

# INSIGHT PAPER

## UNDERSTANDING & SUPPORTING BUSINESS GROWTH



Having been involved in configuring and leading SME business support programmes for over 20 years, I genuinely believe that the approaches to delivery we have developed with Leeds Beckett University have been the most impactful for businesses I have seen.

**Martin Coats, Chief Operating Officer, Exemplas Limited**

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# FOREWORD

The new government has put kick-starting economic growth at the heart of its manifesto and ambitions for government.

Exemplas and Leeds Beckett University have been working in partnership for over two years now delivering business support programmes funded by the West Yorkshire Combined Authority to increase the growth and productivity of SMEs.

This is the third of a series of Insight Papers highlighting findings from the delivery of these business support programmes, in the case of this paper, the growth programmes on behalf of West Yorkshire Combined Authority. The insights from the programmes delivered by Exemplas and Leeds Beckett University point to a Blueprint for the successful design and delivery of grassroots business support to SMEs at a national, regional, and local level. This Blueprint is outlined in a further Insight Paper in this series.

This paper will be of particular interest to policymakers, commissioners, and stakeholders with an interest in designing and implementing evidence-based approaches to supporting SME growth and economic development.



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## ABOUT US

**Exemplas Limited** is a national provider of business support and has operated for over 30 years largely delivering business support programmes to SMEs on behalf of public funders including government organisations and local and combined authorities. During this time Exemplas has supported over 600,000 businesses. This delivery experience gives Exemplas a significant understanding of what works in helping SME businesses grow and become more productive. Exemplas is a private company, wholly owned by the University of Hertfordshire.

**Leeds Beckett University** is a key anchor organisation in the West Yorkshire region committed to making a positive and decisive difference to people, organisations, and communities through excellent education, research, and services. Every year, the university delivers a £1.43bn impact on the UK economy. This represents a return of more than £6 for every £1 spent on university operations.

## 1.0 WHY IS ECONOMIC GROWTH SO IMPORTANT?

The new government has set out a mission to secure the highest sustained growth in the G7 as a key plank of their manifesto. Economic growth is generally measured by GDP growth overall, as well as per capita. However, growth in the UK economy has been worryingly sluggish since the 2007 recession, with GDP growing at a slower rate (0.9%) per annum than previously. This is married to a widening GDP per hour gap with international competitors such as the US and Germany. [1] Economic growth is significantly bound up with living standards and wages. Some analysis has suggested that real wages in the UK economy overall have barely grown since the last financial crisis, with this lost wage growth representing £10,700 to the average worker. [2]

The reasons for this slowdown in UK GDP growth are complex, with the cited reasons for this slowdown including the legacy of external factors like the financial crash of 2007, Brexit, and Covid; reduced public investment during the austerity years of the previous government/coalition; policy failures around infrastructure and planning; and areas around skills and productivity. Productivity is discussed in a companion Insight Paper from Exemplas and Leeds Beckett University.

## 2.0 SO WHAT CAN BE DONE TO IMPROVE ECONOMIC GROWTH?

The new government is looking to drive economic growth through macro and regional growth policy including a renewed Industrial Strategy and co-investment in key sectors and infrastructure through a National Wealth Fund. This is allied with a quickening and deepening of regional devolution.

**At the same time, a complementary approach to understanding and facilitating local economic growth needs to focus attention at the micro-firm level, supporting interventions that drive growth through a grassroots approach.**

The critical importance of SMEs to the economy and communities is well-recognised by the government and powerfully articulated by the British Chambers of Commerce and Federation of Small Businesses. SMEs account for 99.9% of the business population in the UK, three-fifths of the employment, and around half of the turnover in the UK private sector. It follows that leveraging and facilitating SME growth will have a positive impact at the macro level.

Adopting an SME-focused approach would support firms to put in place systematic, practical growth plans that drive benefits at a firm and ultimately regional and national levels.

Unfortunately, recent research has shown SME management teams are often unaware of the growth paths that might be available to them. This research also suggests business self-awareness of its current capabilities and knowledge of these growth pathways, is a key determinant of growth performance. Further research studies have shown that growth capabilities do not alone lead to actual growth performance. Growth plans, which articulate pathways being chosen, are also required.

A forthcoming research paper led by Leeds Beckett University [Jones et al, 2025] points to the need for an SME-focussed approach to growth that helps firms understand their current capabilities; the most promising growth trajectories available to them (and matching their capabilities); and putting in place robust, focussed growth plans.

[1] 1) Growth and productivity, Centre for Economic Performance, 2024  
<https://cep.lse.ac.uk/pubs/download/ea057.pdf>

[2] Ending Stagnation, The Resolution Foundation 2023  
<https://economy2030.resolutionfoundation.org/reports/ending-stagnation/>

### 3.0 MOVING TOWARDS AN SME-FOCUSSED APPROACH TO DRIVING LOCAL GROWTH

Exemplas and Leeds Beckett University, have been embedding a new approach to understanding, addressing, and driving SME growth at a local level through the development of a research-validated diagnostic tool for use in business support programmes. This diagnostic assists SMEs in assessing their growth capabilities, consider what potential growth paths are available and help the subsequent development of suitable plans. This has involved a research and validated growth diagnostic being developed by Leeds Beckett University, business experts, and Exemplas Limited.

The diagnostic differs from previous tools in three distinct ways:

1. It was developed using the Delphi technique which is designed to pool expertise from a variety of different sources. In this case, the insight from business support experts, academics involved in growth support and research, and growth coaches were combined in a structured method with previously published knowledge and best practice
2. The diagnostic is designed to aid businesses in exploring, with advisory support, the drivers of business growth in their organisation to develop robust, focused Growth Plans
3. The diagnostic is much simpler than existing growth tools, currently covering four core dimensions and twelve validated growth indicators. This makes it easier and more accessible for business support professionals and SMEs to use.



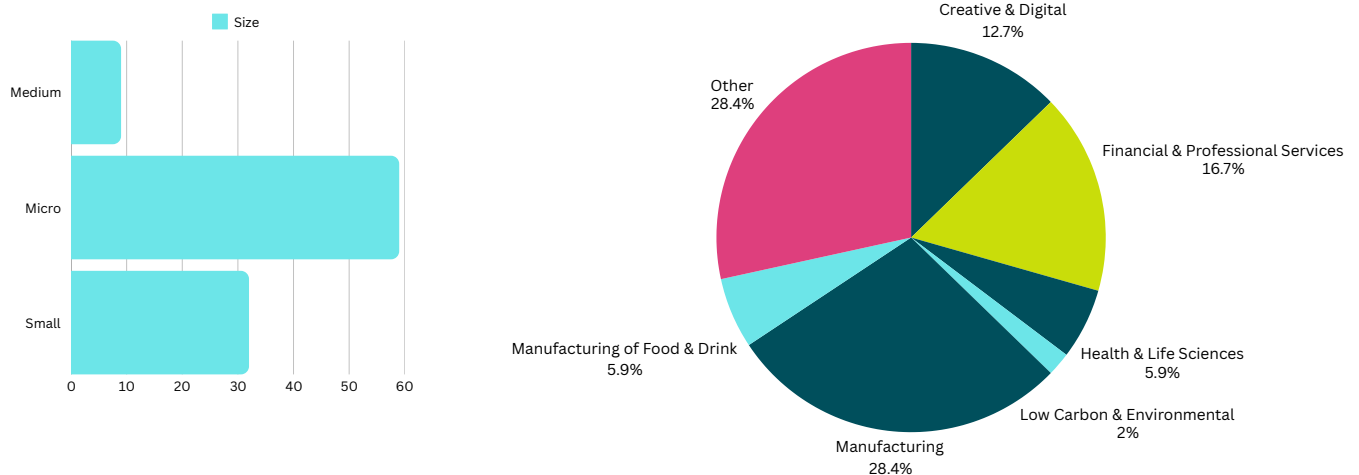
## 4.0 DEPLOYING RESEARCH DEVELOPED AND VALIDATED APPROACHES TO BUSINESS GROWTH ACROSS SMES

Skilled Exemplas advisers have deployed this diagnostic tool across over 400 SME businesses now in two separate locales.

All of these businesses have been participating in publicly funded business support programmes which are aimed at supporting businesses to grow and foster local economic growth. As shown below the businesses have ranged in size from micro to medium-sized businesses of over 100 employees and cover a diverse range of sectors, demonstrating the pan-sectoral applicability of the diagnostic.

### 4.1 SME Demographic Data - Size and Sector

Percentages of Micro, Small & Medium firms.



Having deployed this research validated Growth Diagnostic across a critical mass of SMEs in a range of sectors Exemplas and Leeds Beckett University have been able to research the efficacy of this diagnostic tool and understand the dimensions of growth indicators which are most common across SMEs.

Early indications show some very positive indicators of benefit from the deployment of the Growth Diagnostic within a programme of business support. Between September 2023 and the end of November 2024 the programme using the Growth Diagnostic in West Yorkshire has supported SMEs to safeguard 232 jobs, create 75 jobs and help 376 participating SMEs to improve process, products or services. Feedback from businesses who had been through the Growth Diagnostic with an adviser rated its utility in identifying areas of growth support for their business at 4.4 out of 5 (5 being extremely valuable, 4 being valuable, and 0 being of no impact).

## 5.0 WHAT ARE WE LEARNING ABOUT BUSINESS GROWTH IN SMES?

Led by Dr. Ollie Jones at Leeds Beckett University, we have been evaluating the efficacy of the diagnostic in supporting business growth on programmes of SME support and how far it has increased awareness of SME growth paths, capabilities, and the development of effective growth plans. We have been able to garner insight across two significant areas: the utility of the diagnostic process, as well as what the data generated by the diagnostic itself tells us about SME growth across the cohort/region.

### 5.1 Diagnostic Process Insights

Dr. Ollie Jones, leading the research has identified several findings from the diagnostic process:

“

“The growth diagnostic process increased awareness of potential growth paths for the majority of businesses. However, it provided value in other ways by affirming and reminding businesses of their current growth path opportunities and also instigating a need for formalisation of growth planning.”

“It prompted the seeking of potential support for developing their plans. The externality of the advisers was also key in enabling a ‘diagnostic dialogue’, to yield insights for the business.”

“The research indicates that the diagnostic tool and accompanying process did help businesses with the development of their growth plans. The quantitative and qualitative analysis suggests there were two reasons for this. Businesses for whom this was strongest were unsurprisingly those for whom the process identified new paths for growth and/or identified weaknesses in their growth capabilities.”

“However, even if businesses were clear on their growth paths the diagnostic process assisted their growth planning because it provided affirmation and greater focus for their plans.”



## 5.2 Diagnostic Data Set Insight

Dr Ollie Jones has also been able to identify patterns in SME growth priorities:

“

As Figure 1 below shows, looking at the priorities of growth pathways for SMEs supported with the diagnostic a major priority was that businesses wanted to grow by existing sales and marketing and by improving their marketing capability and penetration.”

“The businesses felt that developing and managing a growth strategy was the most important need in their growth aspirations. This correlates with the diagnostic process research which suggested many businesses had a lack of formulation for their growth paths and plans.”

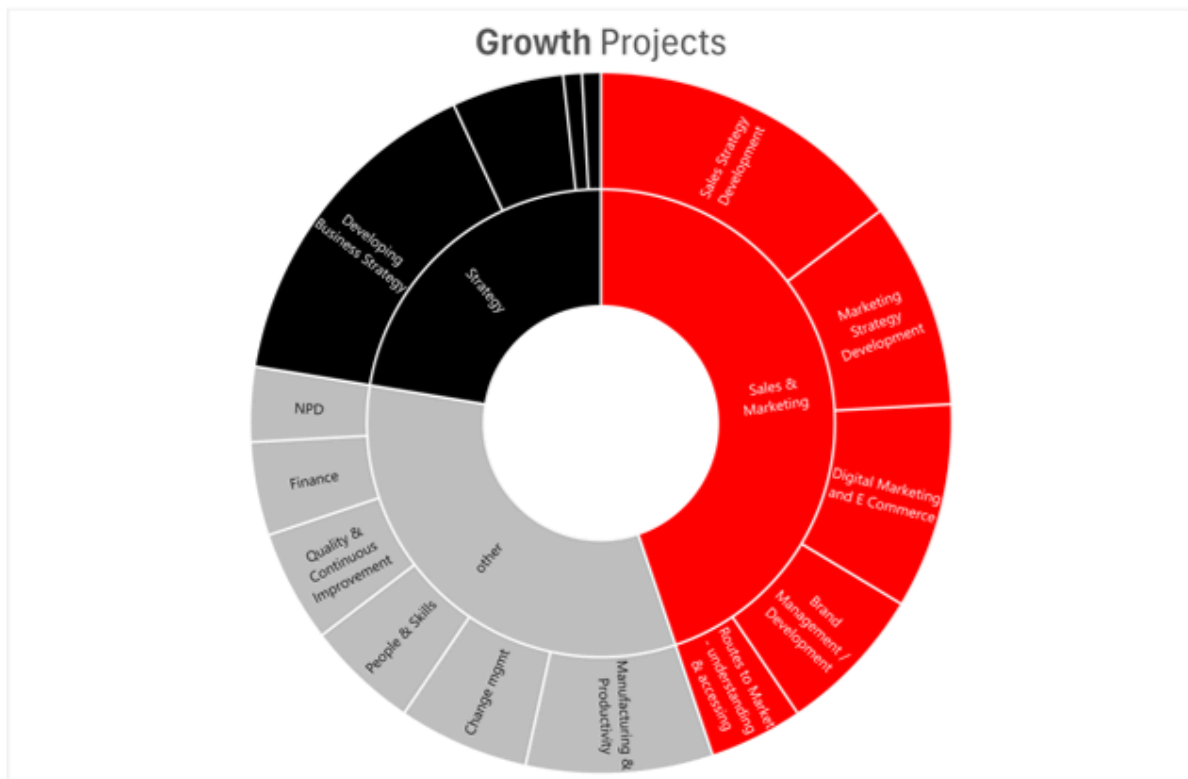
**Figure 1: Growth Pathway Priorities of Businesses Receiving a Growth Diagnostic**



“Of those businesses having a growth diagnostic, a high proportion were supported through advisory support to develop a growth project, based on their diagnostic outcomes. As Figure 2 below shows, again sales and marketing, and strategy development featured strongly in these project areas, further emphasising the strategic prioritisation of SMEs. Underpinning these sales and marketing projects it is pertinent to note areas like sales strategy, e-commerce, and brand development featuring strongly.”



Figure 2: Growth Projects of Businesses Receiving a Growth Diagnostic



### 5.3 The Growth and Productivity Nexus

Insights from the deployment of the Leeds Beckett University Growth Diagnostic by Exemplas advisers can be correlated with findings from the use of a Leeds Beckett University research-developed and validated Productivity Improvement Framework in the West Yorkshire Combined Authority Business Productivity Service which is discussed in a companion **Insight Paper: Understanding and Delivering Business Productivity** showing that most SMEs are looking to increase productivity by increasing the throughput of goods and services i.e. growth in their output as a priority rather than merely reducing their inputs to increase productivity.

However, to increase throughput, businesses need suitable growth paths and support for developing and delivering growth plans. Analysis of the productivity service in West Yorkshire identified that many businesses were wary of going for growth because they were not confident that they could increase their throughput by being more productive. It follows from this that SME business growth and productivity are interdependent and effective business support programmes need to focus on both at the same time.

## 6.0 IMPLICATIONS FOR BUSINESS SUPPORT PROGRAMMES

The insights acquired from the approach adopted by Exemplas and Leeds Beckett University have significant implications for national and local commissioners of business support interventions for SMEs. The new government's renewed focus on economic growth and devolved responsibilities for 10-year growth plans suggest that cost-effective, localised solutions that drive SME growth and productivity could be particularly valuable.

Our experience, knowledge, and research suggest that the approach adopted by Exemplas and Leeds Beckett University could be deployed effectively elsewhere to drive localised business growth.

Key learning for programme commissioning includes:

- A research-validated growth diagnostic tool and growth planning process, administered by an external skilled adviser helps businesses with the development of their growth plans either by identifying new paths for growth and/or weaknesses in their current growth capabilities
- SMEs need support in developing and managing their growth/business strategy through formalised planning.
- Productivity and growth business support interventions should be linked to help SMEs increase their throughput (productivity), whilst also extending their markets (growth) to sell a greater volume of goods and services.
- The growth diagnostic process helps validate businesses' growth ideas, giving them confidence and helping them move to a more formalised structured approach to growth planning and delivery. In addition, a growth diagnostic process stimulates SMEs to seek out additional support and take action for growth.
- Most SMEs need specific support on their marketing capabilities to support their growth paths.
- Businesses need support to develop their capability to manage and increase their throughput (productivity) at the same time as developing their growth paths.

# CONTACT

If you are interested in finding out more about the productivity and growth work of Exemplas and Leeds Beckett University please contact Rob Sale, Head of Business Development, [robs@exemplas.com](mailto:robs@exemplas.com).

Further co-authored Insight Papers on our productivity and growth work can be found [here](#).

## WEBSITE:

[www.exemplas.com](http://www.exemplas.com)

