of this task, it will require some visionary leadership and resolve to bring the existing suite of delivery organisations together to design and implement a new service delivery model. The initial starting point would be networking the existing key entities and people together into a cohesive team that champions the overarching 'noble purpose' that has been defined as "I will make a difference by doing the right thing and empower you to get what you need, which includes connecting you to the other talent in the system." The 'noble purpose' was developed by a key stakeholder group of service delivery organisations in early 2013. It provides a powerful vision and context for planning work on optimising future service delivery models and systems.

In terms of specific comments on the current service delivery model, the following points summarize the discussions from interviews, and are supported by the survey results:

ACCESS OF GOVERNMENT SERVICES – CLIENT PERSPECTIVE

- Service provision is confusing and it is difficult to find the entry point – as a result potential clients (small business and entrepreneurs) often simply give up trying to access the services.
- It is hard to find necessary information and contacts for the right people; but this varies with location, with regional and rural based entities having more challenges as they are often outside the key networks.
- There are gaps and duplications in service delivery – and sometimes groups seem to be competing to supply the same service, for example business planning.
- Some frustration was expressed, especially at regulatory process and system.
- Where the right person is found, then this often resulted in a high degree of success at a business level – especially for export development and growth.
- Growing businesses have tended to rely more on local support systems and professional / peer groups outside of provincial system and services.
- There was some view that political rhetoric regarding support and priority for small business was not matched by tangible action.
- Overall, there was considerable optimism and a desire to see an integrated service system developed.

DELIVERY OF SERVICES – SERVICE PROVIDERS' PERSPECTIVES

- The Service delivery system is fragmented and incoherent; and there seems to be duplication across Federal, Provincial, regional and local service providers.
- Service providers do not have an adequate knowledge of what is being offered, by who or where.
- In some cases, service providers have created their own local or sector systems and networks, that are offering good best practice case studies (e.g.: Tech sector clusters; Airdrie, Alberta Women Entrepreneurs (AWE), Alberta Biomaterial Development Centre – ABDC).
- Some funding agreements are legacy and are inflexible to changing needs.
- There is a lack of system navigators and connectors – therefore, there is a reliance on personal networks, often built up over many years.
- The overall service provision focuses too much on innovation and start-ups, and not enough on commercialization and growth stages – especially for established business. Peer-based groups are supporting this demand.
- Mostly, there are few metrics or accountability measures that drive collaboration. In cases where there were some metrics that link collaboration to performance, the interviewees stated this had helped encourage collaborative behavior.
- There seems to be a discrepancy between evaluation metrics service providers are required to use, under grant processes, and how this connects to improving their services and meeting clients' emerging needs.

2.0 SUMMARY RECOMMENDATIONS

The following recommendations will support the cultural shift of government funded business programs and services to an integrated, collaborative and client focused approach. The recommendations are defined in broad areas, with specific suggested steps under each area.

INTEGRATED SYSTEM AND COMMUNICATION INFRASTRUCTURE

There is a priority need to design information infrastructure to host comprehensive information about programs and services available for businesses. This study revealed a widespread desire and recognition of the need to develop a unifying platform and system for linking information related to small business support. This system and platform would serve the purpose of linking all key information, and making an easily accessible entry point for clients and service providers. Key recommended actions to accomplish this outcome are:

- Develop an integrated and purpose built website for small business support. This would provide a central hub for information and engagement, and act as a single unifying point of reference. There is a critical need to develop this platform that can connect all of the available resources together. The obvious and simplest way to do this is through a dedicated website. The features of such a website should include:
    - A simple easily navigated interface that readily accommodates the needs of the user queries and provides access to the relevant information and areas of engagement and input. This should be customized toward each business stage or specific technical query.
    - Internal analytics that can help track usage of the site and the information that people are seeking; helping build the early awareness of emerging client needs and interests.
- Develop the small business any-door system so that no matter where clients enter the system, they can easily find their way to the information and resources they need. Such an approach would be supported by:
    - Implementing a system of education to inform the broader network of service providers as to what is available and where to direct people.
    - Developing a training program for small business service providers, so they can act as navigators within the system of support for small business. It could be a program similar to the "We Speak" program in Oregon, and named the "We Speak Alberta Business" (http://industry.traveloregon.com/industry-resources/destination-development/we-speak-program/).
- Continue the work on developing road maps for the regulatory system.
    - Roadmaps and reviews of regulatory pathways should be prepared for existing high value and high growth potential industry sectors. It is acknowledged that some of this work is already underway, and it should be continued.

INTEGRATED SERVICE DELIVERY NETWORK - CULTURAL SHIFT

There is an important need to build a provincial-wide network of client-focused business service providers and foster collaborative and integrated service delivery through conferences, training resources and ongoing engagement. To support this cultural shift in service delivery, the following actions are recommended:

- Identify and promote best practice case studies, which will encourage a self-learning network that can adapt and evolve over time, and respond to changing needs.
- Promote the concept of the open source approach to serving clients, helping to break down silos and territorial behaviors.

- Create a system of collaboration that works from both top-down (policy) and bottom-up (Service Provider Practitioners). This would include systems of referral and co-client support. This approach will need to be connected to the current system, including reporting requirements and funding obligations. Some specific recommended actions include:
    - Identify Project Ambassadors, who would be dedicated to supporting specific clients. These project ambassadors would identify and bring together key people and resources from across the service delivery network, to best support the clients needs.
    - Provide training and accreditation in navigator and connector roles, and examine ways to incentivize these roles and create a commercial value in being accredited.

ALIGNING FUNDING METRICS AND NETWORK PERFORMANCE

There is a need to develop new incentives and tools that encourage service providers to work together better, and to focus funding agreements on system outcomes and performance measures that support collaboration, economic growth and small business success. To support this process, the following actions are recommended:

- Develop incentives and rewards for collaboration, and remove any existing performance standards that do not promote collaboration. This could include specific incentives, as well as encouragement of best practice behaviors and approaches. A committee of service providers would ideally design this, to ensure the incentives are best structured to reward collaborative behavior.
- Develop a consistent and shared measurement of desired outcomes. Many of the programs were formed at different points in history, and for different purposes. Given the current desire to form an integrated small business service system across the Province, this provides a unique opportunity to revisit funding agreements and programs, and better align these with the current desired outcomes.
    - Existing funding agreements should be reviewed and realigned to support programs better suited to fulfilling on the overarching design of the system.
    - Design new funding agreements, which recognize and reward service delivery groups for referring and connecting clients to the best resources.
- Develop a transparent view of the existing network, and develop the ability to measure how it evolves over time. Some specific actions recommended include:
    - Real-time network analysis should be conducted to measure and define existing network patterns, and allow for measurement of network change over time. Such analysis should be designed to identify existing connectors and clusters. Such network maps can inform the design intervention strategies to build more robust and integrated networks.
    - As part of building a collaborative culture, it is recommended to continue to convene service delivery groups to:
        - Begin network building and creating necessary linkages
        - Share information on programs and services
        - Collectively define metrics to encourage collaboration and best practice

NEXT STEPS

While many of the recommended actions are systemic in nature, and will require time and resources to implement, there are some simple and immediate steps that can begin the process of building a world-class service delivery system in the short term, and begin to shape the desired cultural shift.

Specifically, a suggested short-term action is to host a conference for service providers from across the Province, to begin the process of building understanding, alignment and trust across the delivery system. The conference should be very action orientated, and provide an opportunity to engage the entire service delivery network in creating shared solutions, and facilitate information flow. Such a conference can also be an important step in setting the tone for a new culture and era of service delivery focused on client needs and best practice. Features of such a conference should include:

- Utilizing real-time network mapping to bring transparency to the existing network dynamics and status.
- Create new clusters and working groups (from network data) to begin forming new linkages and collaborations. Such working groups could develop outcomes on topics such as incentives for collaboration, regulatory roadmaps, and principles for future funding arrangements.
- Showcase 'best-practice' collaboration and programs already identified in the Province and elsewhere.

3.0 METHODOLOGY

The methodology for data collection and analysis was as follows:

SURVEYS

Detailed on-line surveys were conducted with target groups. Surveys were sent to 74 service providers, of which 42 responded. In addition some 86 clients (businesses) participated in on-line surveys. The surveys explored a range of questions that gathered qualitative and quantitative information about service delivery and clients' needs, and perspectives on service delivery.

PERSONAL INTERVIEWS

A series of 18-interview sessions were held across the Province from 29 April to 13 May, 2013. These included predominately service providers, with some client sessions. The geographic spread of face-to-face meetings included Edmonton, Airdrie, Olds, Sylvan Lake, Red Deer, Leduc and Calgary. In addition, conference calls were held to allow input from service providers and clients in more rural and remote locations. The interview participants represented people from groups at regional, municipal, provincial, organizational, and professional levels.

ANALYSIS

The data collected from the surveys and interviews was analyzed in a qualitative and quantitative manner. Key data has been presented in this report.

3.1 STAKEHOLDER ENGAGEMENT

Initial meetings were held April 16-20, 2013 to meet with the working group and fully design the survey input tool. The working group met April 17th and subsequent meetings were held with each working group member to determine the current status of service providers, gather current information, and develop the key target stakeholder databases.

3.2 SERVICE PROVIDER AND SMALL BUSINESS SURVEYS

Three main surveys were distributed:

1. Profiles of Alberta Small Business Service Providers
2. Perspectives of Alberta Small Business Service Providers
3. Service Needs for Alberta Businesses

3.2.1 PROFILES OF ALBERTA SMALL BUSINESS SERVICE PROVIDERS

This survey was sent out to a representative of each of the stakeholder groups and it was intended to get a baseline map of the service organizations and the services provided. This was sent out to one representative and filled out for the entire organization.

SURVEY – RESPONSE RATE:

Recipients	74 total sent
No response	33
Responded	41
Partial/Complete	7 / 34
Opted Out	1
Web Input	1

3.2.2 PERSPECTIVES OF ALBERTA SMALL BUSINESS SERVICE PROVIDERS

This survey was sent out to various service providers via the working group network. This survey was created to capture the culture of service providers. The intended audience was a wide range of service provider representatives from the people working directly with clients to management. It was an anonymous survey organized around these themes:

- Confidence and optimism
- Common understanding of success
- Collaboration ability and experience
- Service Providers Current Status
- Gaps and redundancies

42 total surveys were collected

3.2.3 SERVICE NEEDS FOR ALBERTA BUSINESSES

This survey was sent out to a representative group of small business through the working group network. It was also an anonymous survey that was intended to get a baseline of what services they are utilizing, their satisfaction levels of those services and their current needs. Specifically the survey was organized around these themes:

- Baseline business Information
- Past use of business services
- Business support services quality
- Current and future business needs
- Business support services engagement

86 total surveys were collected

3.3 FOCUS GROUP INTERVIEWS

Interviews were held with invited service delivery organizations and clients from 29 April to 3 May, 2013; and again on 13 May. The interviews were held in numerous rural, regional and urban locations. In addition, conference calls were held to allow participation for people in more rural and remote locations. In total, 18-interview sessions were held. The interviews were held as open discussions, and aimed to gather input around some structured questions. The following questions provided the basis of the interviews:

SERVICE PROVIDERS

- What do you see as the best future model for delivery of services that will support small and start up businesses in Alberta?
- What do you think is the best way to create an environment that stimulates and nurtures entrepreneurial businesses?
- What is the unique and essential role that Government supported and funded services can play to support business start-ups, now and in the future?

CLIENTS / SMALL BUSINESS

- What are the emerging issues that will impact on the ability for small businesses to grow in Alberta?
- How do we create an entrepreneurial environment that continues to foster innovation and excellence in small business?
- What is the unique and essential role that Government supported and funded services can play to support business start-ups, now and in the future?

4.0 REPORTING AGAINST DELIVERABLES

The project brief included the following statement of deliverables:

Develop foundational information and analysis to support initial steps related to improving the client focused service culture of related programs and services for business under the Alberta small business strategy. Understanding that several programs to provide service to business have been developed at different times and to address different needs over time, to facilitate a systemic shift to "client focused services with no wrong window," the project brief asked the following to be developed from a systems view:

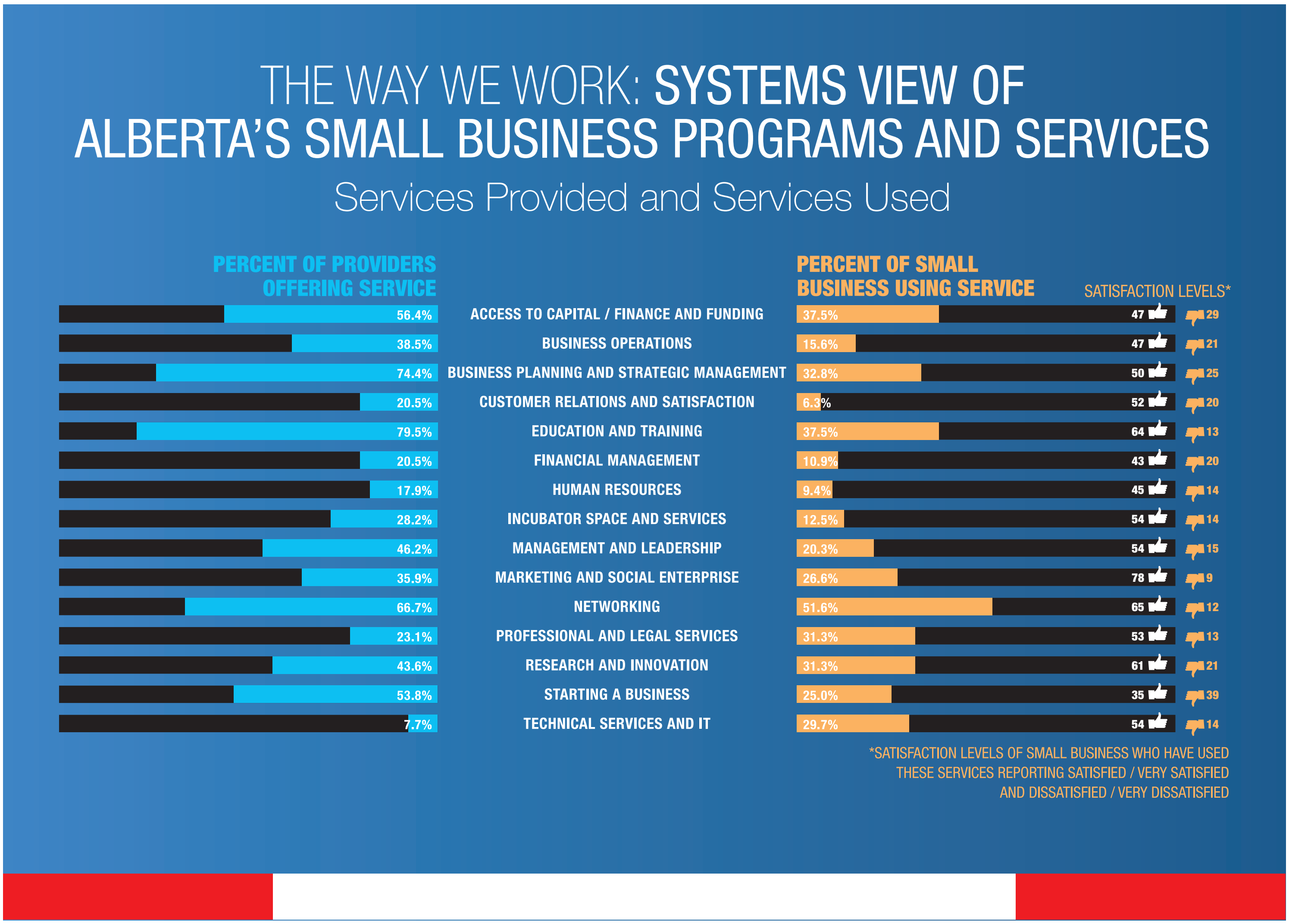
1. A definition of "client(s);"
2. A clear, current overview of client needs;
3. Negotiate and develop a high level summary of common terminology, to align service providers;
4. A comprehensive summary of small business, innovation, productivity and entrepreneurship programs and services currently offered in Alberta via public, private or non-profit organizations (i.e. significant proportion of content can be provided by working group members but would need to be compiled);
5. Analysis, resulting in graphical representation(s) of continuum and/or functions of programs and services;
6. As part of this analysis, programs and services may be categorized into 3 tiers, with recommendations to improve the efficacy of each tier. This may be further refined through meetings with the Contractor and Working Group.
    a. Tier 1 - programs and services that support self-serve information access, such as accessing information online or by picking up brochures without staff assistance.
    b. Tier 2 - will focus on programs and services that provide some dimension of in person assistance via face-to-face, telephone and email to clients who require training, advice and/or connections.
    c. Tier 3 - will focus on programs and services that target clients with more advanced needs and/or more significant investment of time to meet needs.
7. Evaluate and provide recommendation on efficacy of current programs to meet urban, rural and specific population segment needs;
8. Review existing evaluation information from the AEAE programs and services and consider best practice from three leading jurisdictions to inform the following.
    a. Research and evaluate current performance metrics and recommend alternatives for the system to more effectively align to achieve desired outcomes. For example, this could include proposing a system of performance metrics to enhance collaboration; more effectively and rapidly meet client needs and reorient services toward outcomes (i.e. more small businesses survive and grow, rather than number of "business clients" served by programs).
    b. Where apparent, identify areas of duplication in the system of existing programs and services.
    c. Identify gaps and opportunities in the system.

4.1 DEFINITION OF CLIENT(S)

This study aims to better understand the clients using the Small Business and Entrepreneurial services within the Province of Alberta. The Overall Mapping of the needs of businesses, and the services being provided gives an insight into who is the client for service providers. In this image we can start to see where clients are using services currently. This stratification and analysis allows an understanding of client types and needs, beyond a simple 'business' definition.

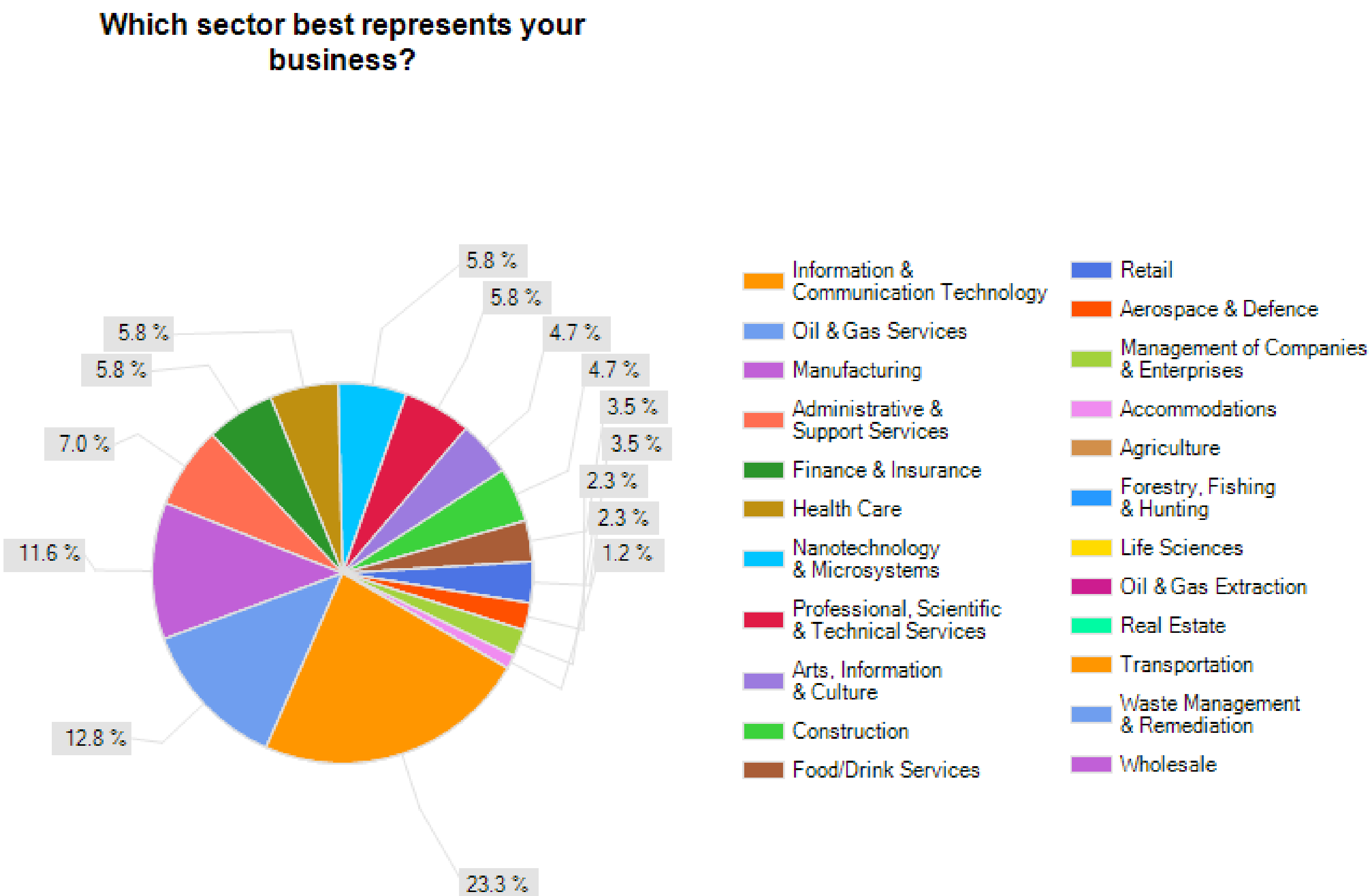
Notes on the following chart:

- Although not a one-to-one comparison, the chart gives a good look at the specific services that are being provided and the services that are being used by small business.
- For each service area, the small business also indicated their satisfaction level for that service. The 'thumbs up' indicates where the business felt "Satisfied" or "Very Satisfied", the 'thumbs down' indicates where the business felt "Dissatisfied" or "Very Dissatisfied" ("N/A" and "Neutral" were not used in this depiction)



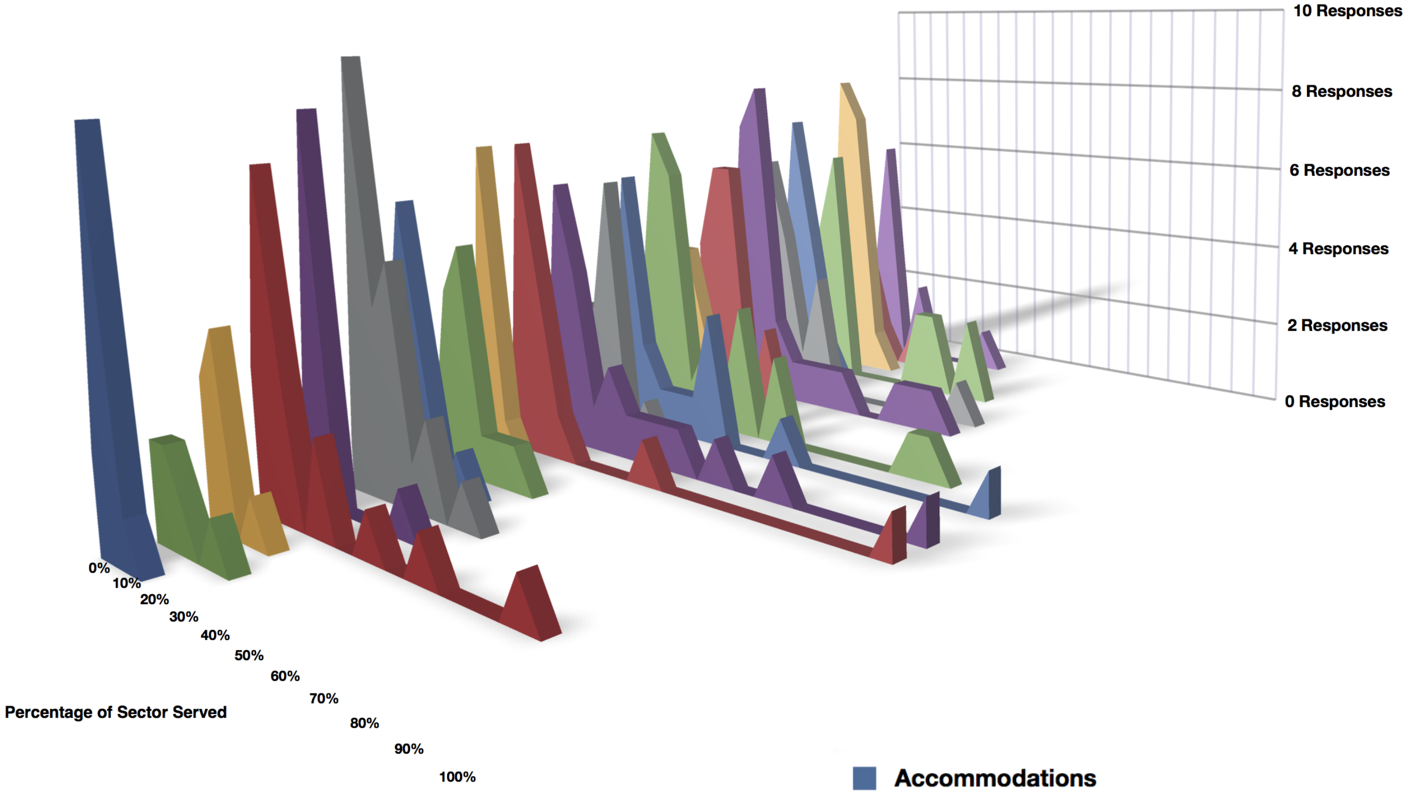
BUSINESS REPRESENTATION – SURVEYS

Surveys were distributed to organizations and individuals identified by the working group. The following diagram shows that a good range and cross-section of businesses from various sectors participated in the survey. From this data, it can be reasonably assumed that the sample was sufficiently representative to be viable for the purposes of this study.



SERVICE PROVIDERS – CUSTOMER AND SECTOR PROFILES

In response to the questions 'What sector/s best represent your client base?'



NOTES ON CHART

- This chart indicates that the majority of service organizations are working with a diverse set of sectors.
- Only a few (Agriculture, Health Care, Information and Communication Technology & Management) are working with service providers that are more exclusively tied within these sectors.
- 73% of respondents selected 5% or less as the amount they work with each sector.

4.2 OVERVIEW OF CLIENT NEEDS

To assess the client needs, the survey data was filtered based on a matrix of longevity in business and preferred way of delivery of services.

- Preferred method of delivery of service was stratified based on the following tiers.
- Longevity in business was used as a correlation of stages of business growth.

PREFERRED METHOD OF DELIVERY OF SERVICES

Established Tiers of Service	Tiers as presented in surveys (as preferred method of delivery of service)
Tier 1 Focuses on programs and services that support self-serve information access, such as accessing information online or by picking up brochures without staff assistance.	Provision of literature
Tier 2 Focuses on programs and services that provide some dimension of in person assistance via face-to-face, telephone and email to clients who require training, advice and/or connections.	Email Phone In-person short-term
Tier 3 Focuses on programs and services that target clients with more advanced needs and/or more significant investment of time to meet needs.	In person long-term

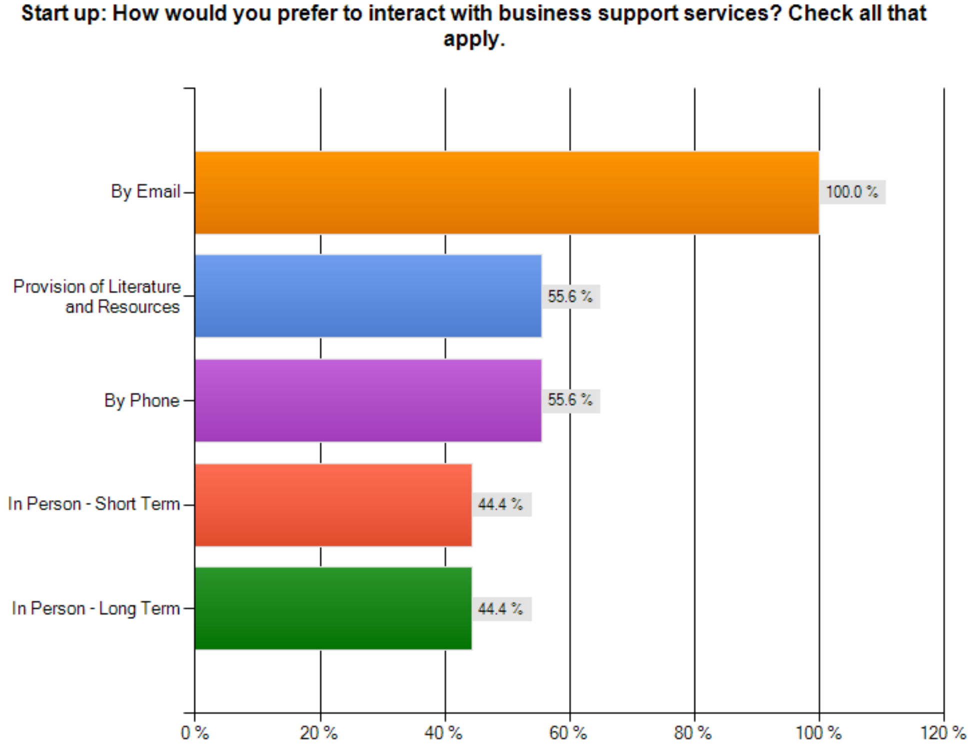
BUSINESS LONGEVITY - CATEGORIES.

The following categories were used in the surveys. These categories were used as a correlation to stages of business growth.

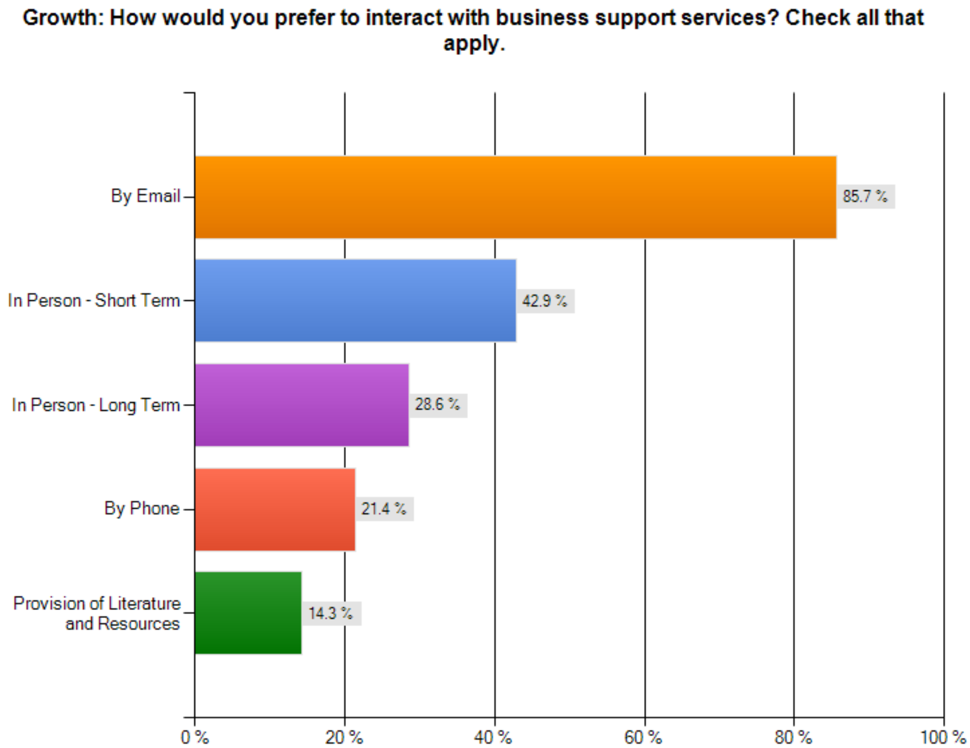
1. Start up – Within the past year
2. Growth – 1 to 5 years
3. Established – 5 to 10 years
4. Expansion – More that 10 years

PREFERENCE OF METHODS OF ENGAGEMENT BY SERVICE PROVIDERS - BASED ON BUSINESS LONGEVITY

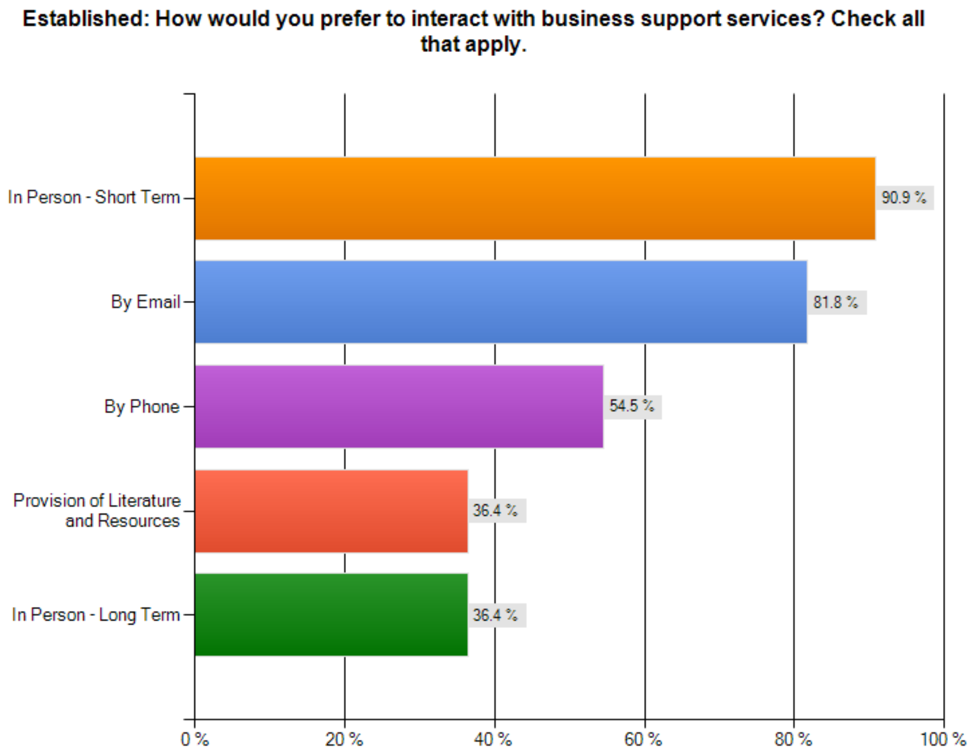
Start-up – Within the last year



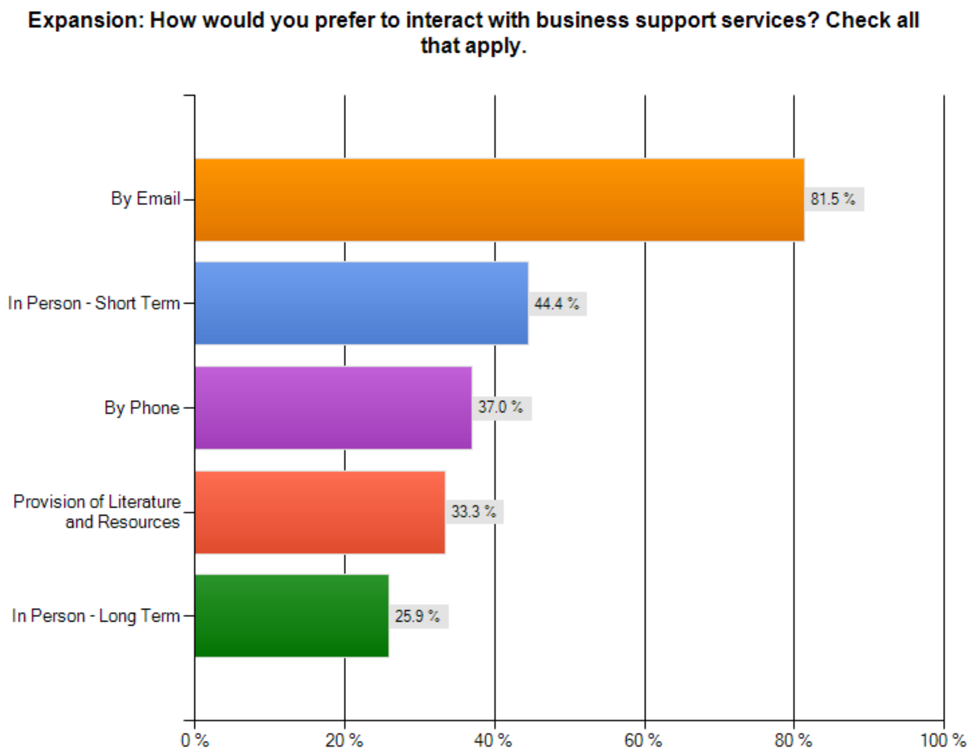
Growth – 1 to 5 years



Established – 5 to 10 years



Expansion – More than 10 years

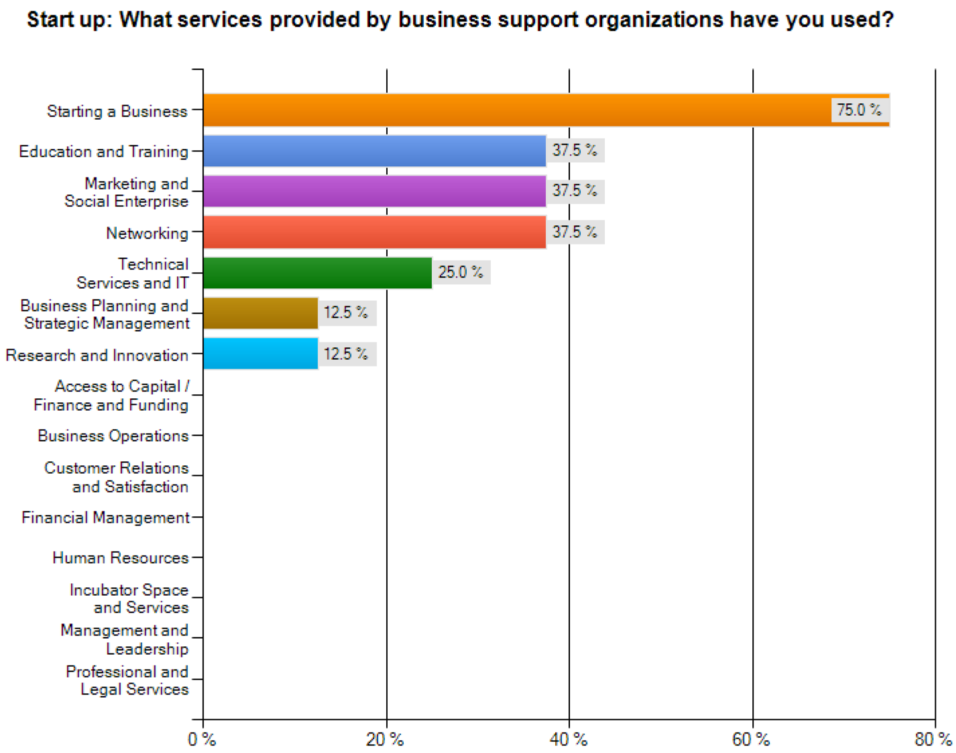


This information is a guide on where each small business would prefer to be engaged by Service Providers – placing them into the appropriate Tier

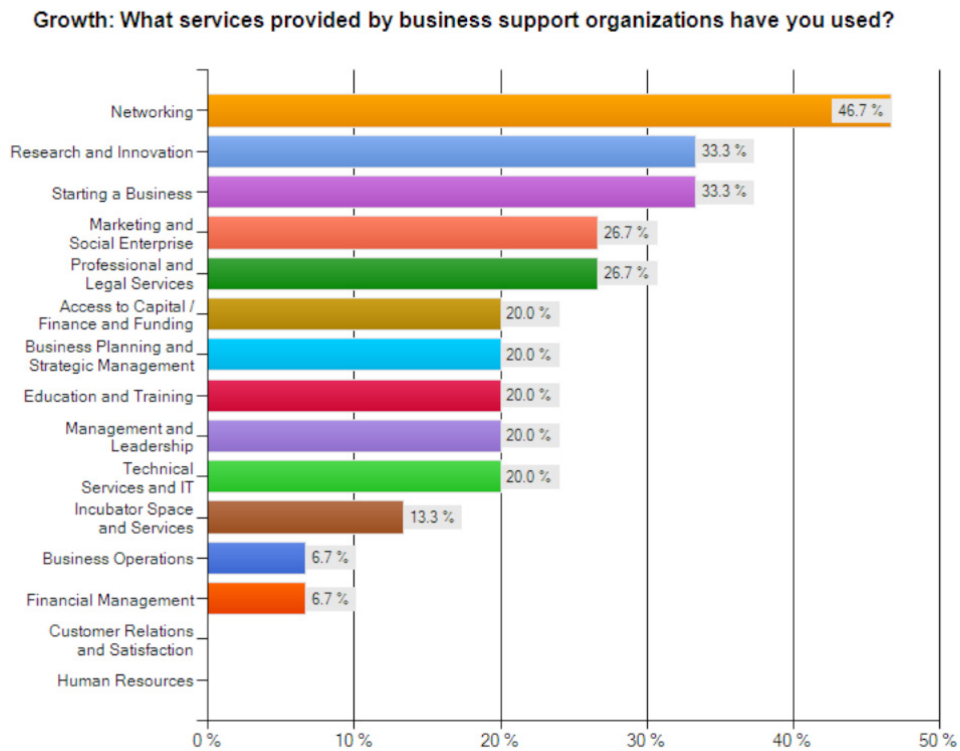
- Most of the respondents chose email as a method of communication, with a marked difference in established businesses preferring In person – short term (Tier 2)
- Provision of Literature (Tier 1) was different for each category, with Start up preferring this method.

SMALL BUSINESS SERVICES USED BASED ON BUSINESS LONGEVITY

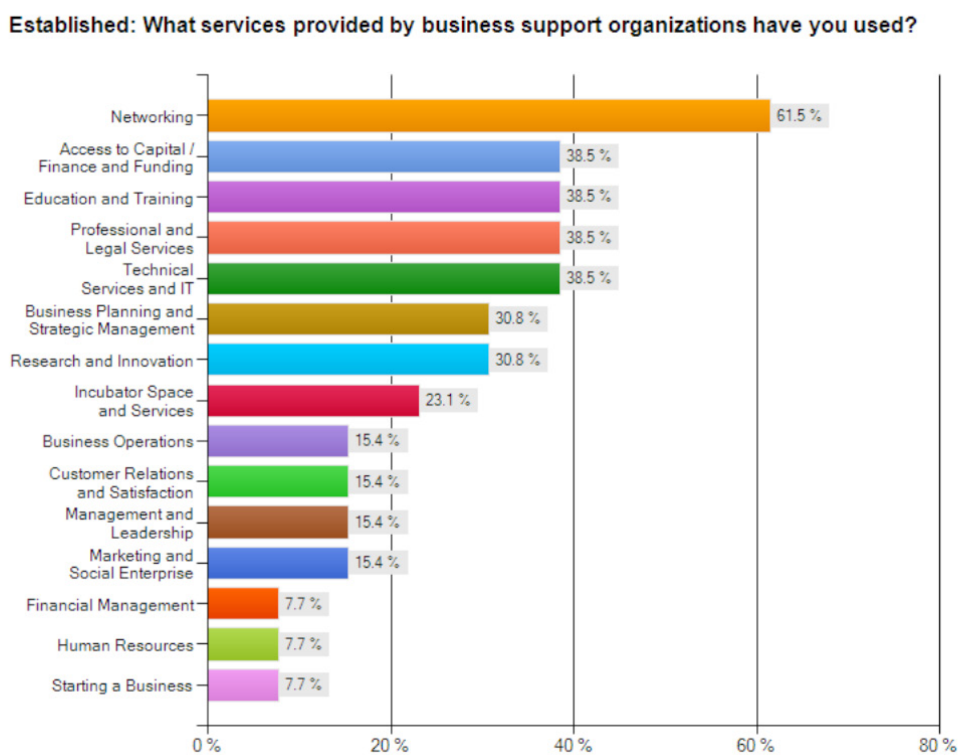
Start-up – Within the last year



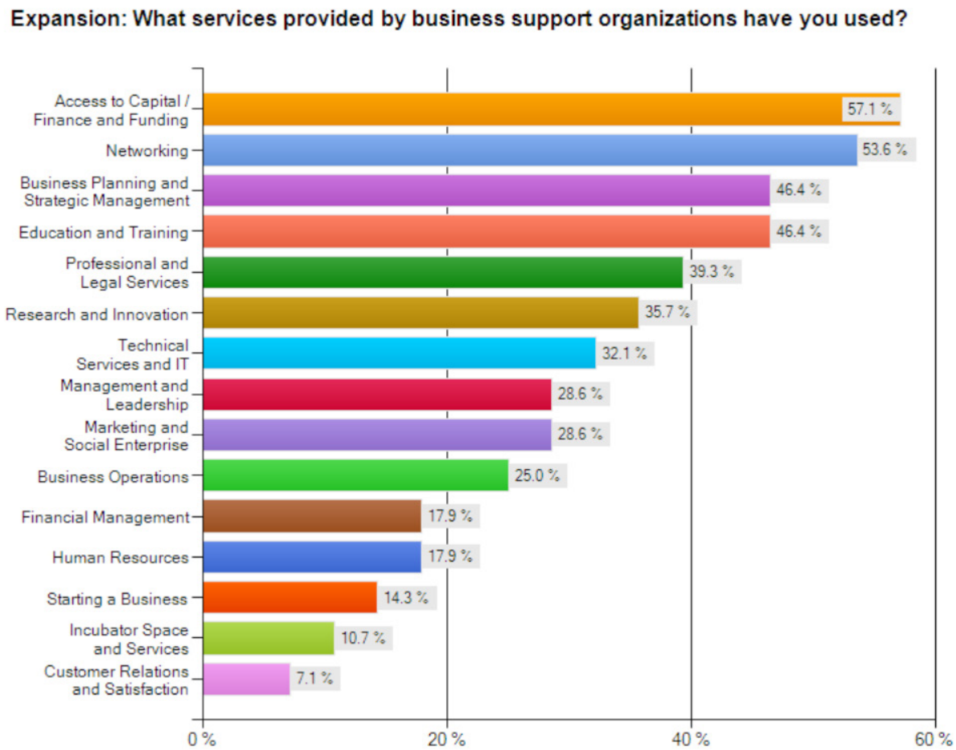
Growth – 1 to 5 years



Established – 5 to 10 years



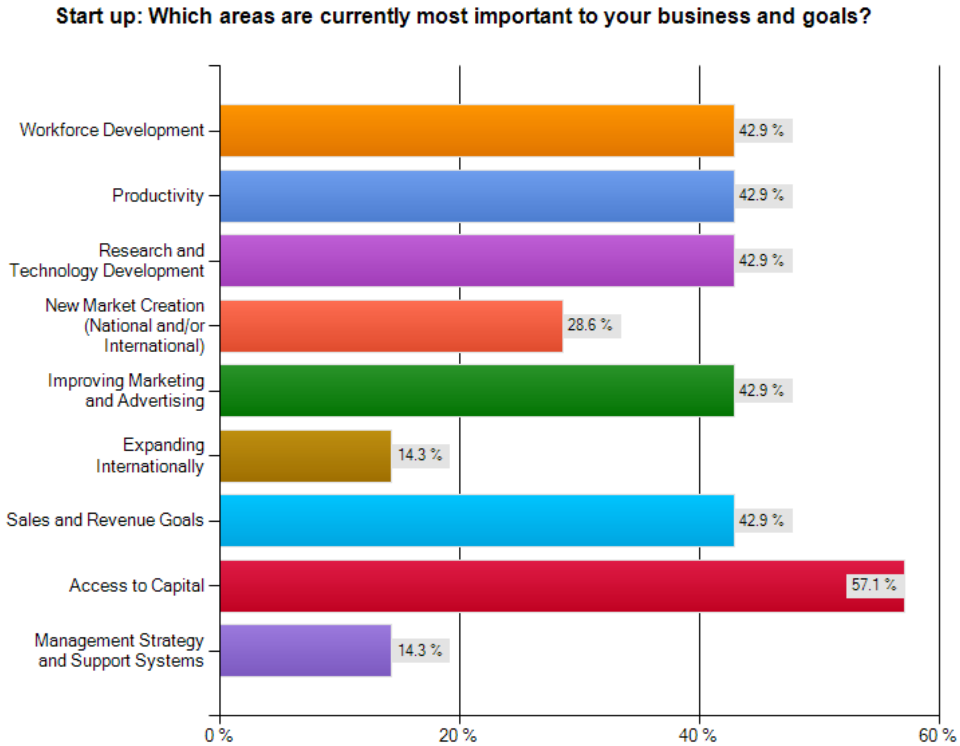
Expansion – More than 10 years



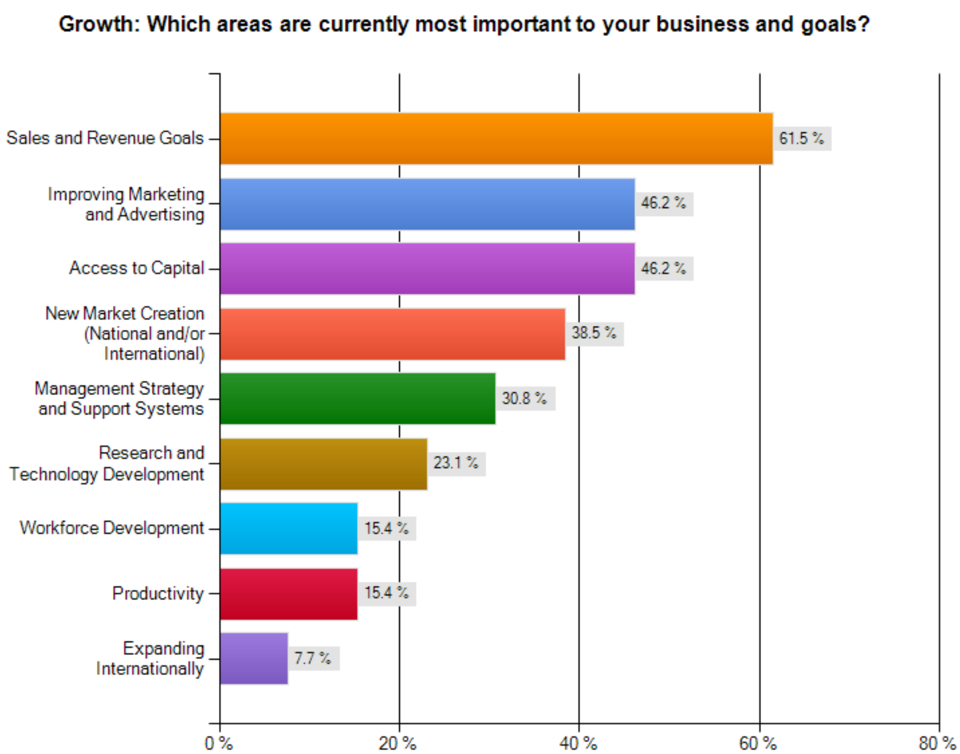
These graphs illustrate where small business have used services. The needs shift significantly depending on the stages of business growth and longevity.

SMALL BUSINESS - AREAS OF MOST IMPORTANCE BASED ON BUSINESS LONGEVITY

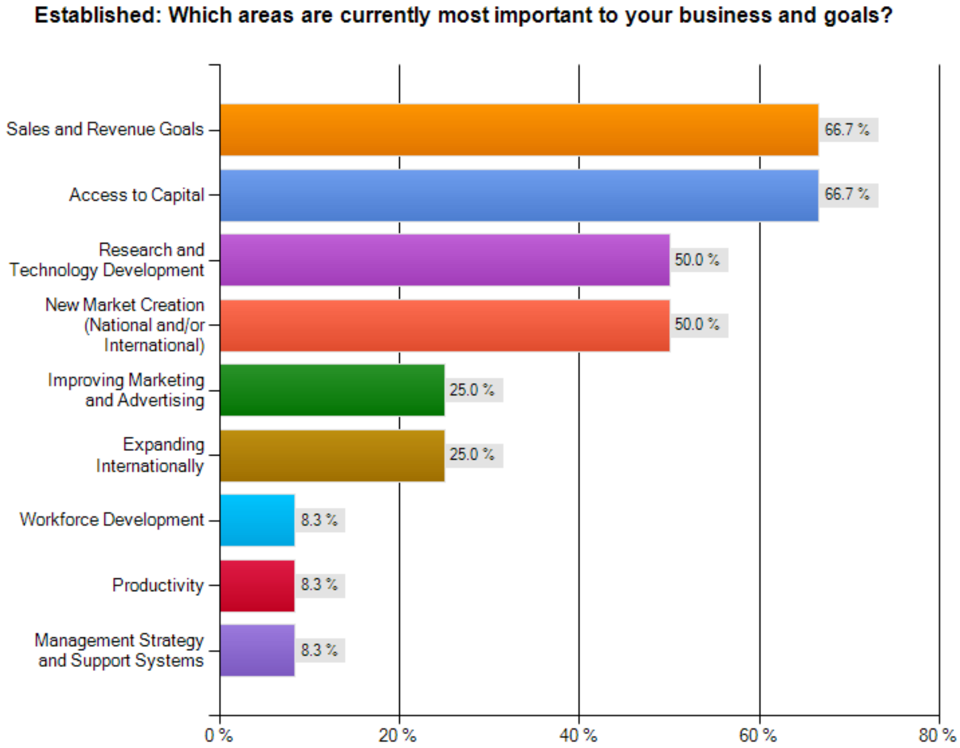
Start-up – Within the last year



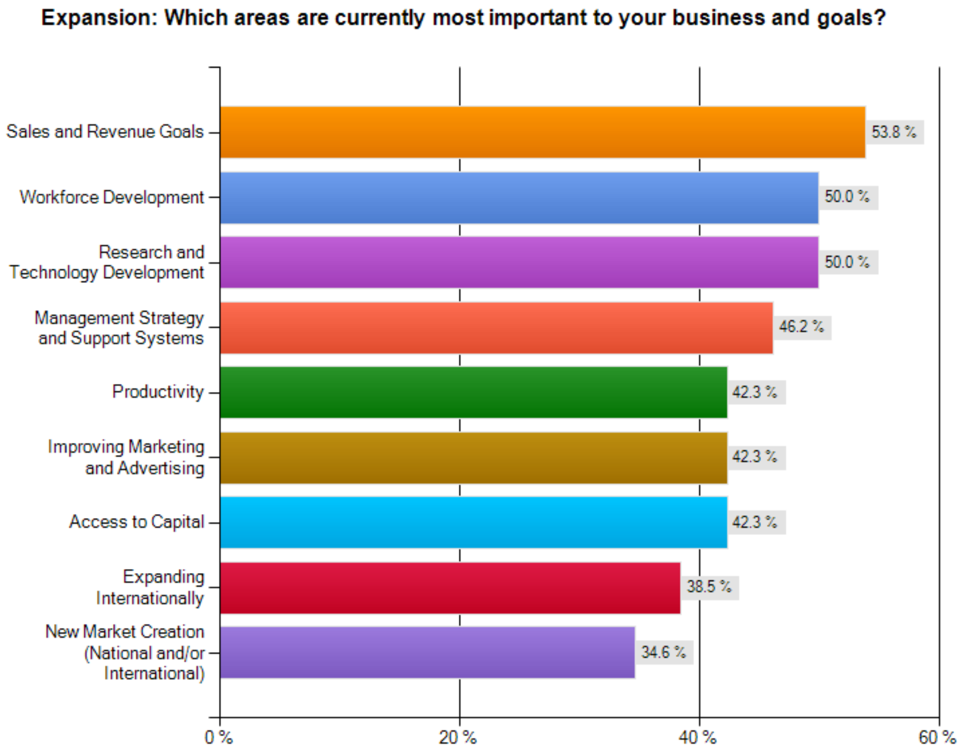
Growth – 1 to 5 years



Established – 5 to 10 years



Expansion – More than 10 years

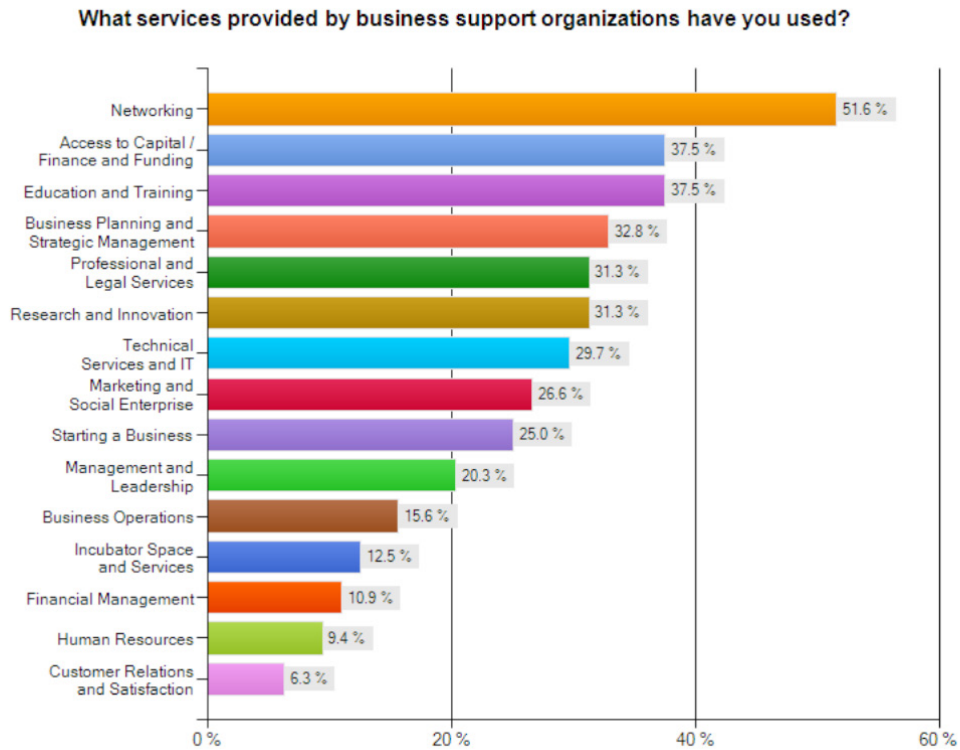


There are marked differences in focus areas for each business longevity category.

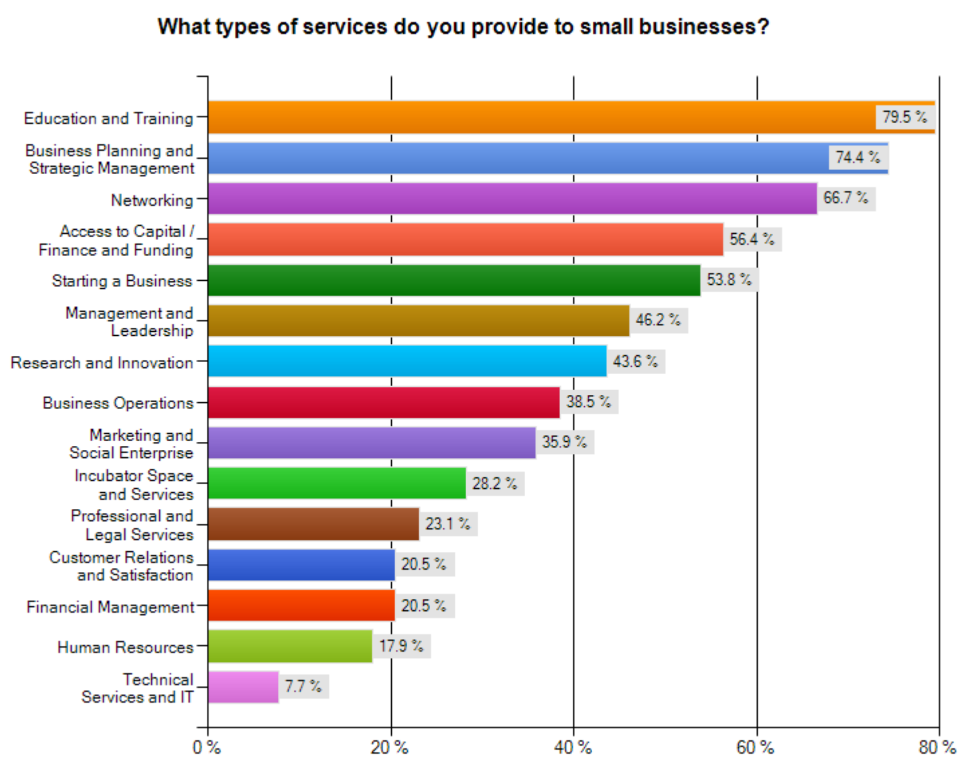
COMPARISON - SMALL BUSINESS NEEDS (OVERALL) AND SERVICE PROVISION (SERVICE PROVIDERS)

The following chart summarizes the services accessed by businesses – including all categories.

Business services used (Small businesses)

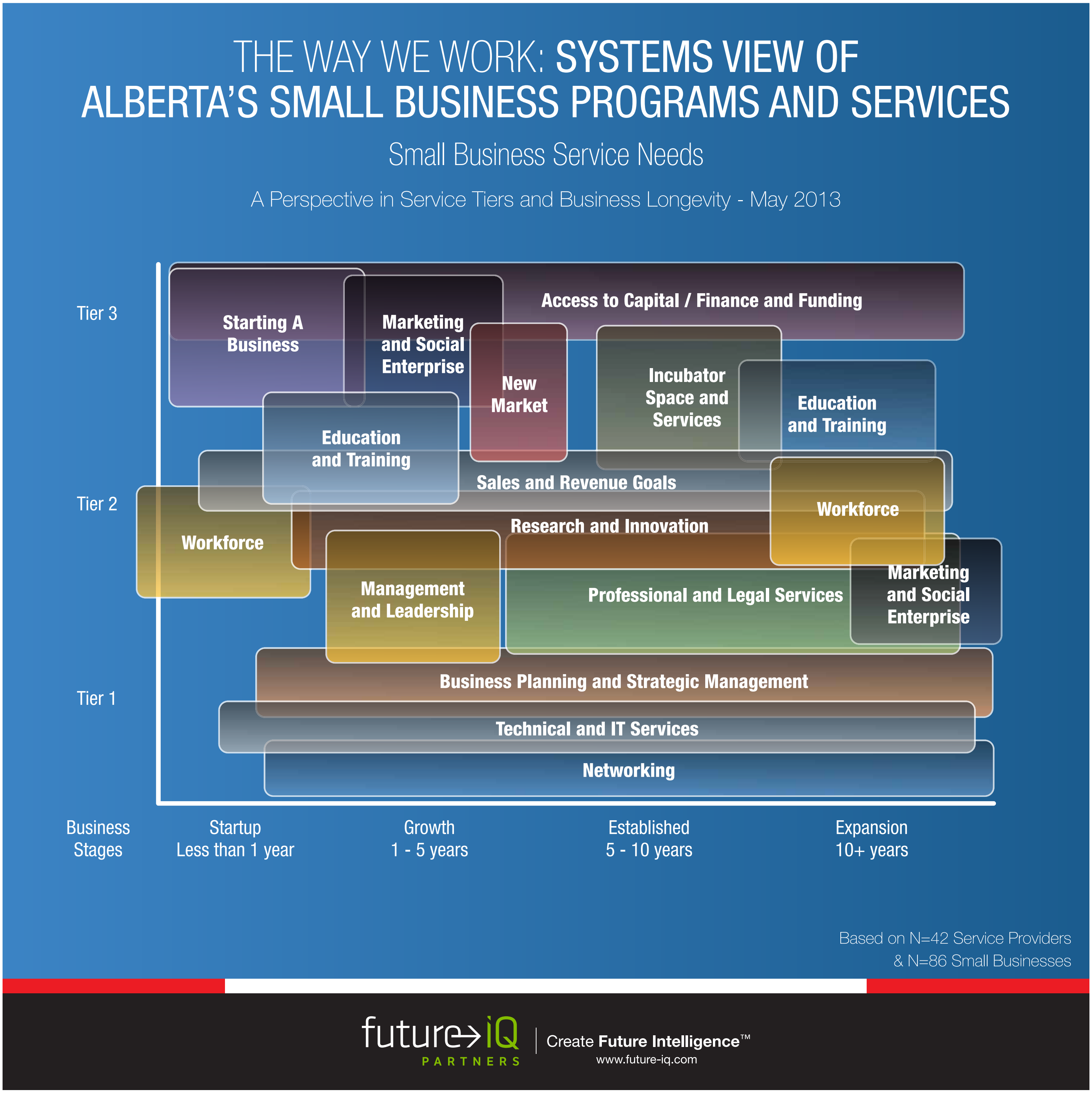


Business Services Provided (Service Providers)



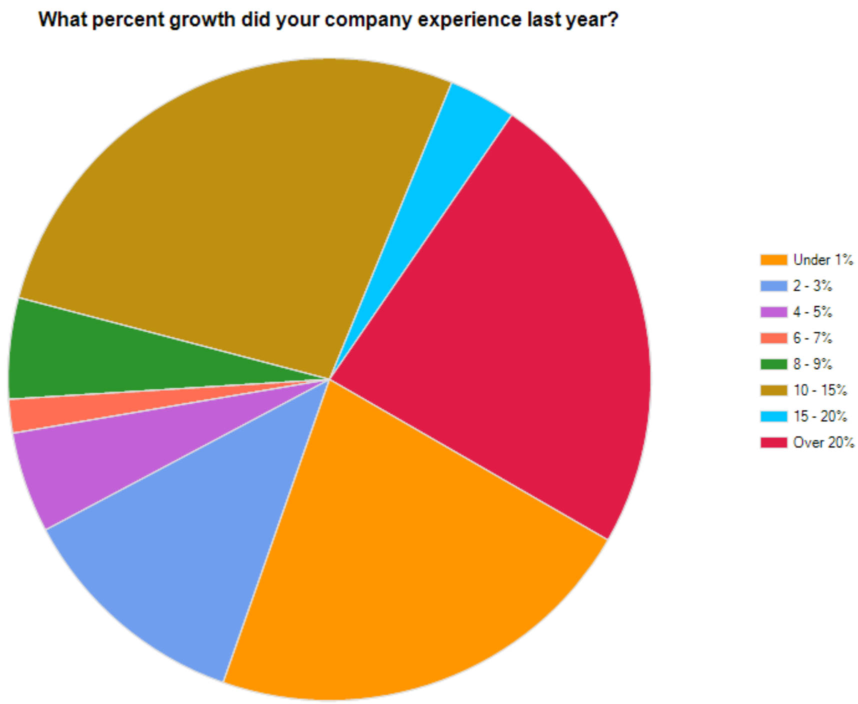
SMALL BUSINESS SERVICE NEEDS – STRATIFIED BY LONGEVITY AND MODE OF DELIVERY

This chart provides some useful insight into how services can be structured to best suit business needs and mode of delivery.

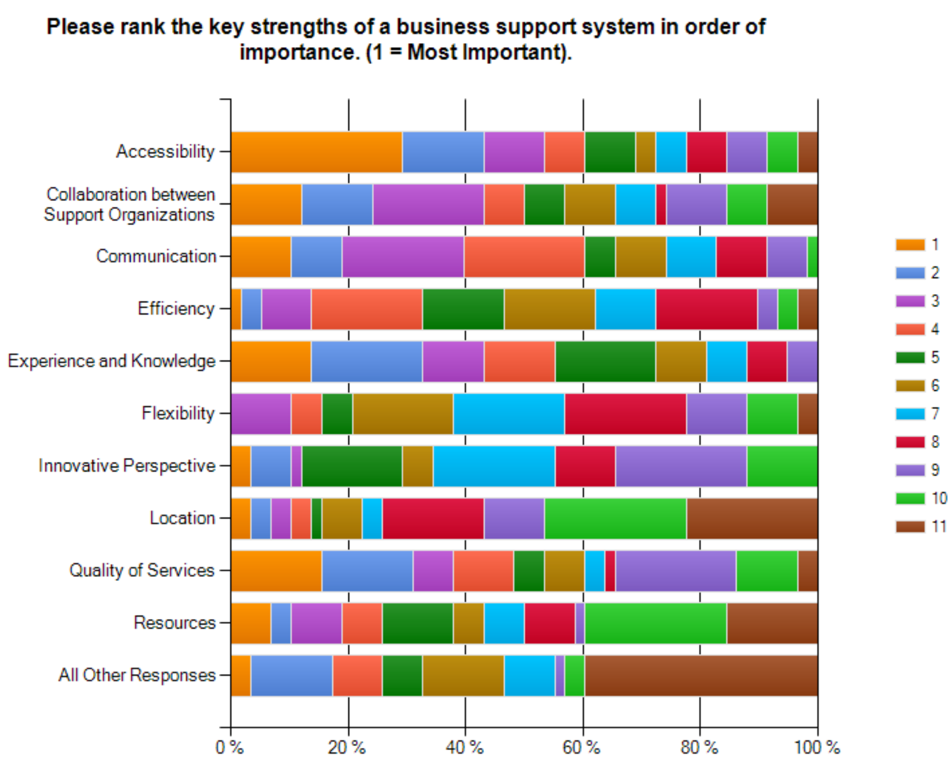


EMERGING BUSINESS NEEDS

The chart below gives an indication of possible small business needs in the near-term future. More than 50% of businesses experiences greater that 10% growth rate in the previous year, suggesting the small business sector is predominantly in an expansionary phase. This has implications of the types of services best suited to the sector.



In addition, small business also gave guidance on important characteristics they see in a business support system.



Breakdown of data for previous chart

Please rank the key strengths of a business support system in order of importance. (1 = Most Important)											
	1	2	3	4	5	6	7	8	9	10	11
Accessibility	29.3% (17)	13.8% (8)	10.3% (6)	6.9% (4)	8.6% (5)	3.4% (2)	5.2% (3)	6.9% (4)	6.9% (4)	5.2% (3)	3.4% (2)
Collaboration between Support Organizations	12.1% (7)	12.1% (7)	19.0% (11)	6.9% (4)	6.9% (4)	8.6% (5)	6.9% (4)	1.7% (1)	10.3% (6)	6.9% (4)	8.6% (5)
Communication	10.3% (6)	8.6% (5)	20.7% (12)	20.7% (12)	5.2% (3)	8.6% (5)	8.6% (5)	8.6% (5)	6.9% (4)	1.7% (1)	0.0% (0)
Efficiency	1.7% (1)	3.4% (2)	8.6% (5)	19.0% (11)	13.8% (8)	15.5% (9)	10.3% (6)	17.2% (10)	3.4% (2)	3.4% (2)	3.4% (2)
Experience and Knowledge	13.8% (8)	19.0% (11)	10.3% (6)	12.1% (7)	17.2% (10)	8.6% (5)	6.9% (4)	6.9% (4)	5.2% (3)	0.0% (0)	0.0% (0)
Flexibility	0.0% (0)	0.0% (0)	10.3% (6)	5.2% (3)	5.2% (3)	17.2% (10)	19.0% (11)	20.7% (12)	10.3% (6)	8.6% (5)	3.4% (2)
Innovative Perspective	3.4% (2)	6.9% (4)	1.7% (1)	0.0% (0)	17.2% (10)	5.2% (3)	20.7% (12)	10.3% (6)	22.4% (13)	12.1% (7)	0.0% (0)
Location	3.4% (2)	3.4% (2)	3.4% (2)	3.4% (2)	1.7% (1)	6.9% (4)	3.4% (2)	17.2% (10)	10.3% (6)	24.1% (14)	22.4% (13)
Quality of Services	15.5% (9)	15.5% (9)	6.9% (4)	10.3% (6)	5.2% (3)	6.9% (4)	3.4% (2)	1.7% (1)	20.7% (12)	10.3% (6)	3.4% (2)
Resources	6.9% (4)	3.4% (2)	8.6% (5)	6.9% (4)	12.1% (7)	5.2% (3)	6.9% (4)	8.6% (5)	1.7% (1)	24.1% (14)	15.5% (9)
Technical Knowledge	3.4% (2)	13.8% (8)	0.0% (0)	8.6% (5)	6.9% (4)	13.8% (8)	8.6% (5)	0.0% (0)	1.7% (1)	3.4% (2)	39.7% (23)

4.3 HIGH-LEVEL COMMON TERMINOLOGY

As part of this study, it was determined that having shared understanding of key terminology would assist in forming a better service delivery system. Throughout the course of this study, a number of repeated words and phrases emerged, that warranted further clarification. The terms used highlight the emergence of new thinking and a systems approach to thinking about service delivery to the small business sector in Alberta. The following were the key terms, and this is a suggested terminology for use in designing a systems approach to service delivery.

DELIVERY SYSTEM OR 'ENTREPRENEURIAL ECO-SYSTEM'

These terms were often used, and appeared to be interchangeable. The notion of a system is critical to the cultural change envisaged to create a world-class small business support system in Alberta. The definition of a system is simply put as a set of connected things or parts forming a complex whole or as a set of things working together as parts of a mechanism or an interconnecting network. This evokes the desired state, of the various service delivery agents working in a seamless manner, to provide seamless and integrated support to the small business sector. A highly functioning system will also have some intuitive intelligence, and would be expected to evolve and adapt to changing needs. It requires that each part of the system knows its unique role and how it fits into the system, and its specific relationship with other closely related parts. Fundamental to this concept is that the parts of the system fit together for the good of the whole.

NETWORK

There was much discussion regarding the formation of functional networks across the system. The term network could best be described as meaning 'the exchange of information or services among individuals, groups, or institutions; specifically: the cultivation of productive relationships

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for employment or business' (Webster Dictionary). This term is used in an active sense, to imply the dynamic nature of information flows and exchange, and the active creation of collaborative groups and approaches.

NETWORK CONNECTORS AND NAVIGATORS

The need for network connectors and navigators was recognised in a number of the focus group sessions. These roles are critical to the formation and operations of a functional network and system. The unique difference in these terms could be considered as:

- **Connectors** – people who build the connections in a network, and look for, and facilitate opportunities for new connections to be formed, and are able to pass information and resources around the network. By nature, they are two or multi-direction in orientation and accelerate information flows and understanding.
- **Navigators** – people who can assist clients to find their way around the system. They identify the most useful pathways to connect client to resources and expertise, and bring the resources to the client.

COLLABORATION

This term was used extensively in surveys and in focus group discussions. There was some discussion about what was meant by collaboration. In the context of service delivery, it was highlighted that people are seeking 'collaboration with a purpose', and that collaborative behaviour should be orientated and connected to fulfilling on the best outcomes for the clients and delivery system.

ENTREPRENEUR

The term entrepreneur is on occasion associated with 'start-up' phase of business ventures. However, based on the focus group interviews, the term appears to be applied in the service delivery sector of Alberta, to mean businesses at any stage, which are behaving entrepreneurially. That includes diversifications, innovation, growth and expansion. This also fits well with the notion of 'entrepreneurial eco-systems', which are servicing the needs of businesses seeking new information or resources to support any of the above behaviours.

BUSINESS STAGES

In this study, the following terms were used to define business stages. This was connected to longevity as an approximation of typical business growth and evolution. This could also be tied to turnover, but neither metric is a perfect correlation. It is suggested the following typical phases and longevity relationship be used to help develop common understanding of business stages and hence likely service needs.

1. Start up – Within the past year
2. Growth – 1 to 5 years
3. Established – 5 to 10 years
4. Expansion – More that 10 years

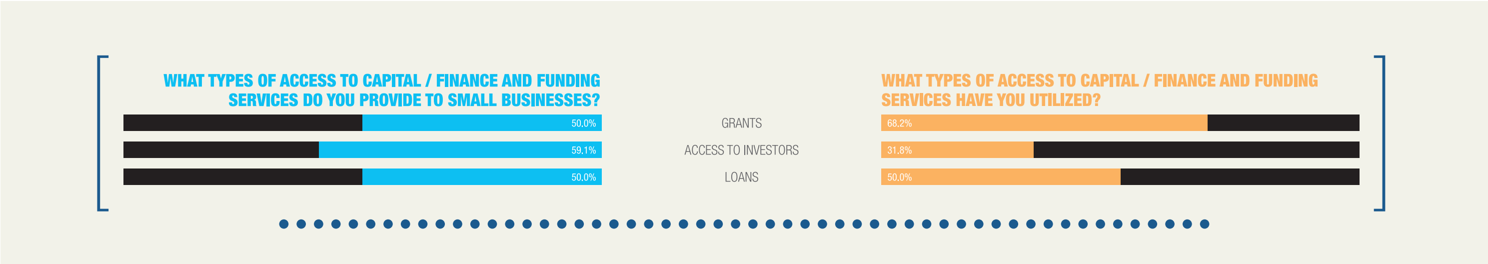
There will be variations to this framework, but some standardization of terms for phases of business evolution is worthwhile.

4.4 SUMMARY OF PROGRAMS AND FUNCTIONS OF SERVICES AND PROGRAMS

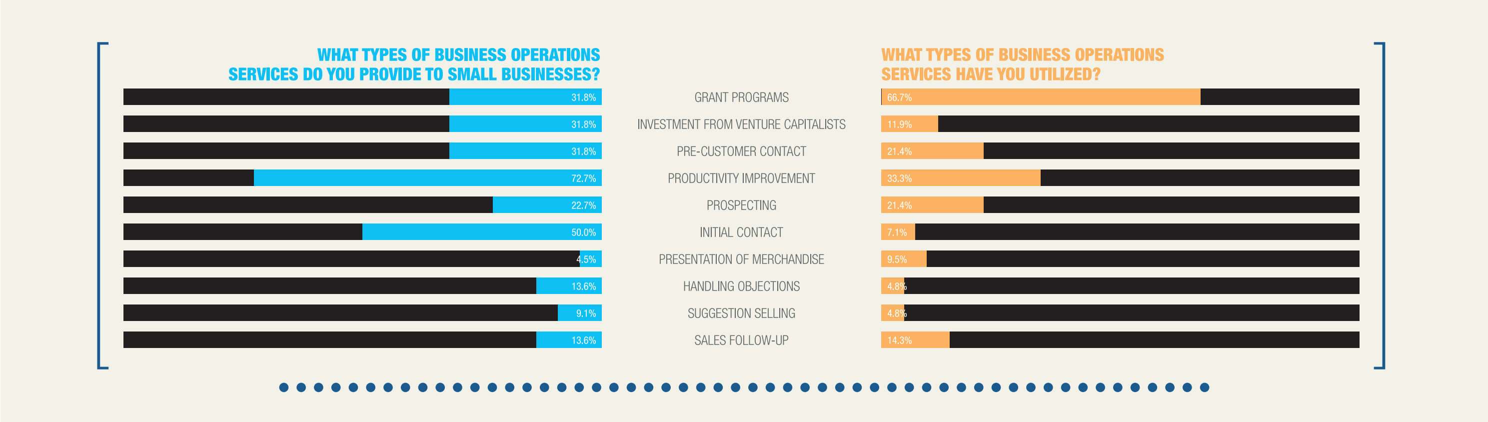
The overall Service map (Section 4.1) gives a top-line view of what services are being delivered by service providers, and what services are being utilized by small businesses. Although the chart does not make a direct 1:1 comparison, it indicates where services may be overemphasized in the market and what might be the gaps in service needs. Particular items to note include:

- Some services such as Education and Training may be overemphasized – this is more obvious when compared to Networking which has many service providers offering, and a corresponding number of small business taking advantage of, networking services. Education and Training offers many services, but are not taken advantage of at the same level as networking. This could also indicate that networking is a highly desired service and offerings are meeting the needs.
- Technical Services also illuminates a possible gap in services, as the demand is considerably higher than the amount of service providers offering this service.
- Satisfaction levels are also worth noting – high satisfaction levels in education and training, networking, marketing and social enterprise; and, research and innovation.

SERVICE PROGRAM DETAILS:

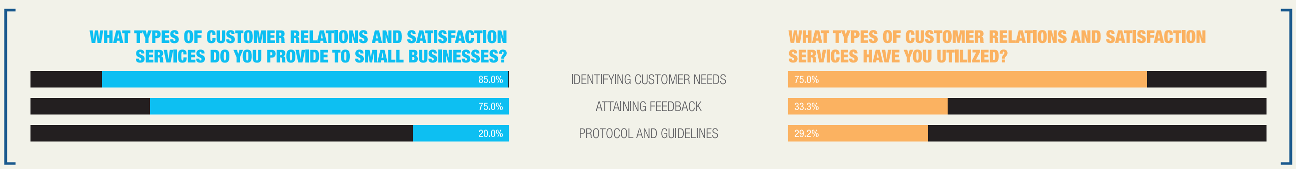


Access to Capital / Finance and Funding - the comparison indicates that grant services are highly valued by SME's and perhaps accessing investors may not be serving the needs. There is also a lower satisfaction level and one of the highest dissatisfaction levels with the service.



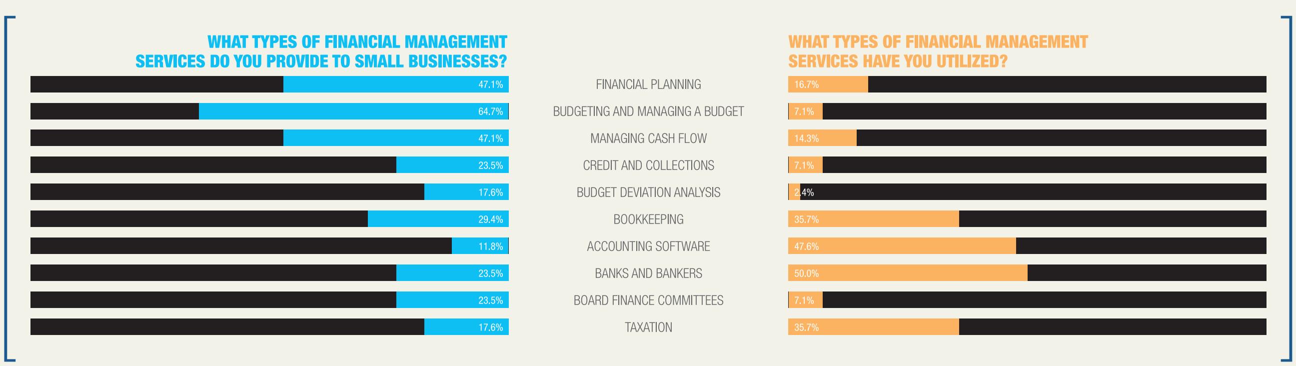
Business Operations show a more balanced service to needs ratio – with the exception of investment from venture capitalists, which may be a service that is under utilized.

Business Planning and Strategic Management – Less utilized Goal Setting service may indicate this service is being acquired outside the government service system.



Customer Relations and Satisfaction – appears to be a well-balanced service offering to needs.

Education and Training – slightly more services provided than needed, but these services have high satisfaction levels.

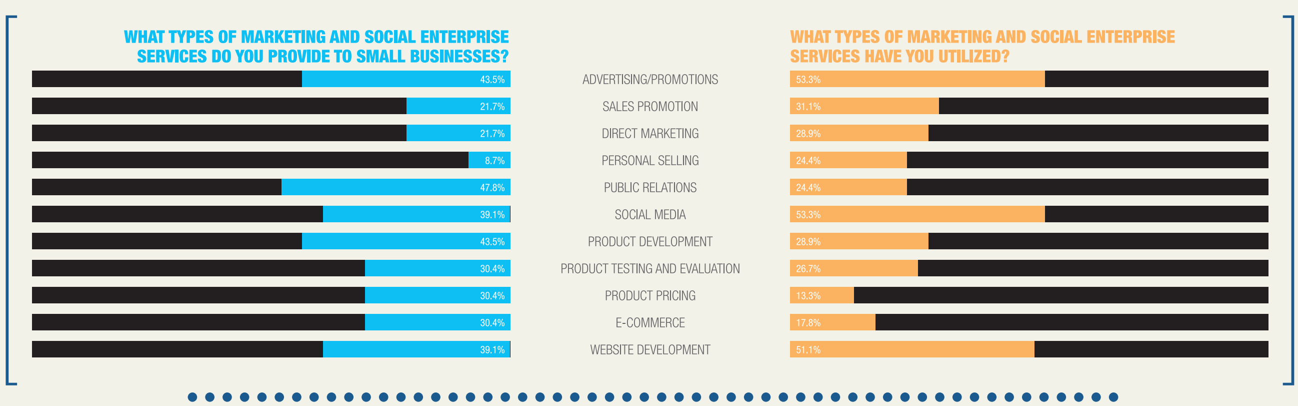


Financial Management – unbalanced services to needs. This would be a good place to redefine services

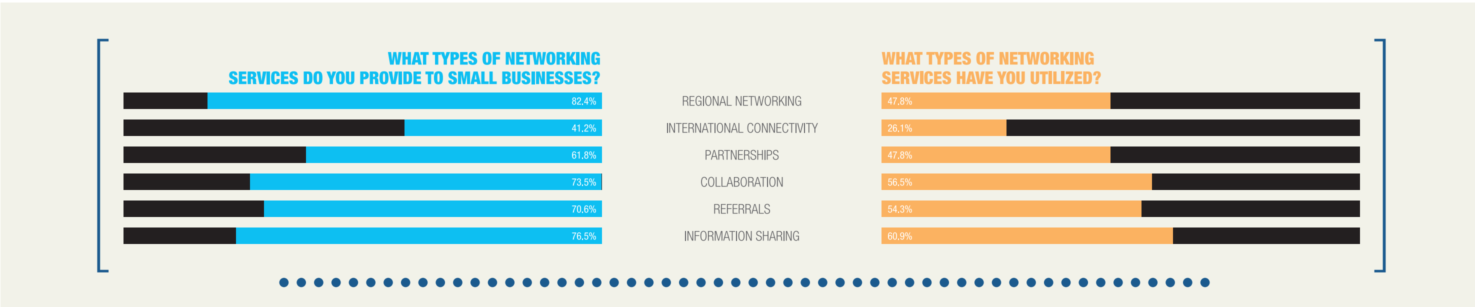
Human Resources – fairly good balance here with perhaps too many services in training and development, but meeting the needs of clients.

Incubator Services – Good balance of services to needs and high satisfaction levels.

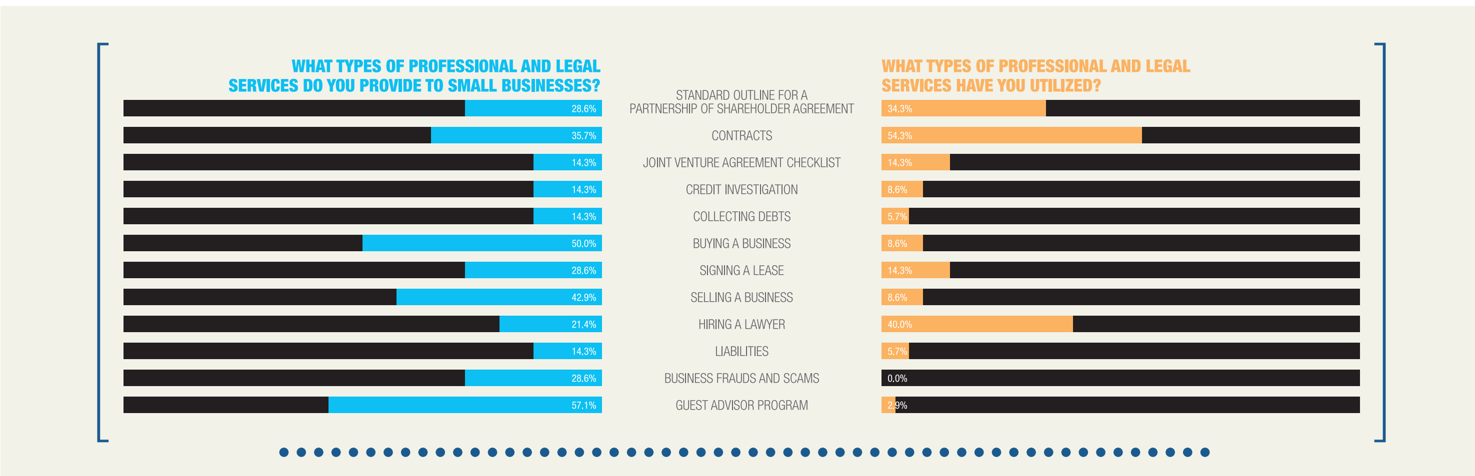
Management and Leadership – Good balance of services to needs with good satisfaction levels.



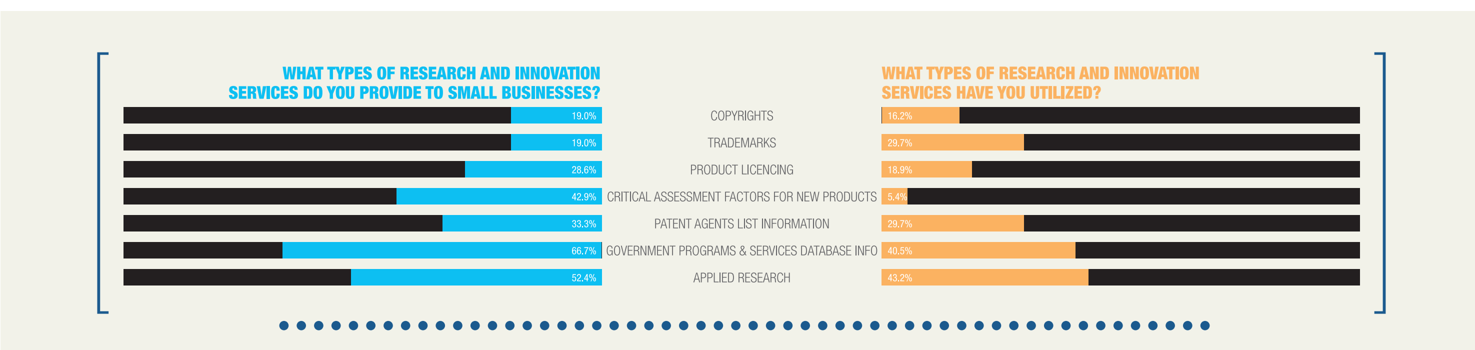
Marketing and social enterprise – Some areas are perhaps under delivered in this area such as advertising and promotions, sales promotion, personal selling, product pricing and e-commerce.



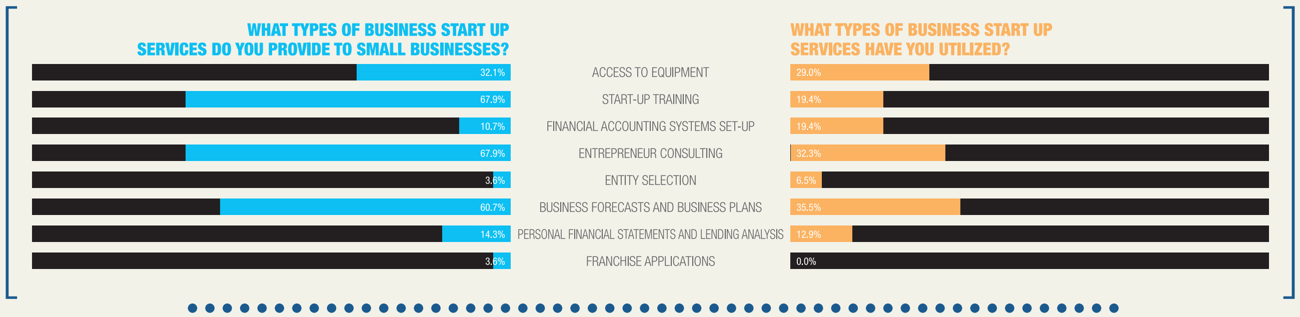
Networking – This area has a high satisfaction level but may seem to be being over delivered. As this is a highly sought after area of service it should be based on particular business needs.



Professional and Legal services – This area has large gaps in usage predominantly in business frauds and scam, guest advisor programs – this could indicate that SME's are going to private sources for this service. A robust network should be developed with private industry to help SME's in their search for good professional and legal services.



Research and Innovation – This is slightly unbalanced to the needs for SME's in areas such as critical assessment factors for new products. A suggested review of needs could help streamline these services. This area has a high satisfaction rating.



Business Start Up – This area is very unbalanced to the needs of the SME's and coupled with high dissatisfaction levels, this area should be reviewed for sustainability and meeting needs.

Technical and IT – this area is unbalanced in service areas and need. All reporting service providers indicate offering this service, but the needs for that are not demonstrated by SME's.

4.5 IMPROVING EFFICACY OF PROGRAMS – INTENSITY OF SERVICE

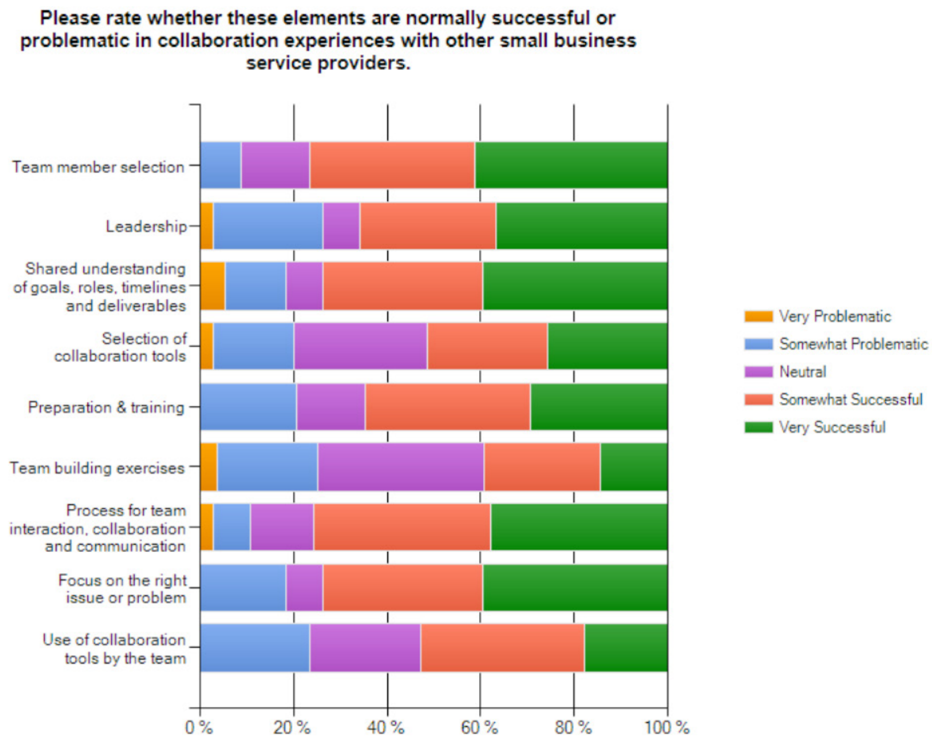
Analysis was done from the Service Providers Perspectives Survey asking; "Three things to improve the system". The top-line themes that emerged from answers to this question were:

- Small business owners are looking for a resource or network that can provide them with information and other resources that are generally not easy to access.
- Collaboration and Communication is a widely addressed topic. People are in support of collaboration, but are uncertain how to begin collaboration. There is an apparent need to create a system of connection through various communication modes, as defined in the Tier stratification.
- One of the respondents put it quite simply; yet powerfully: "Collaboration, Coordination, Communication". This encapsulates the sentiments reflected in much of the commentary attached to the survey questions.

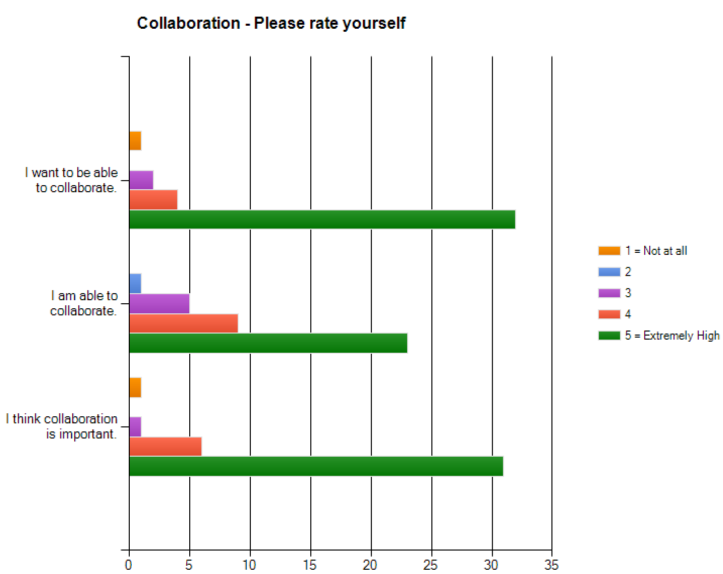
COLLABORATION

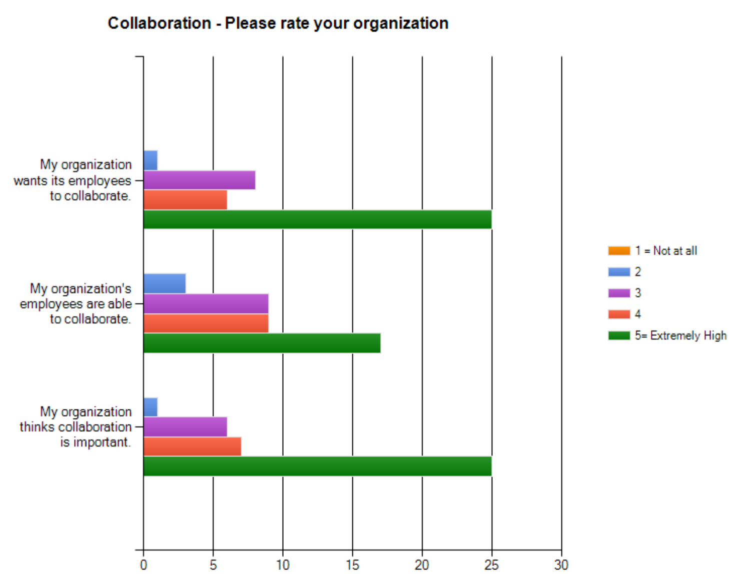
From a review of all survey responses, it is clear that both small businesses and service providers agree the system is currently disconnected and needs to build a culture of collaboration. From the service provider perspective, they are finding that the current system is not conducive to collaboration. Current evaluation techniques, and performance metrics required in funding mandates, may have an unintended consequence of deterring collaboration. Small businesses surveys indicated they perceive a confusing system, and at times they were provided a service, which they really didn't need.

Most of the service providers do not generally collaborate with each other. Organizations with the highest reported collaboration behaviour were referral organizations.



Collaboration – data from survey of Service Providers. This indicates there is a willingness to collaborate, and a recognition of the importance of collaboration. This would appear to not yet be translating to collaborative action, based on the data of actual collaboration patterns.

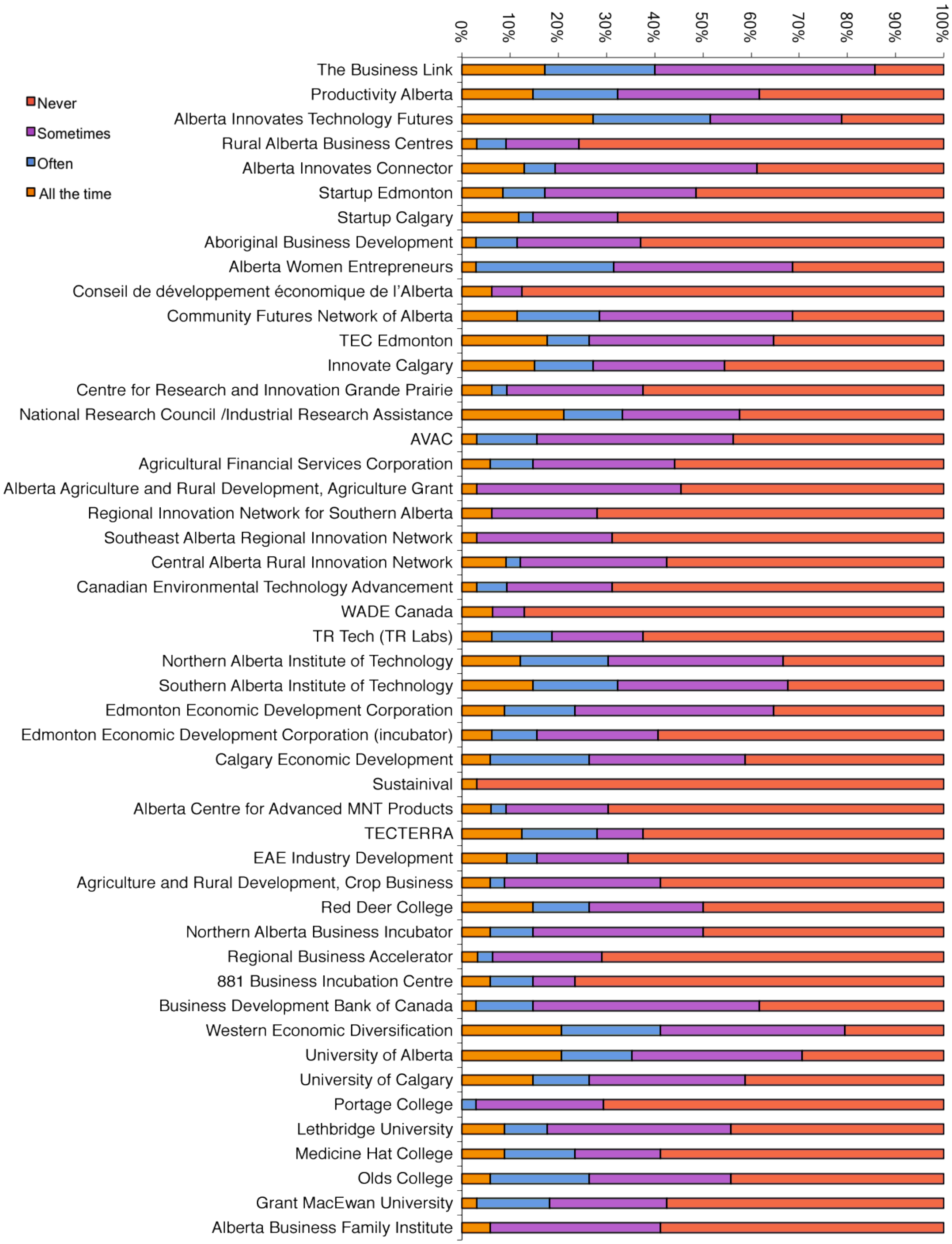




The following chart explores the degree of existing collaboration between service providers.

Collaboration, as reported by service providers, indicates that there may be some resistance to collaboration, and certainly opportunity to build new collaborations and collaborative behaviour. It would be unrealistic to expect everyone to collaborate with everyone; but the above chart may reflect relatively low system-wide collaboration. The data from the focus group interviews suggested there were pockets of high levels of collaboration between some service providers, but the nature and depth of the collaboration was not fully explored in this study.

Please indicate the degree to which you have collaborated with each organization in order to deliver services.

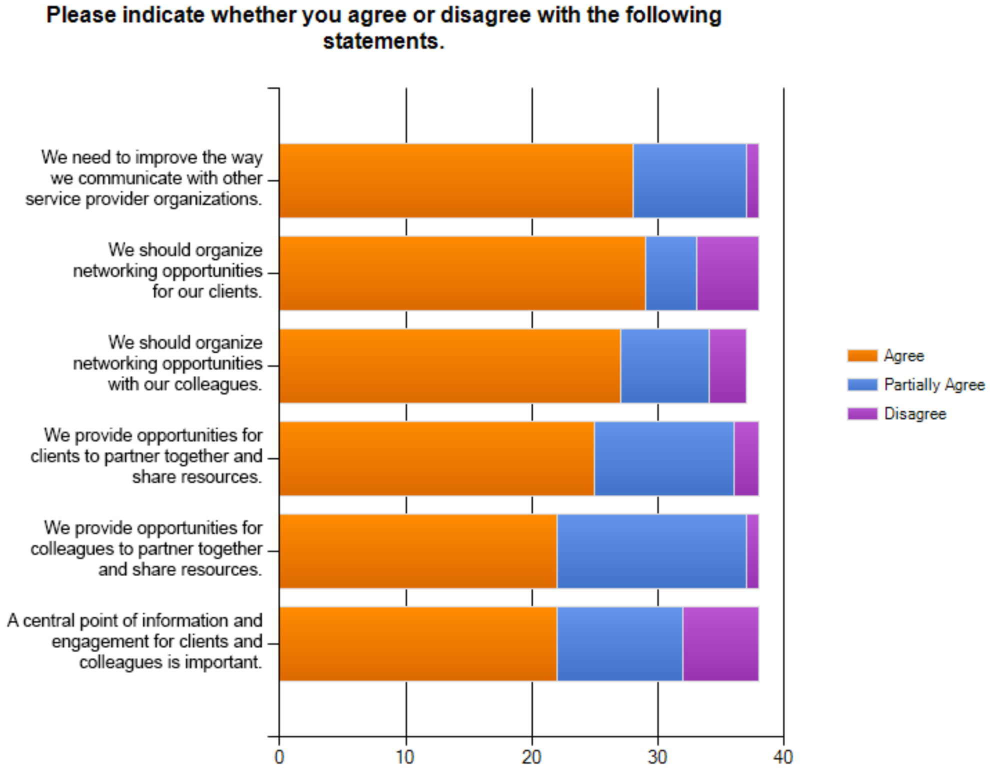


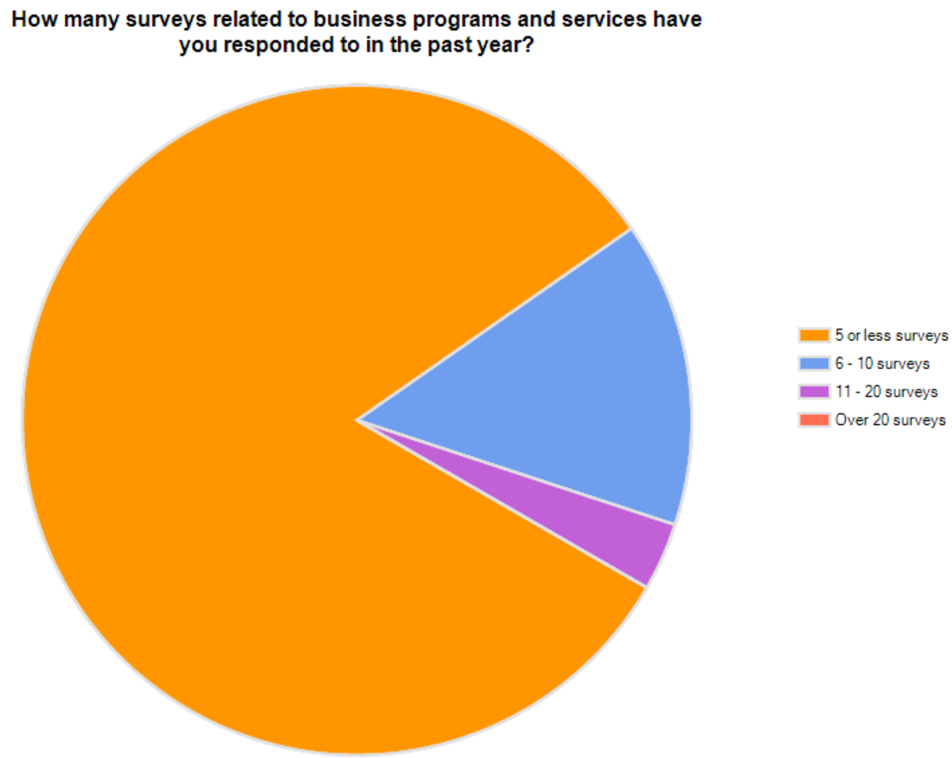
COMMUNICATION

The following chart explores the awareness that small businesses have of services and their usage level of various service providers. As can be seen, small businesses responded that they are largely unaware of the majority of service providers, and appear to have a relatively low uptake of service opportunities.

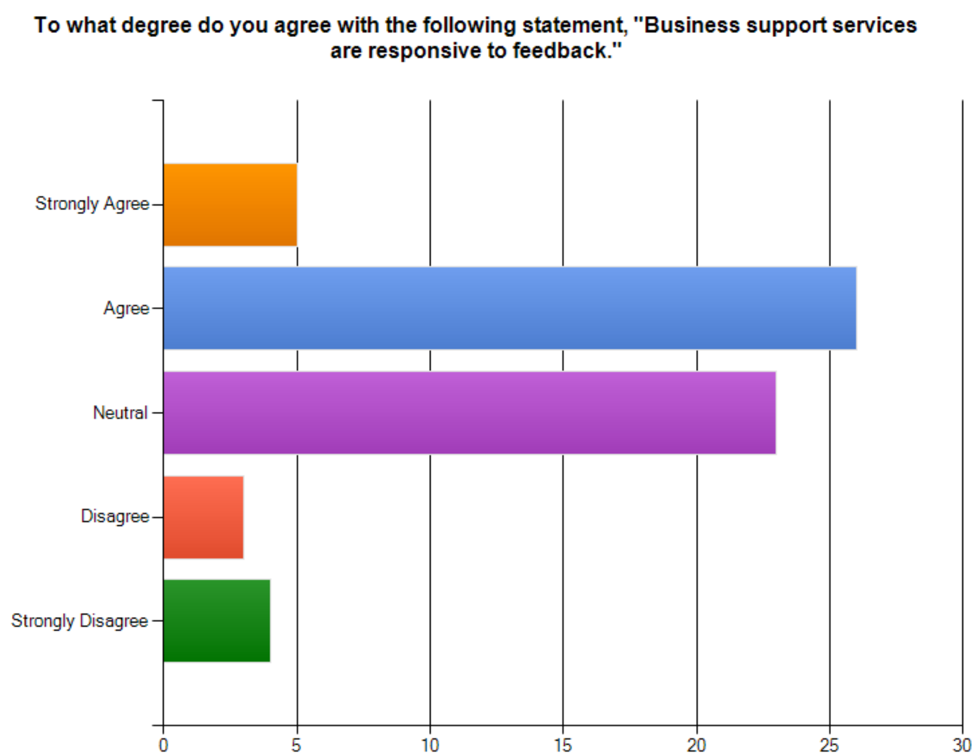
What business support programs/organizations are you aware of or work with?

The following chart explores service providers' perspectives on communication, networking and information sharing. The responses indicate a recognition and willingness to engage in behaviours and methods to better share information, resources and connect clients to appropriate information and people.



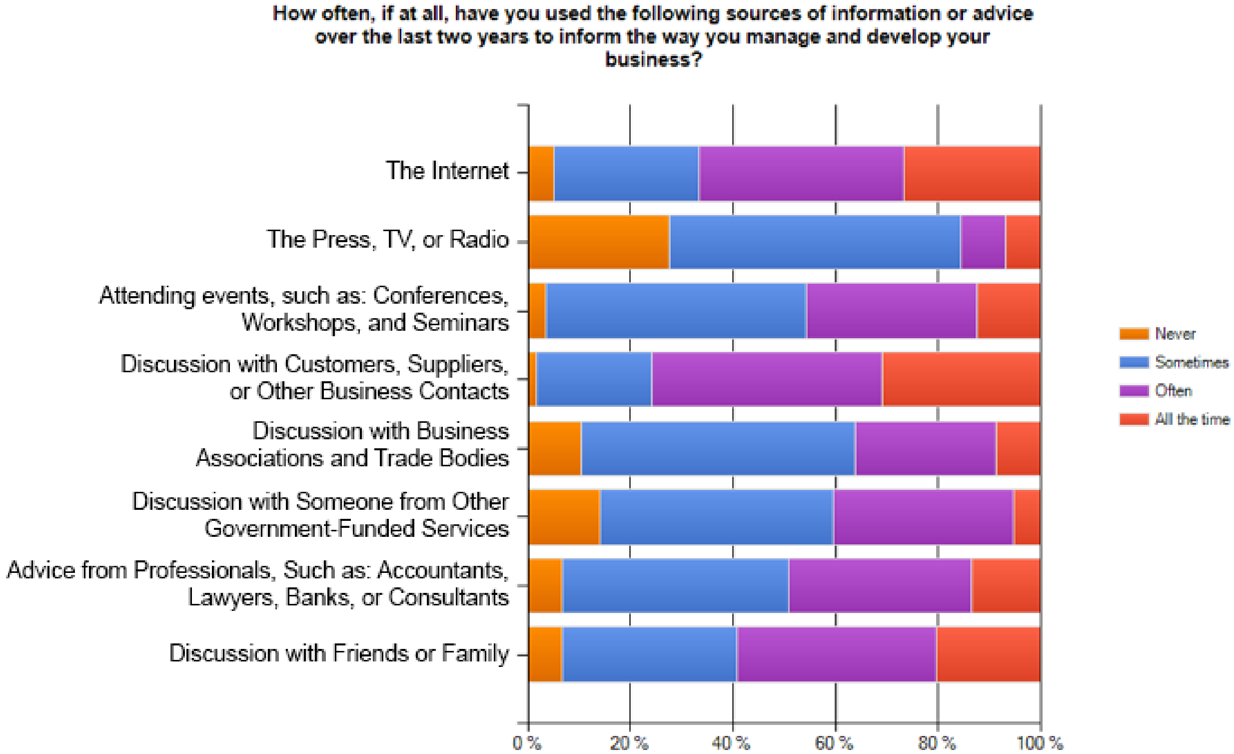


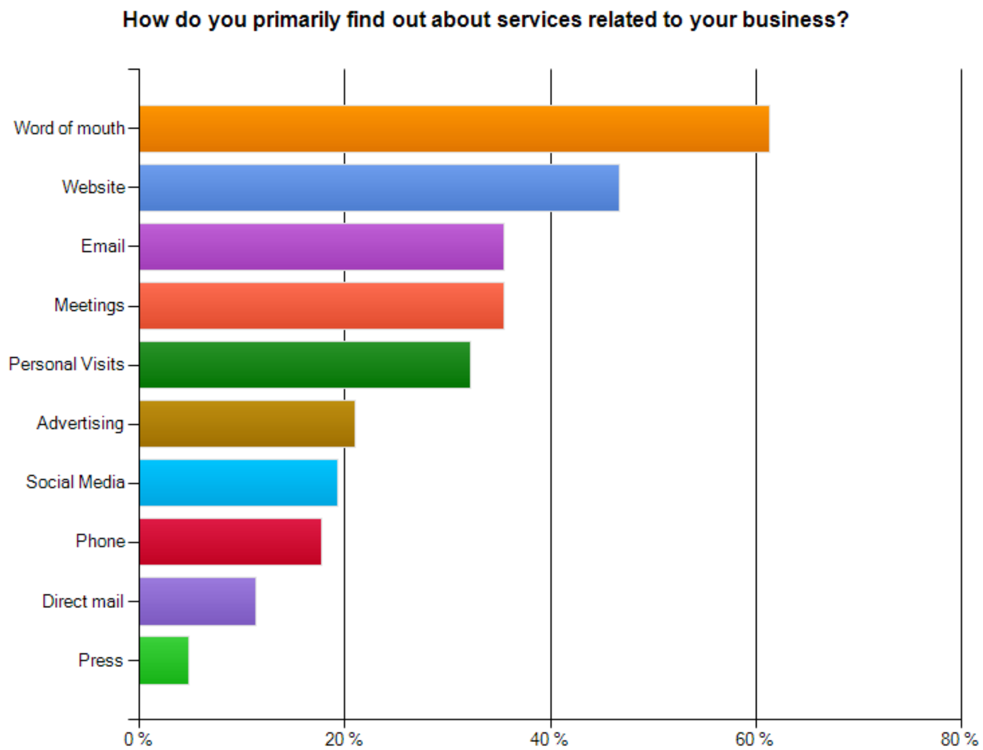
Most businesses reported filling out 5 or less surveys – the perception that businesses are being tapped into too much for surveys is not shown here.



Most businesses agree or are neutral about whether support services are responsive to feedback.

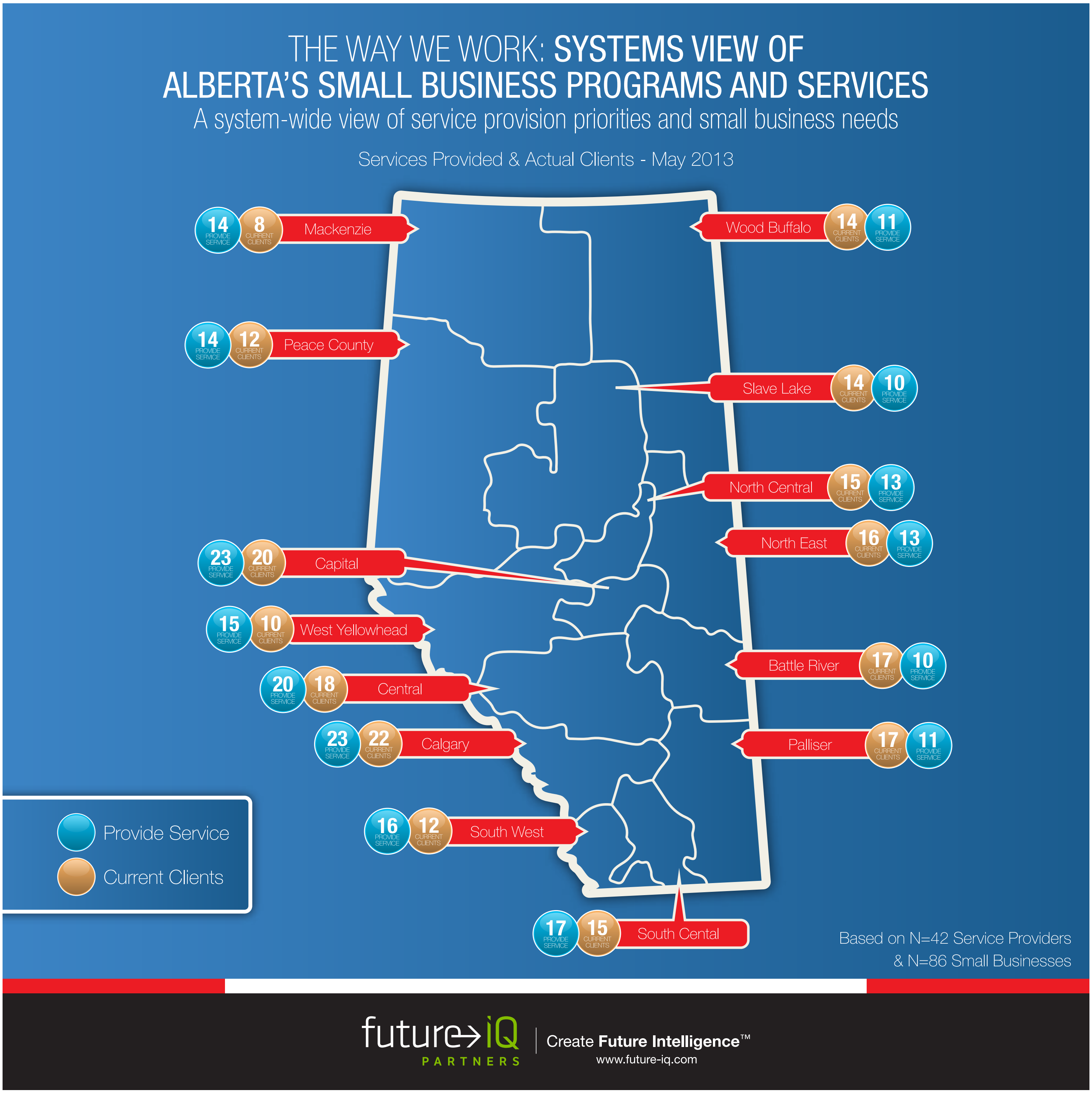
The following two survey graphs highly support face to face engagement, word of mouth discussions, and the internet as ways of getting information and finding out about services offered.





4.6 IMPROVING EFFICACY OF PROGRAMS – SEGMENTS AND LOCATION

The map below represents the areas across Alberta; the service providers that offer services; and, the actual clients that they are serving currently. It appears that the service offering is adequate for these regions. There was little feedback about a lack of services in rural areas, although in the focus groups, rural-based clients expressed greater difficulty in finding service providers.



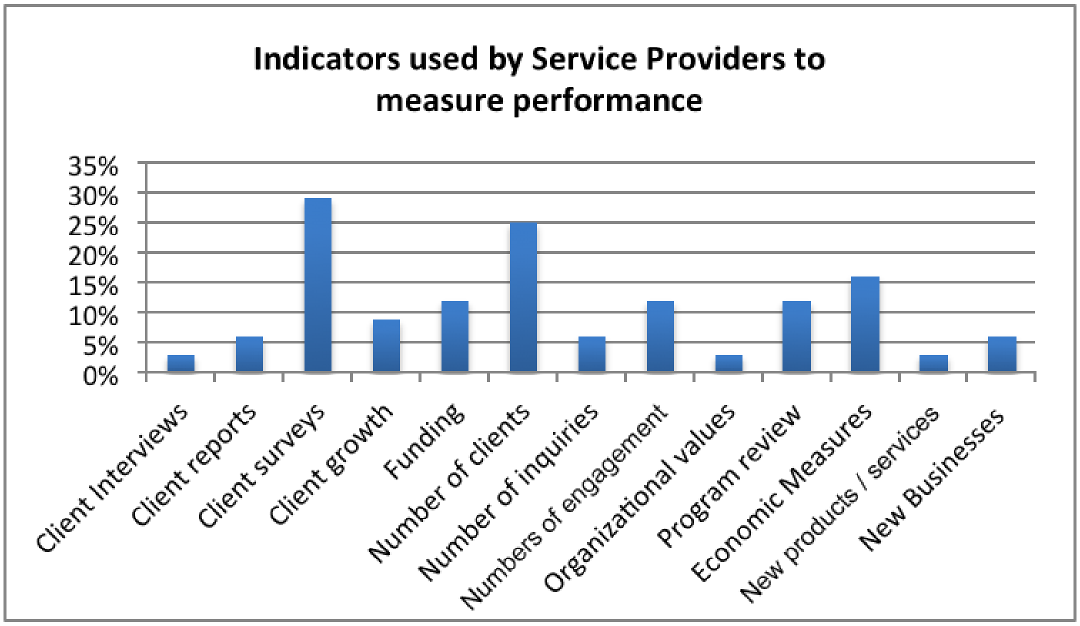
4.7 PERFORMANCE METRICS AND SERVICE DELIVERY GAPS

The study examined the various performance metrics used by service providers, and the gaps and duplications in services offered. The results indicate that the focus needs to move to desired outcomes and a shared performance measurement process, which will enhance collaboration and increase accountability.

4.7.1 PERFORMANCE METRICS

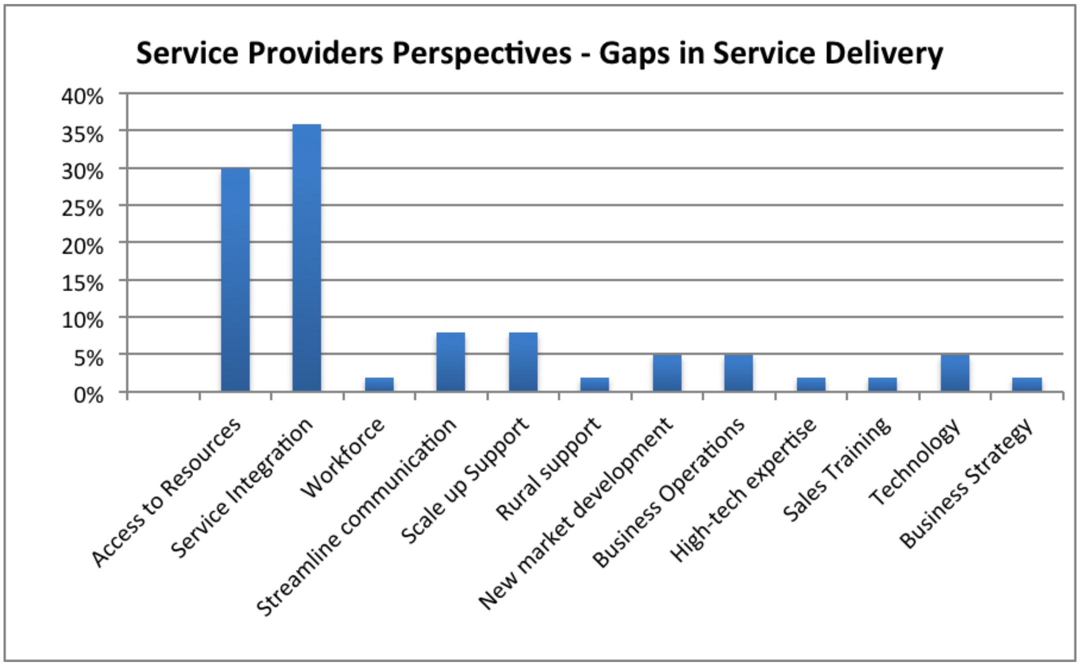
Service Providers reported several techniques to evaluate their services. The most common indicators are client surveys, number of clients, numbers of clients engaged, program review and economic measures. Most of the evaluation methods are not focused on the clients, but more on the operations of the organization. Many of these organizations also report that their evaluation methods are determined by the requirements of funding agencies.

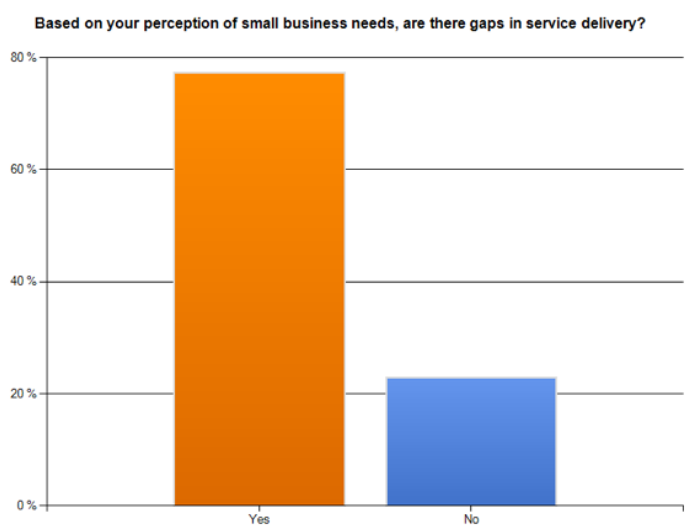
Although mandates and funding agencies will continue to require evaluation by their own means, there should be a new focus on client-based outcomes that should become a part of the wider system. It is suggested that a consortium of service providers and small businesses create new evaluation standards that are connected to the desired outcome of the service delivery system. Larger buy-in will have to be arranged with funding agencies and policy makers to allow service providers to use these measures as evaluation means. Paired with a high level of collaboration, this could easily become systemic.

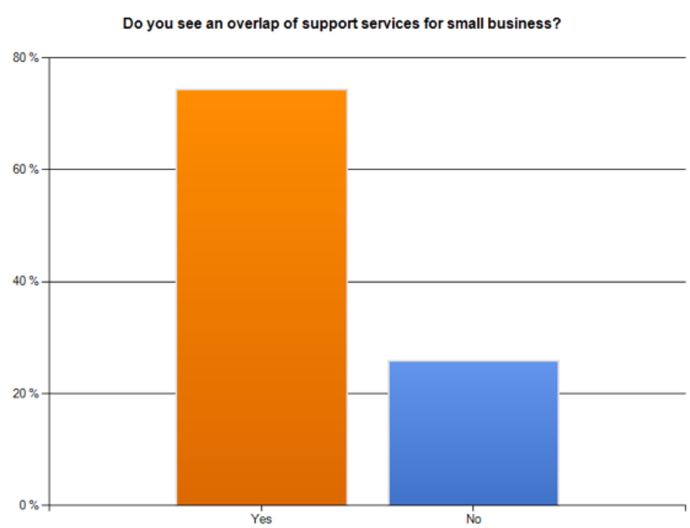


4.7.2 AREAS OF DUPLICATION; AND, 4.7.3 GAPS AND OPPORTUNITIES

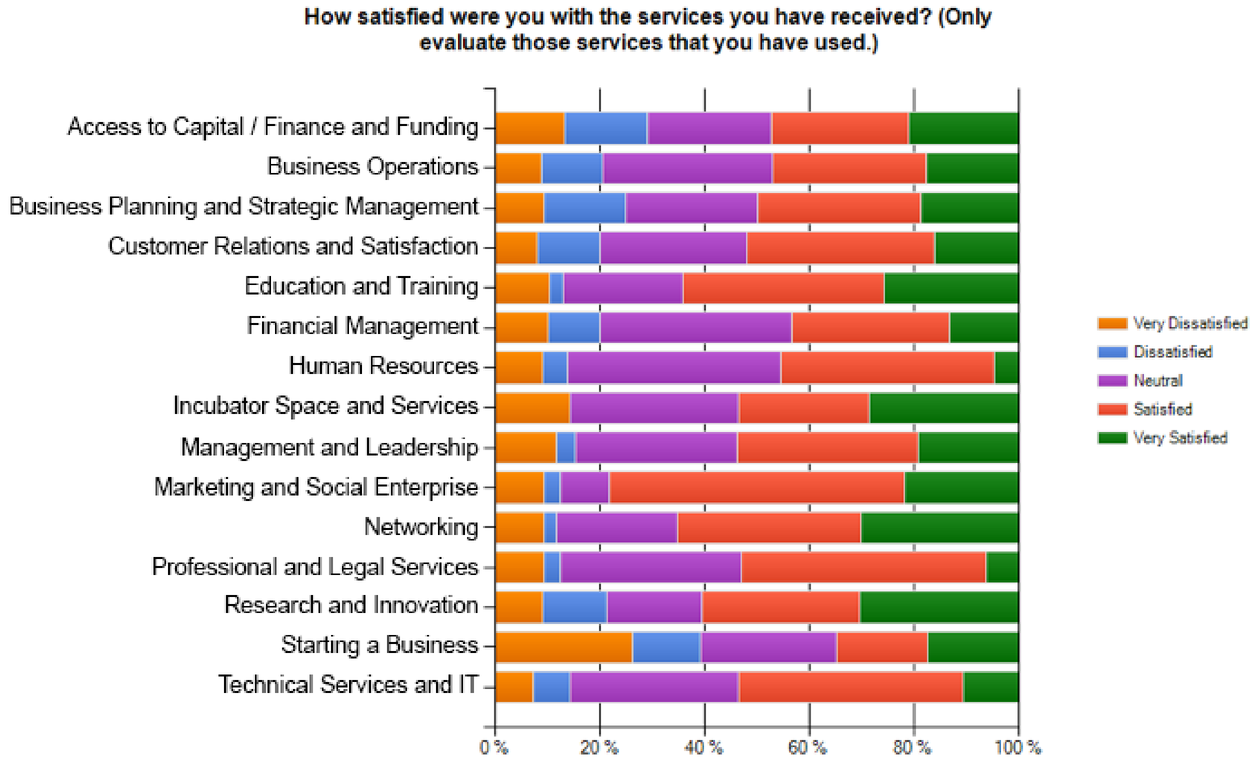
In a review of the gaps of service as stated by the service providers, it is clear that the main issue is access to resources and service integration. Gaps in service can also be seen in the above section 4.4 Summary of Programs & Functions of Services and Programs.







The following chart examines overall satisfaction levels, by small businesses, for each key service area.



This chart indicates, that in total, clients report being satisfied or very satisfied around 50% of the time for most services they have used. Around 10-15% of the time, clients are dissatisfied or very dissatisfied. This suggests there is opportunity to improve the service quality and experience for business clients. This level of dissatisfaction was reflected in the focus group interview sessions.

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5.0 ACKNOWLEDGMENTS

- The Business Link commissioned this study. Their team provided the necessary support to undertake this study.
- Many people across Alberta gave generously of their time during the engagement phases of the project. To those people, we acknowledge their desire for a better future for the Province. Business people generously contributed their time to surveys and interviews, and many service providers provided detailed input.
- The Steering Committee provided valuable input, guidance and support to the study. They were instrumental in helping identify key contacts and groups to engage throughout the process.
- The staff at Alberta Enterprise and Advanced Education undertook much of the hard work of convening and coordinating this initiative. In particular, we acknowledge the leadership and work by Karen Smilar and Sandra Duxbury from Alberta Enterprise and Advanced Education.

MORE INFORMATION:

For more information on this report and its content, please contact:

The Business Link
Phone: + 1 780 422 7774
Email: brent.bushell@canadabusiness.ab.ca

Karen Smilar, BMgmt Ec.D., Policy Analyst
Enterprise and Advanced Education
Phone: +1 403 340 7078
Email: karen.smilar@gov.ab.ca

6.0 APPENDIX

6.1 CASE STUDIES

In preparing this report several key case studies were reviewed and lessons incorporated. These included:

- Open source economic development approach – NNDA (Northern Nevada Development Authority http://www.nnda.org). NNDA's culture is based on the philosophy of "Shared Abundance," with the belief and promotion of the concept that the "why" in economic development IS NOT about what is in it for me, but IT IS ABOUT "What is in it for our kids, our grandkids and the mutual future of our communities". Their open source economic development process and philosophy works at a tactical and cultural level, and it fulfills the following outcomes:
  - Provides leadership
  - Develops a skilled workforce
  - Fosters entrepreneurism
  - Assists with capacity building
  - Facilitates existing business expansion and retention
  - Recruits new businesses
  - Creates optimum climate for business success
  - Focuses on the right reason for economic development
  - Defines and manages brand
  - Develops action plans and assembles proper resources
  - Focuses on excellent customer service
  - Makes constant adjustments as necessary
- Dynamics of Rural Areas (DORA). The Arkleton Centre for Rural Development Research (http://www.abdn.ac.uk/arkleton/) coordinated a 2-year international comparative research project entitled "Dynamics of Rural Areas (DORA)". DORA was carried out in co-operation with the Agricultural University of Athens (Greece), the Nordic Centre for Spatial Development (Sweden) and FAL (Germany). The DORA project sought to improve the understanding of the factors underlying and explaining persistent differences in economic performance between rural localities. This involved a paired region study in four countries (Germany, Sweden, Greece, Scotland), and aimed to address 'Why do rural areas in apparently similar economic, social and environmental circumstances have markedly different performance over relatively long periods of time?'. The study concluded that tangible and intangible factors were both highly significant, and that intangible factors (such as functional networks) were as significant as tangible factors (such as infrastructure).
- Community Progress Initiative – Regional Economic Development Initiative, Wisconsin USA. This award winning initiative built a functional economic and entrepreneurial development system in Central Wisconsin, following a major downturn in the paper industry, and the result loss of jobs and economic impact. Key features of this system included:
  - Development of an innovative and entrepreneurial culture
  - Small business development system
  - Value chain mapping and cluster formation
  - Sector and stakeholder engagement

This was recognized by the Small Business Administration (USA) as an outstanding regional economic development initiative, and it pioneered the integration of community and economic development principles into a systems framework.

MORE INFORMATION:

For more information on this report and its content, please contact:

The Business Link

Phone: + 1 780 422 7774

Karen Smilar, BMgmt Ec.D.

Policy Analyst Enterprise and Advanced Education

Phone: +1 403 340 7078

Fax: + 1 403 340 5231

Email: karen.smilar@gov.ab.ca

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For more information on Future iQ Partners, please contact:

David Beurle

CEO, Future iQ Partners

Phone: + 1 715 559 5046

Email: david@future-iq.com

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