



Entrepreneurial mentoring A key to business success

Entrepreneurial mentoring can support business growth, reduce business failure rates and increase the likelihood of people becoming entrepreneurs.

Mentoring can be formal, organised through specific organisations or networks, or informal, drawing on the expertise of peers, friends or family. Currently a wide range of formal mentoring schemes are offered across the UK, but, on the whole, take-up rates are poor. Given the potential of mentoring to enhance business performance and therefore contribute to increases in the numbers of jobs created and the survival of competitive businesses, there is a need to review the impact and effectiveness of current schemes as well as to increase the number of people being mentored or becoming mentors.

This paper looks at the experience of mentoring of The Inner City 100 entrepreneurs. These entrepreneurs have fast-growth businesses from a range of sectors and continue to experience the challenges of growing a business. The views of The Inner City 100 entrepreneurs are relevant because they offer insights into the challenges of growing businesses, and their continued support needs.

This paper addresses the following questions:

- What does entrepreneurial mentoring look like in the UK?
- What insights do The Inner City 100 entrepreneurs provide into the current provision and take-up of entrepreneurial mentoring?
- Drawing on this experience, how can the benefits of mentoring be enhanced and broadened?

Table 1: Distinguishing between mentoring and coaching

Mentoring	Coaching
Focus on progress	Focus on task
Usually longer term, sometimes for life	Usually short term
Intuitive feedback	Explicit feedback
Develops capabilities	Develops skills
Driven by mentee/learner	Driven by coach
Helps you to work it out yourself	Shows you where you went wrong

Source: Clutterbuck and Sweeney (1997)

What is entrepreneurial mentoring?

Entrepreneurial mentoring involves one entrepreneur acting as 'critical friend' or 'guide' helping to oversee the career and development of a less-experienced entrepreneur (Harrington 1999). The relationship is between entrepreneurs from different businesses and can be characterised as a 'mentor-protégé' relationship. However, within entrepreneurial mentoring, the relationship between mentor and mentee is often one of equals. Each party brings different perspectives and knowledge, and in many cases mentees will establish the goals of the relationship.

Entrepreneurial mentoring can be viewed as a business development process for owner-managers (Gold *et al* 2003). This is based on the premise that there is a direct link between entrepreneurs' actions and capabilities and the performance of their businesses.

Mentoring versus coaching

Although mentoring and coaching are often confused – the terms are used interchangeably in many cases – there are important distinctions. Mentoring generally involves a longer-term relationship that is less role-specific than coaching. Coaches will often make more direct interventions to enhance performance during specific tasks. Mentors though, will listen and advise but not intervene. Table 1 highlights the main differences in the two roles.

Entrepreneurial mentoring focuses on:

- The future of the mentee entrepreneur's personal development.
- The mentee's professional development.
- Supporting the mentee's firm through providing relevant advice and sharing experience.



Entrepreneurial mentoring in context

Of the approximately 3.8 million business enterprises in the UK, over 99 per cent are small businesses employing less than 50 employees. These businesses are central to driving competitiveness, increasing employment, and to creating and retaining wealth throughout the UK, including in the most deprived inner city areas. As The Inner City 100 Index demonstrates, successful firms can have significant positive impacts in deprived areas. In the past five years, The Inner City 100 businesses alone have created nearly 5,500 jobs and contributed millions to their local economies.

What benefits can entrepreneurial mentoring deliver?

Measuring the current economic value of entrepreneurial mentoring in the UK is difficult because there are few published evaluations of schemes that provide quantitative evidence. The majority of benefits are highlighted through case studies of participating businesses. These offer useful insights but make it difficult to gain an accurate picture of quantifiable impacts and business benefits.

Whether industry sector or geographically focused, entrepreneurial mentoring schemes share similar core objectives focused on enhancing the capabilities of entrepreneurs and the growth potential of their firms. However, mentoring schemes have different approaches and vary in how they measure their success. In some cases, schemes have clear, quantifiable delivery criteria.

The Welsh national mentoring scheme, Mentor Wales, measures its performance against several metrics that, although not widely communicated, govern its working. These include:

- The number of jobs created.
- The number of jobs safeguarded.
- Referrals to other business support providers (public or private sector).
- The number of hours of mentoring received.
- The number of businesses and senior managers mentored.

Establishing performance against targets like these can be difficult as demonstrated by the lack of quantitative information available from

many existing programmes. However, an independent evaluation of Northern Ireland's Business to Business Bridge mentoring programme, by SQW Economic Consultants, specified a number of key benefits directly attributable to the scheme. It should be noted that the scheme involves managers from within large businesses helping entrepreneurs. Nonetheless, the results for Small and Medium Enterprises (SMEs) are interesting:

- Increased sales turnover of 3.3 per cent.
- Increase in after-tax profits of 17.9 per cent.
- Increased employment of 6.1 per cent.

This impressive list of benefits indicates significant positive impacts on the businesses involved. Another scheme in the North East of England, the 'Alchemists' builds on this approach and has clear and ambitious targets for adding value to the region.

The full impact of the Alchemists scheme remains to be seen, but its clear target and pool of talent from across the UK make this an innovative scheme whose success should be closely monitored.

The Alchemists

The Alchemists, a scheme in the North East of England provides, perhaps, the best example of a scheme driving to a clear target – to create £100 million of additional value in the companies it engages with by the end of 2005. The scheme is funded by One North East, but businesses pay for their mentors/consultants once engaged. The Alchemists scheme links entrepreneurs with experienced professionals from a number of fields to provide advice on the next steps of business growth. Interventions are often quite focused, for example, on realising a specific growth opportunity.

The Alchemists scheme works to identify fast-growing companies that have reached a critical stage in their development. To be eligible, businesses have to have doubled their value in the past three years and have at least £5 million of value in the business. Given these criteria, the scheme is clearly not for the majority of businesses.

The scheme has assisted 22 enterprises in the North East and drawn on mentors from across the UK. One of The Inner City 100 entrepreneurs who participated provides an example of how the Alchemists scheme has benefited businesses. Since joining, this entrepreneur has seen considerable improvements in his business and rapid expansion, much of which would not have been possible without the insights provided by his mentor. Interestingly, one aspect of the advice received was that he should seek to create additional businesses because his talents lay in generating ideas and making them realities. The entrepreneur followed this advice and has established a number of new businesses; it is too soon to tell how successful these businesses will be in the long-term, but given his track record and the new lease of life the scheme has provided, there are significant benefits in prospect.

While there is evidence that entrepreneurial mentoring can deliver real added value for businesses, the requirements for clear output criteria – for example, number of jobs created – may undervalue the more informal tacit benefits that mentoring provides. These include:

- The increased confidence of entrepreneurs.
- Better staff management and internal business processes.
- Broader networking.

These factors may take time to feed into quantified benefits. Therefore, focusing solely on quantifiable short-term outputs may lead to schemes being assessed against criteria that do not capture their long-term success. Whilst it is important to evaluate schemes robustly, care must be taken to measure 'soft' outcomes as well as the 'hard' outputs.

What does entrepreneurial mentoring look like in the UK?

Entrepreneurial mentoring already plays a role in efforts to assist entrepreneurs and SMEs across the UK; its contribution to improving entrepreneurs' success is increasingly acknowledged. In the majority of interviews for this work,

representatives from the public sector and entrepreneurs underlined the role of mentoring. Lee Williams, Managing Director of Universal Services Solutions, expressed a commonly held belief that mentoring was critical to many of his most important business decisions. In addition to being mentored, Lee Williams mentors less-experienced entrepreneurs to help them develop their businesses, and feedback from them suggests this is one of the critical factors in their success. Clearly, there are many factors that contribute to the success of a business including market demand, product/service marketing, and product/service quality; however, the entrepreneur plays a central and important role in the fortune of the business. Supporting the development of owner-managers (the entrepreneurs), and their businesses should considerably increase their chances of success.

The number of entrepreneurs involved in informal mentoring in the UK, whether as mentors or mentees, is unknown. However, evidence from The Inner City 100 suggests that some entrepreneurs may be receiving important support from entrepreneurs they know through personal relationships, family and business

contacts. However, the focus of this paper is largely upon formal mentoring. As the number and size of programmes available is growing, their likely impact and role in entrepreneurs' success and personal development requires closer examination.

At present, formal mentoring schemes in the UK tend to be locally or regionally organised and supported and delivered by public organisations and agencies. The Regional Development Agencies (RDAs), National Federation of Enterprise Agencies (NFEA) and Business Links are key players in delivering mentoring schemes. There appear to be clear benefits of organising mentoring schemes at local and regional levels:

- Interviews with entrepreneurs suggest that businesses may be more willing to participate if the mentor or mentee is local and accessible.
- The economic conditions of particular areas may mean that new/growing businesses experience common problems. More established entrepreneurs may have particular insights into these challenges.

National mentoring programmes

England

The Business Volunteer Mentor (BVM) network is a national programme with 35 sub-contracts in place for delivery of the scheme. These range from a pan-regional scheme (in the East of England region), to one that offers purely on-line mentoring with no geographical boundaries (Shell LiveWIRE).

Wales

Mentor Wales has been developed as a partnership involving the major supporters of business across the whole of Wales including the Welsh Development Agency. The aim of the Mentor Wales scheme is to provide long-term support to financially viable, established SMEs that show growth potential. The mentees must have a management team in place or in the process of development and be seeking up to two years' professional advice and guidance from a mentor.

Northern Ireland

Invest Northern Ireland is the main economic development organisation in Northern Ireland and funds two key mentoring programmes:

- **Business to Business Bridge** enables large, well-established firms to invest a variety of non-financial resources including mentoring to help SMEs through periods of growth.
- **Northstar Mentors** are willing to offer expertise to help other businesses overcome problems and improve their competitiveness. The role of the mentor is to discuss issues and advise on ways to overcome obstacles to growth.

Scotland

Business Mentoring Scotland was introduced by the Scottish Executive in 2000. The Scottish Executive formalised existing networking groups and its Business Gateway provides the first point of access to public support available to firms in Scotland. Several mentoring programmes have been developed within the Business Gateway including a programme aimed specifically at women.

There are national business mentoring schemes operating in England, Scotland, Wales and Northern Ireland. Additionally, Business in the Community (BitC) supports several different mentoring schemes throughout the UK and Northern Ireland including Company Connections in Wales, Business Bridge in England and Business to Business Bridge in Northern Ireland. The Prince's Trust and the Prince's Scottish Youth Business Trust also offer mentoring support focused on young entrepreneurs in the UK.

Mentoring schemes differ in format, but most in the UK consist of face-to-face interactions between mentors and mentees. Telephone conversations often provide the back-up to these meetings. As information technology has improved and become more accessible, online mentoring has increased in significance. Shell LiveWIRE, part of the Business Volunteer Mentor (BVM) network, is a scheme targeting young entrepreneurs solely delivered online.

LiveWIRE provides an informal forum for discussions where members seek advice from each other rather than through formal channels. Benefits of being online include ease of access and the comfort young people feel with the medium. Initially mentoring can seem intimidating for both parties and less formal systems may be an ideal first step.

Mentoring and The Inner City 100

An examination of The Inner City 100 businesses' involvement in entrepreneurial mentoring offers some insights into its benefits and use. The findings are derived from information given by all of The Inner City 100 winners in 2003. Subsequent discussions with several of The Inner City 100 winners from years 2001–03 provided further insights into their experiences of mentoring.

The Inner City 100 firms have successfully navigated the turbulent early years of business formation and growth. However, the majority are not 'established' in the sense of having

extensive professional systems and teams of skilled managers. This does not mean that they are not managed expertly, but that owner-managers remain essential to firms' daily operation and success. These entrepreneurs:

- Combine multiple roles that demand wide-ranging skills.
- Are often under considerable pressure.
- Have little business experience in some cases.

Entrepreneurial mentoring proposes to assist these entrepreneurs in helping them to step outside of their daily roles and take a more strategic approach to their business.

Within The Inner City 100, 26 per cent of entrepreneurs are involved in entrepreneurial mentoring either as mentors or mentees. Initial findings suggest that of these, approximately half are mentors and half are mentees. These firms come from a

Figure 1: Inner City 100 firms mentoring by sector

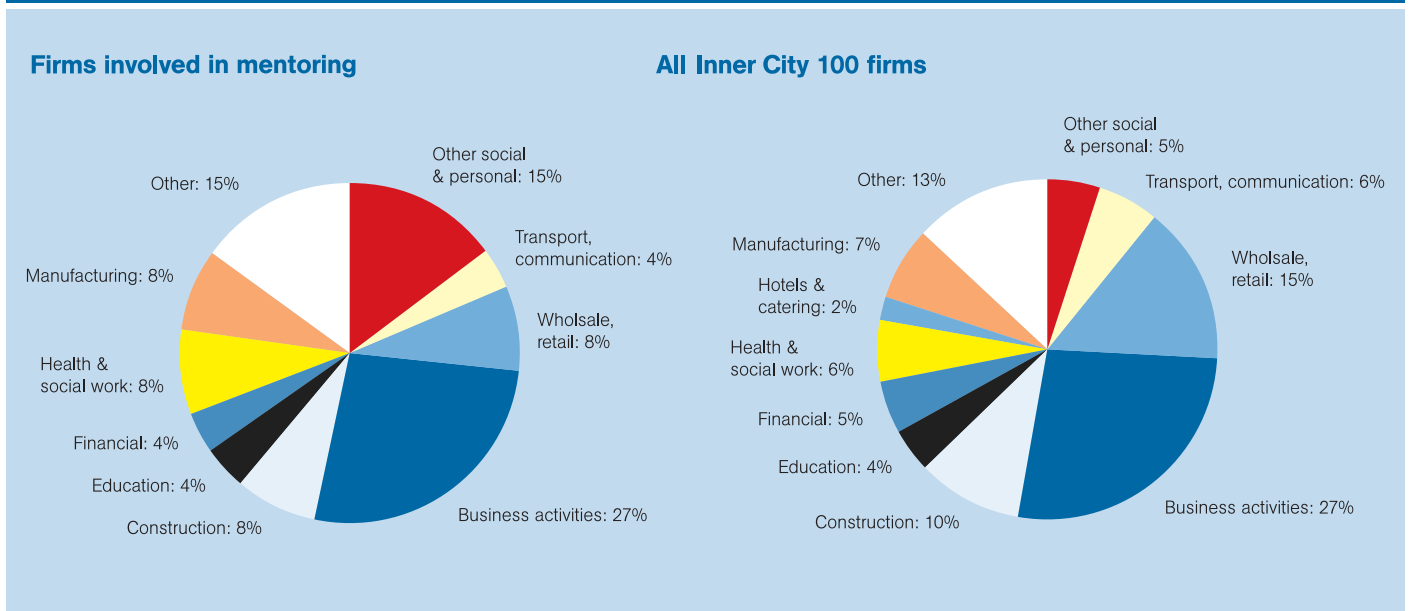
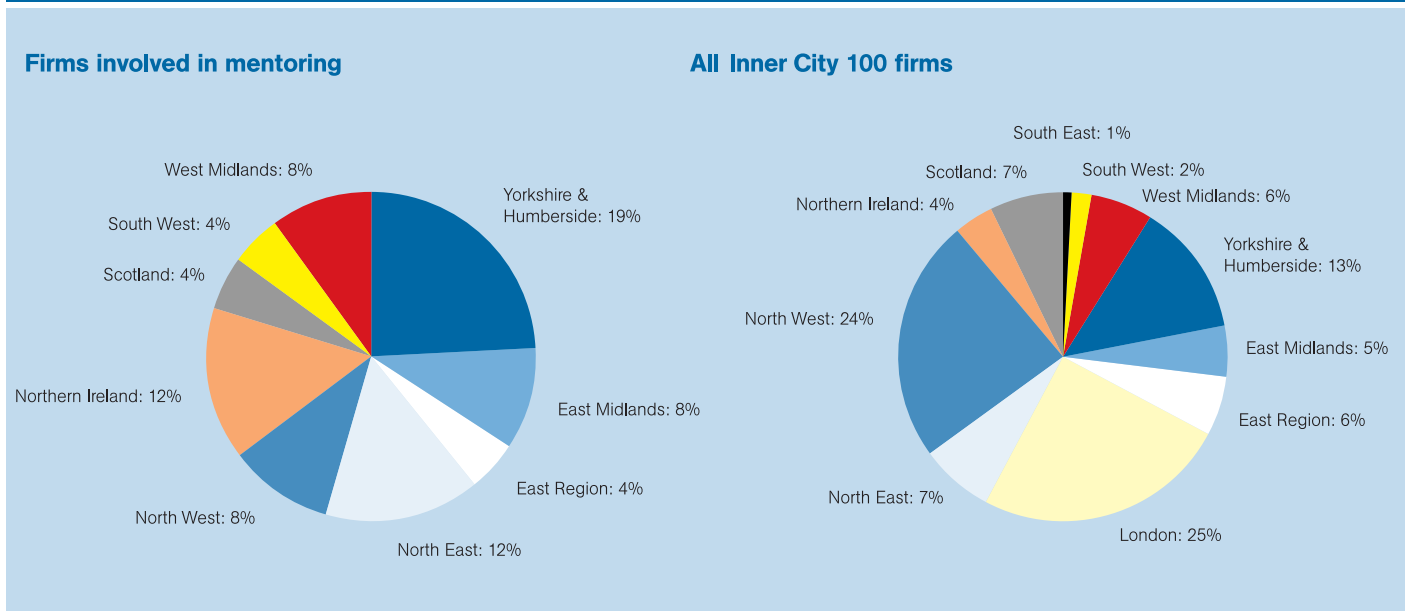


Figure 2: Inner City 100 firms mentoring by region



range of industry sectors that broadly reflect the composition of the whole of The Inner City 100 (see Figure 1). This broad mix of business sectors appears quite typical of mentoring programmes in the UK (France 2003).

The Inner City 100 firms that are engaged and involved in mentoring are not recent start-ups; they have been established an average of 10 years with an average turnover of £5.1 million. Many of these companies have strong market niches and are building on successful periods of growth. Clearly, being involved in mentoring is not restricted to the

youngest firms or the most inexperienced entrepreneurs, indicating that entrepreneurial mentoring may be appropriate at all stages of business development and growth.

Examining The Inner City 100 entrepreneurs' involvement in mentoring by region indicates no clear pattern (see Figure 2). However, it is interesting to note that despite 25 per cent overall of the The Inner City 100 being based in London, none of them are involved in mentoring. This may reflect:

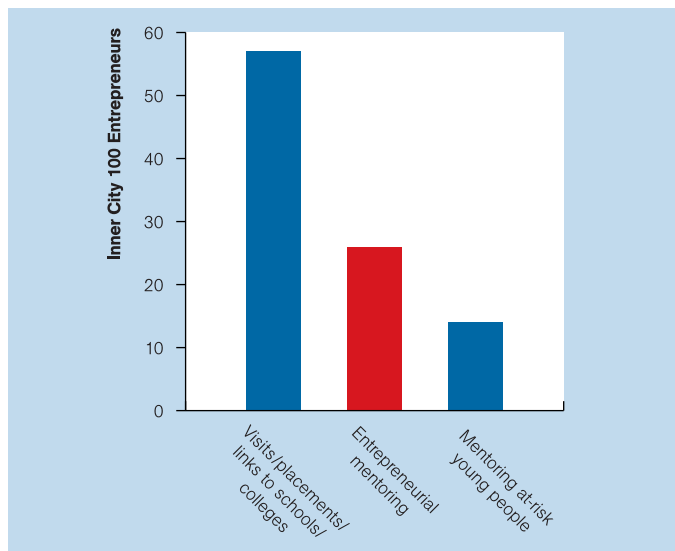
- A lack of provision in London.

- Greater independence of London based entrepreneurs.
- Dominance of informal mentoring.
- Poor coordination and/or marketing of mentoring activities.
- Lack of public sector support for mentoring schemes.

Clearly, this finding deserves further research to understand its causes and significance.

Analysis of the entire of The Inner City 100 indicates that advising other entrepreneurs is just one of the mentoring activities in which they

Figure 3: Number of Inner City 100 firms involved in mentoring activities



participate. As Figure 3 shows, over half of The Inner City 100 entrepreneurs take part in visits and placements and are linked to schools and colleges; this is twice the number participating in entrepreneurial mentoring. Clearly, the entrepreneurs are finding time for activities outside the daily running of their businesses.

Looking specifically at the 26 of The Inner City 100 entrepreneurs involved in entrepreneurial mentoring (see Figure 4) the majority are also involved in visits, placements or links with schools and colleges (81 per cent); a number are also involved in mentoring at-risk young people.

The findings suggest that entrepreneurs who are involved in entrepreneurial mentoring are also more likely to be involved in mentoring young people. While further research is required, this finding may have important implications for changing the culture of entrepreneurship in the UK. Entrepreneurs involved in entrepreneurial mentoring could also be encouraged to speak to young people about the benefits of entrepreneurship and offer guidance on how to start a business.

Inner City 100 entrepreneurs receiving mentoring

Of The Inner City 100 entrepreneurs interviewed, the majority expressed positive views of their experiences as

mentees. As one of The Inner City 100 entrepreneurs put it,

“Mentoring can help with any business, providing the mentee is open minded enough to listen to external advice. Naturally, your mentor won’t get it right every time and it’s up to you to decipher what is relevant to your individual situation.”

But others have more mixed views (see case study on page 8).

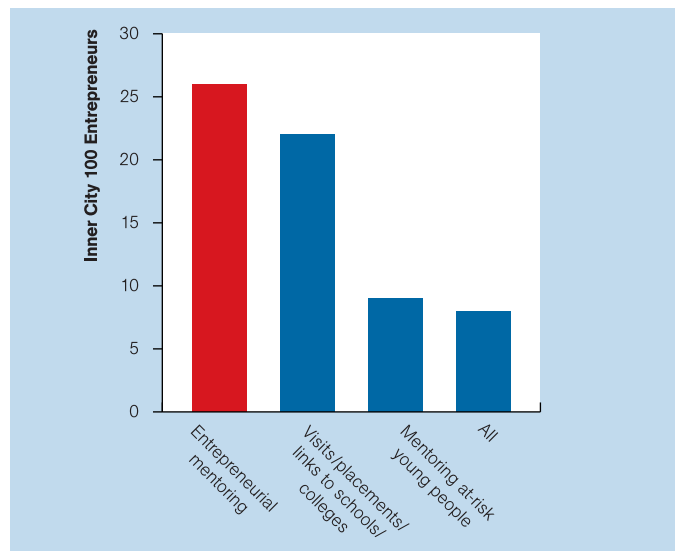
Entrepreneurial mentoring provides an outside perspective on a business, and may be particularly useful in difficult times such as periods of transition and for family owned businesses seeking external input.

“Coupled with the fact that the business leadership was in a transitional phase from my father and mother to my brother and I – we had problems. Having the external influence of a mentor was very important in that he could see straight through any personal issues that may have been preventing us from seeing the real picture and acting accordingly.”

Inner City 100 entrepreneur

The Inner City 100 businesses have achieved huge growth and, as one entrepreneur noted, there is considerable value in having “some early warnings on what was likely to happen to the business” from those

Figure 4: Inner City 100 firms involved in entrepreneurial mentoring and other mentoring activities



that had already experienced the different stages of business development. In addition, many of The Inner City 100 entrepreneurs do not have business backgrounds and mentoring may be particularly beneficial in offering support and advice in these cases.

Although feedback from The Inner City 100 entrepreneurs regarding mentoring was generally positive, there were some criticisms that offer useful insights into possible improvements.

“The first mentor I had was set up through a professional network. At our first meeting, all he wanted to talk about was himself. I think he liked the idea of helping someone, but hadn’t managed to grasp the concept of how it all worked. I think it’s very important that mentors are matched to people. It is quite a personal process and the chemistry has to be right. We interviewed several people before settling on our mentor.”

Inner City 100 entrepreneur

Several entrepreneurs highlighted the importance of mentors having appropriate skills and approaches to their role.

“You need to be aware of the potential impacts of what you are saying or doing. For example, if you see someone

Case study

Temploy Recruitment Services, a three-times Inner City 100 winner from St Helens, has had mixed experiences with mentoring. Although Karl Hart, managing director of Temploy, has found mentoring helpful regarding time management and general advice on productivity, he has had varied experiences with mentors.

Hart believes personal experiences are key to being a good mentor. One mentor he was engaged with had only worked for a multinational company and not run a business. The mentor was largely unaware of issues affecting small business as Hart stated, "There is a big difference between running a multinational and running a corner shop. The bigger you get, the ways of doing things are obviously different. If you're small you need to be a jack of all trades whereas a big company has a lot more staff to cover the different positions and issues."

Though not supportive of classroom teaching to create mentors, Karl Hart believes that some instruction would be useful, "A classroom could not teach you how to be a mentor if you haven't actually got any small business experience, but your mentoring skills could be enhanced."

Temploy's mentoring experience did bring direct business benefits. One of their mentors was also advising a number of companies who were fellow Chamber of Commerce members. One of these firms had staffing issues and the mentor made the connection with Temploy's provision of temporary staff. Although this was outside the remit of the mentor's role, it was a positive development for Temploy and demonstrated the flexibility of mentoring as a business development process. In this case, mentoring created a direct business opportunity that, although not a classic example of the benefits of mentoring, is still an interesting and positive development. This example builds the case for a more careful look at the complicated nature of mentoring and the positive repercussions it can have for participating businesses.

not doing well and you reiterate how successful you are, it can be quite daunting for them. As a mentor, you need to be aware of the power you have over other people. Some induction – at least in terms of raising mentors awareness of this kind of power – would be a good idea."

Inner City 100 entrepreneur

In one case, an entrepreneur spoke of how he preferred to rely on his own opinions following poor advice from a mentor. He also commented on the dangers of having risk-averse mentors,

"If you already have uncertainties running through your mind then a negative or defeatist contribution from a mentor may make some people give up."

Inner City 100 entrepreneur

Entrepreneurs as mentors

Mentors amongst The Inner City 100 entrepreneurs reported gaining insights into their own businesses, skills and personal development. Before becoming mentors, many were unaware that they had something to offer other entrepreneurs. However,

many have found their involvement to be hugely rewarding.

"Mentoring gives you a chance to reflect on what you have done. It gives you the opportunity to stand back and recognise your achievements."

Inner City 100 entrepreneur

It is clear those volunteering as mentors do find it beneficial. However, many entrepreneurs still only see themselves in the role of mentee, believing that their knowledge and experience would be of little value to others. When asked about becoming a mentor, responses included "I am not too sure who would benefit from my experience" and "I am not really sure of what is around or what is required."

The example of the Business Champions Network in South East Essex provides insights into how to involve more of these businesses. Approximately one third of the business champions were initially involved as mentees. After receiving mentoring, many entrepreneurs realised they had something to offer new businesses and volunteered to be mentors

themselves. Attracting experienced entrepreneurs to be mentors is critical to ensuring that schemes offer the right mix of skills and experience to potential mentees.

Mentoring should not be a 'one-way street' for mentors or mentees. Acting as the mentee in one relationship does not preclude acting as the mentor in another. In the Business Champions Scheme, run by the East Midlands Development Agency (emda), a 'bank' of Business Champions, consisting of both mentors and mentees, is maintained. Entrepreneurs are able to switch roles depending on their needs or what they can offer.

It is important to provide high-quality mentors to mentees in order to get the best out of mentoring schemes. The usefulness of the relationship for mentees will be determined to a large extent by the attitudes and experiences of mentors. Some schemes require mentors to have inductions and meetings with relevant third parties – for example, local accountants. This process ensures that mentors can suggest appropriate referrals for further business advice and support. Entrepreneurial

mentoring is not a one-stop shop for expert advice, but can help provide a route to access support alongside its function as a sounding board for entrepreneurs.

The UK's largest mentoring programme, the Business Volunteer Mentor network, uses an internal induction in which the mentor's training needs are assessed and a personal training plan is derived. Depending on an individual's needs, this may involve sitting in with an existing mentor in client sessions or being shadowed by an existing mentor or adviser. The mentors are assessed based on the standards developed by the Small Firms Enterprise Development Initiative (SFEDI). The assessment takes place in front of a real client and is carried out by a qualified assessor who must be independent of the end result.

How to encourage greater participation in mentoring

From discussions with The Inner City 100 entrepreneurs, there appears to be a general lack of information about which mentoring schemes in operation could be of benefit and how. Several entrepreneurs commented that they would like to be involved, but were unsure about what schemes exist and which would be most suitable for them.

Marketing

At present, much of the mentoring literature is targeted at start-ups and new businesses and tends to focus on specific benefits, for example, advice on financing. However, the broader advantages of mentoring for 'would be' mentees at any stage of business growth need to be expressed, as well as the benefits of becoming a mentor. Presenting these roles and benefits in more detail may encourage more businesses, like those in The Inner City 100, to become involved.

Time constraints

The other main reason entrepreneurs do not participate in mentoring is because of a lack of time. As discussed earlier, many entrepreneurs have some connections with local schools and colleges and this may reduce their capacity to act as entrepreneurial mentors.

"We do mentoring with local schools and various other community activities. Since that already takes up a significant amount of our time, additional time is not available."

Inner City 100 entrepreneur

Despite their involvement in a range of contexts, many of The Inner City 100 entrepreneurs find it difficult to make time for commitments outside of running their businesses. Given these time pressures, some entrepreneurs argued that mentoring schemes need to reduce their current levels of bureaucracy.

Structure

However, it is important that some structure and efficiency is retained as other entrepreneurs complained that schemes they have participated in were poorly designed with insufficient structure or support.

It would appear that operating on an *ad hoc* basis is just as likely as 'too much bureaucracy' to reduce entrepreneurs' involvement in mentoring. However, the pressures on entrepreneurs can be eased by ensuring:

- The relationship has clearly stated expectations.
- The adoption of different media including email and the Internet.
- Meetings are planned in advance.

Following the initial meeting, mentors and mentees should largely be left to pursue their relationships with interventions only when required.

Perhaps schemes should also follow the example of Business Champions emda in which champions are able to take time out from the programme if other commitments demand. Organisers' experience in this scheme shows that most entrepreneurs rejoin when time permits, suggesting that this flexibility is effective.

Summary of findings

- Entrepreneurial mentoring has the potential to deliver value-added for entrepreneurs and their firms, whether they are start-ups or established owner-managed businesses. This appears particularly true for family firms or those going through transitions.

- Some of The Inner City 100 entrepreneurs do not believe they have sufficient experience and skills to become mentors, even when they are well placed to mentor other entrepreneurs given their businesses' success.
- The Inner City 100 entrepreneurs involved in one form of mentoring (i.e. youth) are likely to be involved in other types of mentoring (i.e. entrepreneurial).
- The number of business-to-business mentoring schemes in the UK contributes to the difficulties entrepreneurs have in knowing which ones to access, how they work and the details of the schemes.
- Some of the main complaints from The Inner City 100 entrepreneurs regarding current provision of mentoring are that:
 - Schemes lack structure. This could be addressed by implementing guidelines, for example, regarding frequency of meetings and time commitment required. Schemes should avoid unnecessary bureaucracy.
 - The role of mentors and mentees are ill-defined. Guidelines on what is expected should be set so that both mentors and mentees are clear about what a mentoring relationship involves to ensure that their expectations are met.
 - Some mentors have inappropriate experience and skills. Mentors should be selected carefully and expectations of training and quality assurance should be emphasised. For example, mentors need practical experience in running a successful small business which may then be enhanced by training or guidance on how to be an effective mentor.
 - Some schemes lack flexibility. Entrepreneurs can often act as both mentors and mentees,

potentially in the same scheme, and programmes should encourage this flexibility to maximise the value individuals can provide.

- Local and regional schemes provide benefits in terms of ease of access, minimising time commitments and leveraging local knowledge.
- Schemes are not marketed effectively, particularly to firms that have moved beyond the start-up stage.

Recommendations

- Establish a UK-wide web-based access point specifically for entrepreneurial mentoring, perhaps aligned with the 'DTI For Business' website. At a minimum, this should provide details including where existing programmes operate, a summary of features and benefits, contacts, funding details and links to programme websites.
- Entrepreneurial mentoring can play an important part in the entrepreneurs' 'lifecycle' from the seed of an idea to the peak of business success. The

Government and other providers or funders of mentor schemes should consider developing a lifetime mentoring approach that begins by focusing on young budding entrepreneurs. On starting a business, entrepreneurs should be encouraged to seek mentors and have the option of continual mentoring throughout their careers. Mentors may change but the entrepreneurial mentoring relationship can continue.

- Establish a learning network between providers that would enable the exchange of best practice. This forum would enable the insights and experiences above to be shared constructively to guide provision.
- There are insufficient evaluations of existing mentoring schemes. More are required to determine the benefits of entrepreneurial mentoring and provide the basis for marketing of schemes to entrepreneurs.
- A five-year business health check should be offered to businesses coordinated by the main providers of business support, for example,

RDAs, Invest Northern Ireland and Scottish Enterprise, in which the benefits of joining a mentoring scheme can again be encouraged – at this time the idea of becoming a mentor for other businesses should also be introduced.

- On registration of a business with Companies House, a Welcome Pack should be sent to businesses, containing information relevant to start-ups such as where to access business advice. The benefits that mentoring offers in terms of the survival and success of businesses should also be highlighted.
- Where firms have become disengaged from business support agencies that offer schemes, participation may be boosted by profiling firms that have benefited from mentoring. Business competitions and high-profile targeted initiatives, for example, mentoring roadshows and business media campaigns, help to create all-important role models and demonstrate the benefits of mentoring schemes.

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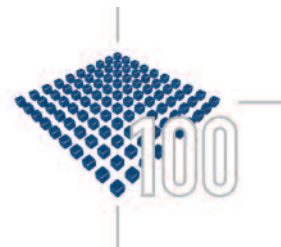
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The Inner City 100

the inner city



The Inner City 100 is a unique business index and research initiative that champions fast-growth businesses in the UK's inner cities.

Led by independent think tank **nef** (the new economics foundation), sponsored by The Royal Bank of Scotland Group and partnered by HM Treasury and the Financial Times, The Inner City 100's mission is to champion enterprise-led regeneration and to promote the untapped market potential of the inner city.

The Inner City 100 supports the future growth of fast-growth inner city businesses via a structured series of events, awards and media exposure. Acting as a research and publishing mechanism, The Inner City 100 Index enables firms' success stories, as well as the opportunities for the UK's inner cities, to be captured, analysed and shared to influence public policy on the UK's enterprise culture.

Inner City 100 research is fundamental to the mission of The Inner City 100 initiative, since it actively helps to promote the market potential and support for enterprise-led regeneration in the UK's inner cities. Our research activity centres on the unique information pool offered by The Inner City 100 winners, and leverages research excellence within **nef**. From 2001, we have published reports analyzing the opportunities and constraints of doing business in the inner city.

In 2004, we are diversifying our research in order to produce a series of short briefing/position papers. Areas of interest include the mapping of business impacts and their economic linkages within the local community, business retention and the role of entrepreneurial mentoring.

Background

The Inner City 100 was conceived in 1997 by Michael Porter, the renowned Harvard Business School academic. The idea for The Inner City 100 was based on his work *The Competitive Advantage of Nations*, widely seen as one of the most influential management books ever written. This work, in essence, outlines how the competitive advantage of nations contributed to their economic prosperity. Porter realised that this theory could also be applied to inner cities.

In 1997, he launched the Initiative for a Competitive Inner City (ICIC) in the US. By uncovering and highlighting fast growth inner city businesses, The Inner City 100 US – an index of the top 100 fastest growing businesses in US inner cities – aims to show that inner cities can be competitive areas for doing business.

In June 2000, with policy backing from the Treasury, financial support from The Royal Bank of Scotland and NatWest and in partnership with ICIC in the US, **nef** took the lead to establish The Inner City 100 in the UK.

The first Inner City 100 UK index was published in the *Financial Times* in November 2001. Within one year of its launch, The Inner City 100 UK brought to light the entrepreneurial spirit and business success stories that exist in the UK's inner cities. The second and third years of the project have established The Inner City 100 as a leader in the field of inner city enterprise and renewal. Now in its fourth year The Inner City 100 continues to change perceptions about the economic importance of the inner cities, both as investment locations and a breeding ground for new business ideas.

Key facts and figures about The Inner City 100 2003 winners:

- An average five-year turnover growth rate of 575 per cent
- Nearly 5,500 jobs created in the last five years
- Average 2002 sales turnover of £7.4 million
- Average profitability in 2002 was 6.9 per cent

Patrons of The Inner City 100 include:

- The Rt. Hon Gordon Brown MP
- John Bird, International Chairman, *Big Issue*
- Sir Ronald Cohen, Chairman of Apax Partners
- Professor Michael Porter, Harvard Business School
- Derek Mapp, Chairman, East Midlands Development Agency
- Lord Richard Rogers
- Sir Alan Sugar
- Fred Goodwin, Group Chief Executive, The Royal Bank of Scotland Group
- Laura Tyson, Dean, London Business School.

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Researched and written by Anne-Marie Davies and John Taylor

new economics foundation

3 Jonathan Street
London SE11 5NH
United Kingdom

Telephone: +44 (0)20 7820 6300
Facsimile: +44 (0)20 7820 6301
E-mail: info@neweconomics.org
Website: www.neweconomics.org

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