

Sage North of Tyne SMB growth plan framework and objectives

July 2019

The establishment of the North of Tyne combined authority offers a golden opportunity to improve small and medium sized business productivity across Newcastle, North Tyneside and Northumberland.

Following the creation of the Combined Authority, Sage has convened the local business community to develop a shared SMB growth plan for the North of Tyne to take forward. The initiative builds on the findings and recommendations of the innovation think tank Nesta in our State of Small Business report. The report mapped UK SMEs and identified causes of local variations of productivity, identifying SME numbers and sector strengths in the North of Tyne region.

We have gathered feedback from regional stakeholders and set out a draft framework that Sage and the wider North of Tyne business community would like to see adopted. This framework is the result of two roundtable discussions and subsequent rounds of written feedback from participants in the initiative.

The overall aim remains that the plan should be adopted and driven by the North of Tyne Combined Authority, but delivered in partnership with the business community involved in its creation – and the region's other leading assets that will have value to add in its implementation.

Overview:

The North of Tyne Combined Authority, under the new Mayor, has a fantastic opportunity to adopt a bold and ambitious SME growth plan to boost small biz growth and productivity. This should be built around:

- Data-led insights for targeted business support
- Support to boost export growth among SMEs
- Digital adoption and upskilling within SMEs

The North of Tyne should commit to the development and implementation of a pioneering plan, the first of its kind in the UK, using data-led insights to crack the productivity puzzle. The plan should aim to identify specific targets to boost metrics in the following areas for the combined authority's small and medium sized businesses:

- Growth rate of SMEs turnover
- Increased number of SME starts
- SME productivity
- Percentage of SMEs regularly exporting

Ambitious but achievable targets should be set in the above areas. The plan will operate to achieve a high growth, resilient SME base for the North of Tyne. Before work begins, research should be undertaken to benchmark the SME growth plan and identify appropriate sectors to target. Progress should be measured every year and interested parties updated on performance.

At each stage, the local ecosystem of the North of Tyne should be leveraged wherever it can add value. For instance, we have approached the National Innovation Centre for Data (NICD), who could support with establishing the initial evidence base for the programme, while helping the NTCA establish a Chief Data Officer in the long-term.

Sage's international network is there to be leveraged on exports, along with other larger companies such as PWC and Newcastle Airport. Initiatives such as Ward Hadaway's fastest 50 have identified some of the most

successful SME scale-ups in the region, offering useful case studies and potential peer to peer learning opportunities.

Workstream	Potential activity
<p>Building a data-based strategy</p>	<ul style="list-style-type: none"> ● Objective: North of Tyne to set the standard for the UK on using data-led insights to target small biz support to boost growth and productivity. This will ensure support programmes are always adding value above existing provision and are suitably tailored in order to have maximum positive impact for participating businesses and the region alike. The North of Tyne should look to partner with the National Innovation Centre for Data to establish a long-term, sustainable approach to delivering data-led business support. This plan could lead to the establishment a Chief Data Office for the NTCA, to work in partnership with NICD, in the long-term. ● State of play: <ul style="list-style-type: none"> ○ Between Sage’s State of Small Business report, the business support review from the North East LEP and the North of Tyne’s own evidence gathering, significant progress is being made to finalise the evidence base to underpin business support programmes. ○ The insights are there to now say which are the key sectors in terms of SME employment and productivity. However, further work is needed in areas such as identifying appropriate sub-sectors and key export markets to ensure programmes are as targeted as possible. ● Suggested course of action: <ul style="list-style-type: none"> ○ A partnership with the National Innovation Centre for Data should be explored to fully establish the evidence base for the programme, including which specific sub-sectors to target, and appropriate benchmarking. The aim should be to establish a long-term partnership, where NICD work with the North of Tyne to improve in-house capabilities and establish a Chief Data Officer. This will allow success to be measured over time. ○ We would suggest data gathering is focused toward identifying a combination of high growth sectors where the North of Tyne can quickly become a national and international leader – and those sectors with high levels of SME employment but low productivity in order to attack the long tail – and target support towards these sectors initially. ○ Creating tailored plans specific to sectors identified should help overcome some issues with demand, as businesses will be able to more clearly link it back to their operations and profitability. ○ The plan and support programmes should also seek to have a single point of entry to simplify as far as possible the business support landscape for businesses and drive demand. ○ Progress of the plan should be updated at least annually – and a business-led group could look to advise and steer the focus of the plan on an ongoing basis as necessary
<p>Boosting exports for SMEs</p>	<ul style="list-style-type: none"> ● Objective: The North of Tyne should develop a comprehensive internationalisation strategy with a data-led plan to boost exports from SMEs in the region to an agreed target of % of SMEs regularly exporting. The plan should focus on sector strengths where the North of Tyne is a world leader – and this can be mapped against appropriate target markets to ensure the plan delivers maximum export value. ● State of play:

	<ul style="list-style-type: none"> ○ North of Tyne has begun work on identifying potential inward investment strategy for the North of Tyne with a view to building out a wider industrialisation strategy. ○ However, a comprehensive export strategy has not yet been developed. This should form a key pillar of any internationalisation strategy, given its proven impact to boost productivity. ● Suggested course of action: <ul style="list-style-type: none"> ○ North of Tyne to commission study to identify strongest export capabilities and map these to primary export markets overseas. Key data should include revenue flows from the region, number of SMEs per sector exporting and the largest overseas markets for the North of Tyne’s sector strengths. ○ Tailored support plans can be developed by sector to identify potential businesses to receive direct support and assistance in market introduction and solidifying long-term customer relationships in new markets. This could be done in cooperation with DIT to ensure that SMEs can be put in contact with on-the-ground support. ○ Larger businesses in the region could be signed up to the export programme to help facilitate trade visits and network building in target markets. ○ Plan should include a roadmap to better leverage opportunities to engage with overseas buyers outside of traditional trade missions. For example, budget could be set aside to establish “meet the buyer” events in the North of Tyne – or funding for delegations/North of Tyne space could be taken to attend the leading international trade fairs here in the UK, e.g. London Tech Week. ○ The Mayor’s office could be potentially leveraged to establish city business networks among target cities – something that Manchester has been able to tap into with great success. ○ Inbound tourism should also be boosted to take advantage of strengths in the rural economy. There are already ongoing initiatives in this area which could be leveraged – such as the Visit NE England project. ○ The North of Tyne should also look to build strong links with HMRC and DIT to join up on data issues to be able to track successful exporting and development of overseas markets.
<p>Digital skills</p>	<ul style="list-style-type: none"> ● Objective: Digital adoption has been proven to significantly boost the growth and productivity of SMEs, but driving demand for adoption programmes has been challenging. By creating sector specific digital adoption programmes, the North of Tyne has the potential to establish a leading national example of how to educate and incentivise businesses to take up tech and more easily scale. ● State of play: <ul style="list-style-type: none"> ○ The North of Tyne has kick started bringing together groups to help build on the momentum and growth of the local tech sector in the region. However, there is still a potential gap when it comes to a specific plan to help wider SMEs go digital to boost their productivity – which we hope this growth plan will address. ● Suggested course of action: <ul style="list-style-type: none"> ○ The North of Tyne should look to partner with a suitable provider to deliver digital adoption programmes for specific targeted sectors within the North of Tyne, where businesses undertake digital training and tech adoption under a coordinated programme for their sector.

	<ul style="list-style-type: none">○ Both digital skills and general management skills should be considered as crucial elements to the success of this programme. Businesses need to understand tech and how to get the most out of their employees using it, not just simply having adoption alone.○ To help with delivery and attracting demand, the North of Tyne should consider working with a partner to simplify the message of technology adoption for SMEs – perhaps through sectoral guides or toolkits of best practice tech adoption. This could include examples from industry peers, pointing them to practical implementation support.○ There should also be consideration given to potential financial incentives that could go alongside training. Could the North of Tyne offer a package like the successful Go Digital Newcastle programme – where SMEs that take part in skills and adoption programmes can access discounted tech solutions?
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