

Sage Business Navigators
Guide to Mentoring



Business Minds

We all get pretty stuck in what I call the inside out mentality. We can be quite buried in the detail of running our businesses. This is where mentors come in. A mentor is someone who can view your business from the perspective of the market or the customer, from the outside in, and can give you a more objective opinion and see things that you can't.

Brendan Flattery, Sage CEO UK & Ireland

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01

Foreword



Brendan Flattery
Sage CEO UK & Ireland

Mentoring has always been a part of the workplace, even back before the business of business got going. Craftsmen and women learned their trade at the feet of older, wiser experts through apprenticeships.

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In today's complex entrepreneurial environment, mentoring is more important than ever. Around the world, business confidence is returning and as trading conditions improve, high growth is the target for small and medium sized businesses.

If SMBs are to thrive, they need to look outside their business to get advice to make the next leap. Research has shown that 70 per cent of small businesses that receive mentoring survive for five years or more, which is double the rate compared with non-mentored entrepreneurs.

Mentors can help businesses to make the right changes at the right times - it's an extremely effective way for

people to develop new skills, navigate diverse company growth decisions and understand how to deal with people and problems.

A recent survey by the UK's Department for Business, Innovation and Skills found that 94 per cent of SMEs using external support have seen benefits. These firms are more ambitious and have higher relative turnovers.

We can be quite buried in the detail of running our businesses. A mentor is someone who can view your business from the perspective of the market or the customer - from the outside in - and they can give you a more objective opinion and see things that you can't.

For example, a mentor to a small business owner might be able to say how the company's products and services are perceived relative to the competition or give them advice on how to market more effectively.



01 Foreword

SMBs need to look outside their business to thrive. Research has shown that 70 per cent of small businesses that receive mentoring survive for five years or more, which is double the rate compared with non-mentored entrepreneurs.

The truth is that running a small business can be quite an isolated position. You don't have the network of business colleagues to brainstorm ideas with or perhaps a wide view of the choices in front of you when it comes to models for growth.

But there is a problem with the application of mentoring – a gap between those who understand that mentoring is a good thing and those who actually use one. A recent Sage global survey shows that 93 per cent of SMBs believe that mentors will help them to succeed. But the exclusive research also found that only 28 per cent were actually using any kind of advisor.

Many people don't know how to find a mentor and many also feel uncomfortable about establishing a relationship and reluctance to engage an external advisor.

One of the problems is that there is some confusion as to what a business mentor is. I think the definition is a person from outside your immediate business environment with relevant experience who acts as an outside-in advisor on a regular basis. This can

be a paid or unpaid relationship. It is different from a business coach or a consultant who provides advice on the general principles of business success, not from a position of personal experience.

I am very lucky that I have a formal mentoring relationship through a professional mentoring organisation. I have found that the more regularly you can meet the more you can build the relationship. It is important to get away from the day to day distraction of the business and the space allows you time to think, reflect and to have proper discussions about what you are trying to achieve together.

The key for me has been going into the mentoring process with the right attitude. Unless you go into mentoring knowing that the other person is better equipped with the relevant knowledge and that you have to be receptive to that, then things will not work out. Put it another way, you have to check your ego at the door. And that can be hard for some entrepreneurs and some business people who have thrown themselves heart and soul into their business venture and feel they know it inside out.

Crucially, mentoring reminds people that we all need help - that we don't have all the answers. And at its best mentoring can be a natural extension of networking.

At Sage we want to work to help entrepreneurs and small business owners find the business advisors and experts that will help them accelerate their business and generate new growth.

We recently brought together mentoring experts to discuss the challenges for small businesses when it comes to mentoring and we have launched a Business Navigators campaign to raise awareness. We have produced this guide to help SMBs - please read on for advice and the views of some of the mentoring experts.

We believe that mentoring gives SMBs the confidence and control to make the right decisions.


Brendan Flattery
Sage CEO UK & Ireland

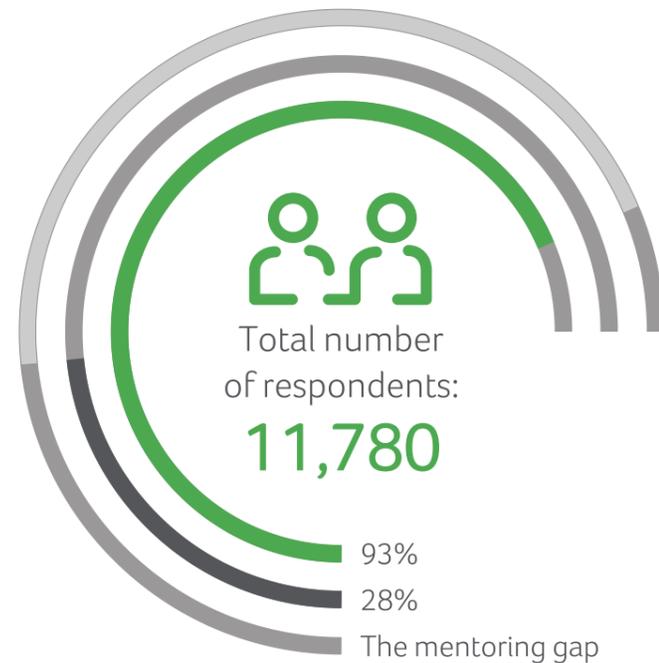


02 The Mentoring Gap

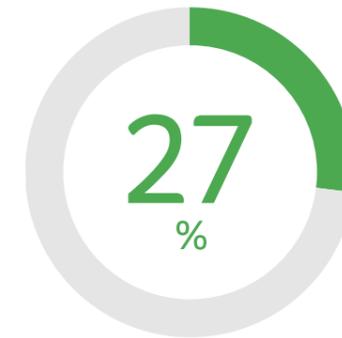
Sage surveyed more than 11,000 small and medium sized businesses in 17 countries across the world, to find out their attitudes towards business mentoring. While an overwhelming majority recognise that mentoring can help them to succeed, very few currently make use of business mentors.

Global statistics

- 93% of small and medium sized businesses acknowledge that mentoring can help them to succeed.
- 28% of small and medium sized businesses currently make use of business mentors
- The mentoring gap



Finding a mentor



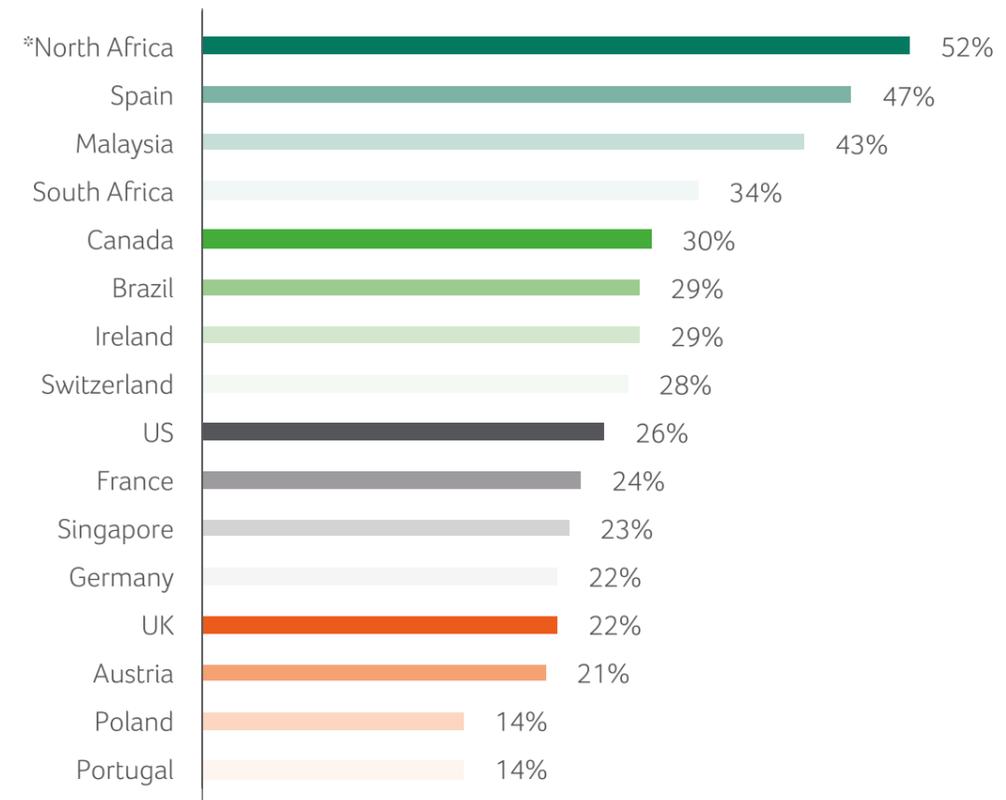
of business decision-makers would be most likely to go to people they know for business advice and mentoring.



of business decision-makers would go to 'select business mentors' as their first option for business advice.

Mentoring league table

The percentage of small and medium sized businesses around the world that make use of mentors.



* Tunisia and Morocco



03

What to look for in a mentor?

It can seem like a daunting task and it's difficult knowing who to turn to and how best to make an approach.

So your business is growing and you know that a mentor will significantly improve your chances of success. But how do you know who will be an effective mentor to you and your business? And how do you establish a relationship that will help you both to get the most from the experience.

It can seem like a daunting task and it's difficult knowing who to turn to and how best to make an approach. Start with the experts, professionals and business owners you admire and respect and don't restrict yourself to one mentor. It's unlikely you will find one person who can help with everything. Different people bring different areas of expertise that will be relevant to your business as it passes through stages of development.

Look for someone who has:

1. Experience of your industry
2. Is a good listener
3. Has the technical skills to advise
4. Is willing to introduce you to useful contacts

Establishing the relationship at the outset is one of the most important things you can do. The rules that you put in place at the start will determine what value you get from the relationship in the long term.

Keep these things in mind to make sure you get off on the right foot:

- **Clear expectations:** Both you and your mentor should be clear about your expectations and what you want to achieve from the relationship
- **Agreed upon rules:** Agree some clear rules so that both parties know what is expected from them and to ensure you are both fully committed to the mentoring relationship and how it will work
- **Trust:** The point of a mentor is to push you to do things you might not have done otherwise. You must have faith in the guidance you are given otherwise the whole relationship will fall down
- **Honesty:** Be open with your mentor – let them know how you are feeling, the pressures you are under, what is working well and what isn't

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Who can help you to find a mentor?

You can find a mentor through the Association of Business Mentors associationofbusinessmentors.org or you could look to one of the following organisations for support:

National Enterprise Network offers links to local business support agencies in your area. nationalearnerprisenetworg

NACUE represents enterprise societies in universities and colleges that could be your first port of call. nacue.com

In 2011, the Prince's Trust helped almost 13,000 young people through its Enterprise Programme. princes-trust.org.uk/enterprise

03

Reverse mentoring

Reverse mentoring is a great way for larger businesses or experienced business owners to gain a fresh perspective and breathe new life into your business. It refers to the practice of senior executives meeting with younger less experienced mentors, usually regarding the new technologies and trends that are shaping the market.

Running a business is pretty all consuming. Chances are you won't have time to explore the burgeoning technology trends and behaviours that are likely to shape the market

of tomorrow. A reverse mentor can provide you with a shortcut that enables you to keep pace with Gen-Y and the constantly shifting cultural landscape.

The key to successful reverse mentoring, is a willingness to learn on the part of the mentee. Resist the instinctive desire to impart the wisdom you've gathered from years of experience and simply turn up ready to listen and learn.

Create a shared list that combines things that interest you and things your reverse mentor thinks should be on your radar

- cool campaigns, emerging trends, new innovations - and take the time each month or each quarter, to sit down and talk through them. Maybe explore ways that they could be relevant to your business and how it could push your business forward. While you should try and put some structure behind these sessions, don't make them too rigid. Try to create a format that lets you share ideas and discuss them freely.

a fresh approach

03 Finding a reverse mentor

If you are a part of a large organisation, look within your business at those younger employees who are making a name for themselves. Find someone who has potential – not least because the added responsibility and faith you show in them will encourage their personal development. Look for someone who is naturally curious, enthusiastic and au fait with the latest technologies and trends.

There are many benefits of reverse mentoring programs. It develops both parties: for example, older employees learn more about social media from the younger person and the younger person learns business terminology and industry practices from the older employee. It also helps to bring different generations within your business closer together and creates a greater sense of unity.

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→ Case study

Alex Depledge,
Co-Founder, Hassle.com

Why is mentoring important?

Mentoring doesn't necessarily need to be a formal arrangement. From my experience the best relationships start informally - two people chatting through their problems over a cup of tea.

I met one of my mentors at a dinner and didn't at any point think, 'I need to make him my mentor.' We never had that conversation, we just got on well. I thought that he could be really helpful and he was excited about my business and wanted to help. I think a lot of people like me have had similar experiences but maybe don't recognise that as mentoring.

If you are running your own business, then there will be times when it is

extremely stressful and having someone completely unconnected from everything is incredibly valuable. There are times when I hate my co-founder and I can't stand my husband and I want someone removed from my day-to-day pressures who will listen to me.

Sometimes when everything gets on top of you, you need someone to reassure you, stop you thinking about the bigger picture and instead get you to put one foot in front of the other. Honestly, I would not be able to function without my mentors.

What's holding back mentoring?

For me mentoring is a lot like dating. You need to kiss a lot of frogs before you find your prince. And anyone who is running a small business doesn't have the time to spend ages searching for the right mentor for them.

I also think a fear of being perceived a failure is holding back businesses from adopting mentors. British business owners need to get over their reluctance to ask for help, because mentoring can be hugely valuable. Another person's vision is, I think, far more effective at solving problems than simply throwing money at them.

What should mentors avoid?

Overpromising. One thing that's irritated me in the past are people who get carried away and promise things they can't deliver. As the mentee, you come away from the meeting thinking great and then two weeks go by and you don't hear from them. It's simple housekeeping; don't promise things you can't deliver and make sure you follow up on those you can.



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There are times when I hate my co-founder and I can't stand my husband and I want someone removed from my day-to-day pressures who will listen to me.’

Alex Depledge, Hassle.com



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What sort of mentor is right for you?

Introduction

Every business is unique. In fact, the desire to do things differently is why you started your own business. But it can also make it difficult to work out what type of mentor will have the greatest impact on your business and help you to grow. The challenges facing an entrepreneur just starting out, differ greatly from those facing

the director of a business that's been operating for eight years.

We put the question to our industry experts and asked them what businesses should look for in a mentor, depending on where they are in the business lifecycle...

Your mentor should be able to break things down into bite-sized chunks to prevent you from being overwhelmed.

Kerrie Dorman,
Founder, Association of
Business Mentors

Idea

You've had a great idea. Or at least you think you have. But how do you know if you can turn that idea into a business? There is no shortage of people saying you should "go for it!", but few who can provide guidance on how you go about it.

legislation - what happens if you make a mistake

- Finding customers who will pay for the product or service you are offering
- Basic operations - how is it all going to work?

It's a significant and sometimes terrifying undertaking, one that will require a huge amount of commitment just to encourage others to buy into your idea and get your business off the ground. What's more the foundations you put in place at the outset will affect whether you succeed or not.

What type of mentor is right for you?

Kerrie Dorman: Look for a mentor who has started more than one business from scratch on their own. They should be practical and specialise in supporting micro businesses to get off the ground. It's important to have someone who can keep you focused on each area of the business and keep it simple. Your mentor should be able to break things down into bite-sized chunks to prevent you from being overwhelmed.

What keeps you awake at night?

- Not knowing whether you are doing the right thing
- The amount of money it will take to get your idea off the ground, and how to secure it
- The time it will take before you actually start making money
- Accountancy, taxation and

Someone from a corporate background is probably not right for you at the moment. What you need is someone who has recent experience of what it takes to get a business up and running.

04 Starting up

It probably feels like you do everything: marketing the company, managing stock, selling products, meeting suppliers, balancing the books and helping out wherever you're needed.

Often it can be hard to distinguish personal ambitions from career ambitions, and where your personal development ends and business development begins. At this stage of the business lifecycle they're intertwined. In order to get this far you will have invested a lot of yourself in the company in terms of money, time and hard work.

It's likely that there are very few people who currently work for your business full time, maybe just two or three others, and like you they are extremely time poor. It can, therefore, be difficult reaching an objective view of a particular issue, or easy to fall in to the trap of approaching problems in the same way, time and again.

What keeps you awake at night?

- You've invested so much into this and failure is not an option
- New clients are critical. You need to promote your business wherever possible

- Until your client base grows, your cash flow can be unstable. You need to stay on top of taking payments, of what money comes in and what bills need to be paid
- There are so many legislative changes that restrict and influence what you need to do. Staying on top of this can be very difficult
- As you expand and hire new workers you worry about maintaining and keeping staff for the long term

What type of mentor is right for you?

Kerrie Dorman: Look for a mentor who can spot strategic flaws and has experience in rectifying them. It's important to be able to get the business working for you rather than the other way around and now is the time to make that transition.

A mentor who is actively running a successful business similar to your aspirations would be great as it would allow you to feed off very live examples. It is also the time to consider having a couple of mentors. Especially from a financial aspect (NOT your accountant). Think about some training courses as well as refining your delegating skills. A clear vision and the path to it is what's key here.

A mentor who is actively running a successful business similar to your aspirations would be great as it would allow you to feed off very live examples.

Kerrie Dorman,
Founder, Association of
Business Mentors



04 Small business

You've set up and established your business and things are going well. You have a number of people working for you, while you're responsible for the day-to-day management of the business.

You spend a lot of your time thinking about how to improve processes, business development and growing your customer base. One of the toughest challenges is dealing with the company's growing pains and making sure that the size of your organisation matches the amount of business coming in.

You want to see the company grow and for it to become an international venture. To achieve this you need to define the strategic direction of the business, help it to run more economically and effectively, and ensure the company succeeds.

As the head of the business all employees ultimately report to you and

look to you for leadership. However, given the size of your business it can be difficult staying on top of everything that happens. When it comes to making decisions there are senior figures in your organisation who can advise you, but few who truly see the bigger picture.

What keeps you awake at night?

- Ensuring that the business has enough for day-to-day operations
- Gaining new customers, with increased competition, but a decline of disposable customer income
- Knowing that with the current economy you run the risk of closure at a moment's notice

What type of mentor is right for you?

David Hardstaff: You should, by this stage be calling upon the expertise of a wide range of mentors. Where in the past you may have one or two trusted advisors who helped you put in place the fundamentals of your business, now you

need access to a wider range of practical experience.

The issues you face as a business are diverse and complex, and it's unlikely that you'll find one, two or even three people who have first-hand experience of all of them. As your business grows larger, you will begin to employ senior staff into specialist roles within your business - operational, financial, marketing. Consider matching these employees with mentors who have expertise within these fields and think of them as your own personal boardroom.

While employees tend to get caught up in the day-to-day pressures of their role, mentors will be able to provide you with more of an external view and are more likely to challenge the way you think. They can also provide a level of continuity, should hires not work out, or if employees decide to move on.

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David Hardstaff, Home Counties Business Advisors (HCBA)





04 Mid-market

As the director of a mid-market business you find yourself dividing your time between meetings on planning for the business's future, cash flow forecasts, cutting costs and managing a team that is spread across multiple countries. You have a team of people who report directly to you, but you also regularly meet with the leads of departments to monitor revenue, costs and plan for the future.

Your primary objective is to ensure the business remains competitive across all markets, while also managing financial risks and staying accountable. You need to keep a tight control on costs through streamlining processes and increasing efficiency of the business.

What keeps you awake at night?

- Controlling costs to enable growth
- The economy. Many customers have a reduced disposable income
- The cost and impact of retaining and training our staff
- Staying competitive in a global market place and working in a multi-company, multi-currency and multi-legislation environment
- Understanding which customers are more profitable than others

What type of mentor is right for you?

David Hardstaff: If you've been with your business since it began, then you've no doubt acquired a fair amount of experience over the years. You'll probably also have a network of people who have helped or advised you along the way. Amongst this network you are likely to find people who are willing to act as a sounding board for ideas, either formally or informally.

Chances are you'll be acting as a mentor to other younger businesses and sharing some of the expertise you've developed in your industry. However, there is plenty that you can learn from others.

Look at the people you mentor or junior employees within your business and see who among them has expertise in areas that are, or could be, relevant to your business. Consider setting up a reciprocal relationship, where you provide them with advice on how to develop, while they keep you up to speed with the latest trends and innovations.

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David Hardstaff, Home Counties Business Advisors (HCBA)

05

Why mentoring matters

Introduction

We've invited three of our Business Navigators to share their thoughts on what mentoring means to them and why it should be on every business's radar.

What does mentoring mean to me?

John Webb,
Marketing Director, Startups,
Developers & Investors, Rackspace

One of the most important roles that a mentor can play is helping mentees to see the wood for the trees. People often become so immersed in their own businesses they are living and breathing it every single day of the week. I help them to step back a little bit and provide them with an external view on their business and marketing strategies.

Sometimes all people really need is reassurance. It's important to put people at ease and also be very clear on exactly what it is you can do and what you can deliver. You have to be honest with the people you mentor. I don't see that all the time. Someone came to me the other day asking for advice on dealing with investors and I said, "I'm a marketer." I don't pretend to be anything else. If someone wants marketing advice I'm your guy. If they want investment advice then I direct them elsewhere to people I know who've been there and done it.

Marketing moves so quickly there is no way, with respect, that someone running a business can keep up with that. Whereas that's my business, that's my passion.

In return I get to work with some really exciting start-ups and small businesses,

who are doing some really challenging and exciting things. It gives me the chance to look at things I would not necessarily look at in my day job and apply some of that start-up thinking to my work.

I think mentoring works both ways - there's a value exchange. From my side as the mentor, I provide experience and knowledge of what paths are open to businesses. Whereas I get feedback on my thinking and strategies that I can apply to my day job.

Ulterior motives

I hear about quite a few people who mentor with an agenda - people who go into it purely to try to generate new business. My mentality is the complete opposite. I don't look at it as a sale and never give a pitch. The value I believe I can give is in passing on the marketing knowledge, experience and insights that I've gained. Over time people still come to me and ask, John, can you help with my hosting? That's because I've earned their respect and trust; they want to work with me and the companies that I represent. I think we need to look at educating mentors in terms of what's expected of them and the value they can deliver.





05 Why mentoring matters

What does mentoring mean to me?

Michael Mercieca,
CEO, Young Enterprise

I think confidence is key. A lot of people who have started their own businesses know what they want to achieve, but don't necessarily know the best way to get there. A mentor needs to point them in the right direction, but also give them the confidence to continue along that path until they get to where they want to be.

I work a lot with younger entrepreneurs, many of whom are still at school. At Young Enterprise we help people from disadvantaged backgrounds to learn about starting their own businesses. There are organisations giving out millions of pounds in loans to help people to start their own businesses. However, without significant training and guidance on how to best use that money, a lot of it will go to waste. Yes they need funding to get off the ground, but what is more valuable is someone

to guide them on how to establish and manage their business.

The vast majority of the people we help have never come into contact with people from the world of business – executives, board members, investors. We let them know what to expect and also give them the confidence to engage with people who can help their business to flourish. We also help them to accept failure and teach them that often you learn most from your mistakes.

Mentoring needs to be easy

Start-ups and small businesses are extremely time poor. They are focusing on getting money through the door and goods and services out of the door. Mentoring needs to work at their convenience. If it takes three months and miles and miles of paperwork, then it won't take off.

What does mentoring mean to me?

Matthew Stafford,
Founder, @Studentupstarts, @9others

If you run your own business, sometimes you want to talk to someone who is not your co-founder, not on your board, not your investor, not your customer and not your partner at home. But somebody! Often when things aren't going well the tendency is to bury your head a bit and not have the conversations you ought to have. This is when a trusted network is incredibly valuable.

From my personal experience I have dozens of 'mentors' I just don't refer to them as mentors. I have a trusted network of people I regularly talk to about my businesses and life in general – people I chat to on Twitter, email, Skype or best of all in person and 'offline'. I find that works better for me than having one person I meet with formally each week - life moves far too fast for that.

Here's an example of the network at work - I was working in a café recently with my co-founder of Student Upstarts talking about potential investments and tinkering with our website. I was on Skype to my co-founder of 9others organising a dinner in Singapore and

rattling through emails in-between. All of a sudden, the Student Upstarts website went down. I couldn't figure it out straight away so I sent a Direct Message (DM) to one of my contacts on Twitter. I knew he could help and a Twitter DM was the best way to reach him.

There are no shortcuts to earning trust though. I have built my network up over the last four-and-a-half years or so. It's hugely important to me and would be easy to destroy for some short-term gain. The people within that network know they can count on me and each other because we've all given and received help from one another. A lot of the people within the network met through social media – by someone asking for advice on Twitter and someone else providing them with an answer. There are no hierarchies on Twitter and it's easy to get that 'social proof' of someone. You need to have a helpful attitude and be transparent, honest and confident about yourself and your own abilities. If you go out with that kind of helpful attitude you get an awful lot back.



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