

2008

# Framework to Engage African Caribbean Businesses in the North West

African Caribbean Business Accelerator  
Oct 2008

A best practice framework for effective engagement with recommendations for best fit delivery mechanisms and models for building sustainable black-owned businesses.



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## EXECUTIVE SUMMARY

The purpose of this report is to identify effective frameworks and models to help Business Link North West (BLNW) develop the market for its services within the African Caribbean business community, through providing a baseline of African Caribbean enterprise activity to better understand their key characteristics and distinctive business support needs.

The engagement strategy recommended here in this report could be rolled out to other groups, to enable BLNW to achieve its core strategic objective of significantly raising its profile, perception and visibility with new users such as under-represented and hard-to-reach groups.

This three month research study stems from a recognition that mainstream business support agencies in the North West have historically failed to engage with African Caribbean-owned businesses who are harder to reach than their Asian peers because of the lack of formal African Caribbean business associations and intermediaries.

African Caribbeans have a significant contribution to make to the North West economy. According to research conducted by URS<sup>1</sup> on behalf of the North West Development Agency, a staggering 47% of the African Caribbean working age population in the region are looking to start a business within the next three years. According to the latest data by ONS<sup>2</sup>, there are approx 51,000 Black British people of working age living in the North West region. If their business start up aspirations were realized, this would translate into 24,000 business start ups over three years.

Despite one of the highest business formation rates, research by GEM<sup>3</sup> shows that African Caribbean businesses are less likely to succeed for a variety of factors, including lack of finance and access to relevant business support and advice. An effective engagement strategy with African Caribbean enterprises is therefore critical if Business Link North West is to minimize business failure rates and enhance the survivability of these businesses.

According to Business Link North West's (BLNW) own data, only 0.03% of the total number of businesses on its database of customers, are from the Black African Caribbean community. This poor uptake of professional business support and guidance among African Caribbean business owners is negatively impacting on the ability of these businesses to grow and generate jobs and wealth.

The main findings of this report were derived from a survey of 450 African Caribbean businesses collated by Prosperity 4 Life who were engaged by BLNW to build the first comprehensive database of African Caribbean businesses in the region during July – Sep 2008.

This was supplemented by qualitative one-to-one interviews conducted by LeaderGen research associates with a total of 20 x African Caribbean owner managers, and a number of business support delivery organisations.

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<sup>1</sup> A Baseline of Enterprise In The North West May 2008

<sup>2</sup> Office of National Statistics Population Estimates by Ethnic Group Mid-2006

<sup>3</sup> Global Entrepreneurship Monitor 2007

The principal findings of this report are:-

## KEY CHARACTERISTICS OF AFRICAN CARIBBEAN BUSINESSES

In addition to a positive enterprise culture, there are a number of distinctive features characterizing African Caribbean enterprises:-

- 95.3% of African Caribbean businesses are micro enterprises employing less than 9 people.
- The highest concentrations of African Caribbean businesses are in Central & South Manchester , Liverpool and Bolton.
- The predominant sectors are Professional & Business Services (RES priority sector), Catering & Accommodation, Retail, Hire & Repair, Personal Services, Health & Social Care Services with significant potential in the Media & Creative industries, a priority sector in the RES.
- African Caribbean entrepreneurs are more likely to be educated to degree or postgraduate level. The decision to go into business or self-employment often stems from career frustration or failure to secure employment at an appropriate grade which reflects their educational achievement.
- There are issues around the survivability of these businesses. Despite higher business formation rates, African Caribbean business are more likely to fail compared to white-owned businesses. They are also less likely to know someone who has started a business.
- African Caribbean businesses do not take advantages of opportunities to partner, inter-trade or collaborate between themselves as much as they could. In addition, African Caribbean customers have less allegiance to African Caribbean businesses unlike their Asian peers, making it more difficult for these businesses to become established and profitable.
- Feedback from delivery providers suggested that significant differences exist between African Caribbean entrepreneurs depending on whether they were new immigrants, first or second generation. The regulatory framework of doing business in the UK is a barrier for new immigrant entrepreneurs as well as difficulties understanding the features of a product or service that would appeal to UK customers.

## BUSINESS SUPPORT NEEDS

The factors crucial to African Caribbean business development are access to adequate finance streams and appropriate professional business support.

- African Caribbean-owned businesses find accessing finance from banks and financial institutions more difficult than their Asian or white peers. Research shows that these problems remain throughout the life cycle of the business; from start up to sustainability. African Caribbean business owners have to rely instead on self-help; their own savings, personal loans or family networks to provide equity for the business.
- There is low take up of mainstream business support services by African Caribbean business owners, and when they do, there are high levels of dissatisfaction with the services. This is due to problems communicating and articulating their needs to mainstream advisers, coupled with poor levels of cultural understanding by mainstream business support services. African Caribbean business owners would like appropriate, relevant and bespoke advice rather than generic interventions which are perceived as less useful.

- There are gaps in hard business management skills and technological know-how for growing the businesses e.g. internet, websites as well as softer skills such as leadership, human resources management, marketing and promotion which need to be addressed through training provision.
- African Caribbean business owners experience difficulty in winning substantive public or private sector contracts to fuel their growth and sustainable development because they lack the know-how to successfully navigate the procurement process.
- Consultations with mainstream business support providers indicate significant differences between African Caribbean individuals depending on whether they are new immigrants, first or second generation. Further research into immigration patterns and the scale and nature of new communities would be beneficial to proper planning of service provision.
- Another expressed need from African Caribbean entrepreneurs was for the establishment of a business network to lobby and influence economic policy at regional level and encourage greater collaboration, knowledge sharing and inter-trading between African Caribbean owned businesses. BLNW facilitation and support for a regional African Caribbean business association would fulfill this need.

Based on the 1-2-1 consultations with African Caribbean business owners and managers, we found:-

- Strong aspirations to grow the number of employees, products and services within the business, and exploit global opportunities.
- A desire for the creation of a community investment fund for African Caribbean businesses who consistently report problems with accessing finance and loans from mainstream banks.
- A strong desire to capitalize on the language skills, contacts and networks of African Caribbean businesses to win international trade.
- Business owners and managers were optimistic about the future, although some had serious concerns about the sustainability of their businesses in light of the global credit crisis.

### **BARRIERS TO ENGAGEMENT WITH BLNW**

Lack of understanding and empathy is the key barrier to ongoing connectivity. African Caribbean entrepreneurs say they would like business support professionals to give them more time and patience i.e. a longer engagement process. The key perception among Black entrepreneurs is that business support is provider driven, with little emphasis on what individual business owners need. As one business support adviser in Tameside succinctly phrased it, “*the service provided should be geared towards ‘to each according to their need’. It isn’t currently*”.

- Business Link suffers from an adverse brand perception issue within the African Caribbean business community, which is the major cause for the poor take up of the service from this target group. There is a history of lack of engagement/dialogue with African Caribbean communities who are perceived as hard to reach. Only 0.03% of clients on BLNW’s database are African Caribbean. This lack of engagement leads to poor awareness and understanding of the needs of African Caribbean entrepreneurs, resulting in a lack of trust and a sense of alienation.

- Another important barrier to BLNW effective engagement with African Caribbean businesses is a widespread misconception that it is a funding body. This misconception often leads to frustration, resentment and alienation. BLNW should make it a priority to communicate this message loudly and clearly to better manage expectations.
- The brokerage model is seen as disadvantageous to African Caribbean business owners as it is based on particular assumptions about the customer, and some customers aren't like that. African Caribbean business owners expressed a preference for more intensive practical assistance at the first port of call, that delivers a piece of value to the business at the outset. This is crucial for building their confidence in, trust and relationship with mainstream business support agencies.
- There is a popular perception that Business Link advisers do not value or respect the experience of African Caribbean entrepreneurs. A common complaint is the failure of business support brokers, advisers and professionals to truly listen, and understand what's being said.
- In the drive to hit performance targets, it can appear that Business Link and mainstream business support providers take the easy route, and ignore African Caribbean businesses who are deemed to be 'hard work', requiring more help and support. Business advisers working at grassroots level admitted that pressures on performance, outputs and targets meant they were often not able to give the time necessary to building high quality, and longer term relationships with African Caribbean entrepreneurs.
- A lack of African Caribbean business advisers within mainstream business support is a barrier to engagement. African Caribbean business owners perceive that advisers from their own community would be more empathetic, responsive and effective. Their presence within mainstream organisations would also foster greater understanding of their distinctive needs.
- There is a perceived lack of customer focussed, flexible learning solutions such as outreach work and local enterprise facilitators e.g. street accountants and advisers to provide support at a time convenient to the business.
- Stop-start contracts and 'flavour of the month' initiatives rather than a long term strategy are a barrier, which hinders partnership working amongst users, and providers inhibiting the sharing of good practice amongst stakeholders and key decision-makers.

A common frustration with Business Link can be summed up by this African Caribbean business owner;

*“From my experience Business Link are a waste of space. At the start of our business, we did approach them and took advantage of their advice service. We had a meeting with 1 or 2 people and I felt it was like being on a merry-go-round that I was desperate to get off. I kept getting referred to people that I had already spoken to. I also questioned the experience of the advisors in terms of whether they were really in a position to guide us. The whole experience just felt like a box ticking exercise”.*

## DATA & RESEARCH

- There is little robust data or business intelligence on African Caribbean or BME businesses in the North West. The lack of consistent up-to-date baseline data on business performance, patterns of enterprise and survivability of the African Caribbean business community in the North West is preventing their distinctive needs being catered for at economic strategy and policy level.
- There is a distinct need to strengthen the business intelligence and knowledge base about the African Caribbean businesses to inform policy and decision-making and ensure that African Caribbean businesses are placed on the strategic economic agenda.

## RECOMMENDATIONS

Boosting the engagement of African Caribbean businesses with mainstream business support will require investment in activities where the focus is on long-term benefits, rather than short-term gains. Given the right help and support, African Caribbean businesses have the potential to generate GVA and make significant contributions to the regional economy.

There is a positive enterprise culture within the African Caribbean business community, which can be built upon to boost start ups. The range of recommended actions and interventions necessary to promote and expand the uptake of BLNW's services amongst African Caribbean business owners include:-

- An effective engagement strategy built on the principle of strong and meaningful partnership working with the African Caribbean business community, Black business support organisations and community intermediaries. This should consist of regular and continuous consultation with the African Caribbean businesses to raise the profile, perception and visibility of BLNW, and provide an important communication channel to effect greater mutual awareness and understanding. This is essential for the building of trust, demonstrating that findings are not going to be put on the shelf and to show that action is being taken. This could also become a vehicle for collating, analysing and testing business intelligence to more effectively market services tailored to the emerging needs of African Caribbean entrepreneurs and groups.
- An effective marketing and engagement strategy should, in addition be coupled with some new forms of service delivery through and with community intermediaries, in order to effectively meet the needs of this community. One example is a bespoke international trade service to connect the African & Caribbean Diaspora living in the North West, with markets in Africa, The Caribbean and the US which offer higher than average rates of business success.
- The establishment of a bespoke intensive hand holding service for African Caribbean entrepreneurs in Liverpool and Central & South Manchester to assist the articulation of need and build bridges with mainstream business support. This hand holding service should be for established businesses and not just start ups. This is necessary to overcome the commonly reported frustrations of African Caribbean entrepreneurs in explaining their needs to Business Link brokers, who are perceived as impatient and unsympathetic. One young female entrepreneur who had contacted Business Link on three separate occasions at both pre- and post start up stages of her business described the service as 'not helpful in the slightest'. The bespoke hand holding service for African Caribbean businesses would also provide a valuable feedback mechanism to BLNW to continuously assess how well its brokerage model service is meeting the needs of this

target group and drive service improvements. Ultimately the aim would be to boost start up rates through building confidence, trust and understanding. This could be funded as part of the Business Start UP contract provision.

- BLNW to proactively work with partner organisations with the ability to access ERDF funding such as Manchester Chamber of Commerce, to support the establishment of the African Caribbean Business Network as a social enterprise start-up, operating across the North West region. This will provide BLNW with an important intermediary organisation to enhance its engagement with the African Caribbean business community.
- BLNW have a key role to play in ensuring that African Caribbean businesses access and take up business support services and products. For example BLNW should proactively target its new Access to Finance service to African Caribbean businesses who find it more difficult to access business loans and funding from mainstream banks and financial institutions. In addition, BLNW to proactively work with partner organisations to encourage the establishment of credit unions, and community finance initiatives such as the African Caribbean Catalytic Growth Fund, where charitable donations would be used to provide angel investment funding for starting and growing African Caribbean businesses.
- Additional training of business support brokers and advisers to become more skilled at providing bespoke assistance for this target group. BLNW brokers to become better at targeting their efforts to ensure that African Caribbean business owners engage with and access leadership & management training to grow their business performance and profitability. Efforts should also be made to increase take up of training around ICT, e-commerce and the internet to extend the market reach of these businesses outside the North West, with increased focus on international trade.
- An enhancement of BLNW's brokers portfolio to proactively find & develop African Caribbean business support suppliers and learning providers to meet the anticipated demand for African Caribbean trainers/advisers from within the community and add them to the database. BLNW should analyse the available pool of delivery partners and companies of African Caribbean origin on its database who can provide specialist business support advice, coaching, mentoring and training services. In addition, BLNW should commit to continuous professional development of these providers to ensure they continue to offer high quality services, training and advice.
- BLNW have a duty to ensure that high growth and growth potential African Caribbean-owned businesses operating in RES priority sectors, know about the range of specialist support available to them. Business support should be tailored to support the survival of high growth African Caribbean businesses and those in value added RES priority sectors.
- BLNW to review its recruitment process to increase the supply of African Caribbean brokers who will bring fresh ideas, new insights and approaches into the organisation. In addition BLNW could run a pilot programme providing work experience for African Caribbean graduates and under graduates to encourage this area of work as a career option.

- BLNW to play a vital role in supporting the rolling out of Supply London’s ‘Fit To Supply’ service across the region to enhance supplier diversity, embed and prioritise sustainable procurement, and promote social inclusion. Much work needs to be done to ensure that African Caribbean businesses can compete successfully for public sector contracts. Every local authority has an important role to play in setting up a database to monitor their performance in meeting their diversity targets.
- BLNW to play a lead role in facilitating the adoption of new approaches to integrated business support, with the emphasis on meeting individual need and delivering real value to the business at the outset. It should be relevant, appropriate and delivered at the point of need with support varied depending on changing individual circumstances. This should be aligned to the introduction of quality measurements to measure client satisfaction and intangible benefits.
- BLNW to play a vital role in using market intelligence to persuade & influence policy-makers to explore opportunities to boost GVA by building on the strength of African Caribbean enterprise in the RES priority sectors which includes Professional & Business services, and Digital & Creative Industries. The development of an African Caribbean agenda at RDA level is key to strengthening understanding at strategic and policy levels so that business support resources can be directed effectively. For example BLNW to persuade policy makers to allocate appropriate funding and resources for the establishment of a mentor bank of African Caribbean business owners to support the survival and growth of African Caribbean businesses, and reduce failure rates.
- BLNW to get better at recording ethnicity. The implementation of specific BME targets for business support delivery with a further breakdown of ethnicity to differentiate service offering is recommended. This will ensure the distinctive needs of African Caribbeans are met by mainstream business support organisations.
- BLNW to commission more research and data gathering to grow business intelligence on African Caribbean-owned businesses and build an authoritative databank. Better understanding of African Caribbean enterprise patterns, barriers to growth and business support needs is vital for enhancing service delivery. In addition, BLNW to use their partnerships at local, sub-regional and national level to ensure the dissemination of this data, facilitate the sharing of best practices around the region for the benefit of businesses in the region.

## 1. INTRODUCTION

### 1.1 Background

This work forms the basis of a real springboard for BLNW engagement with the African Caribbean community to ensure that their growth potential is fully realized for the benefit of the North West economy.

African Caribbean enterprises have an important role to play as contributors to wealth generation in the North West economy. Creating an enabling environment for African Caribbean businesses, where they are supported to grow and develop their full potential will act as an important vehicle for promoting social inclusion, and generating wealth and prosperity within disadvantaged communities. There is currently little business intelligence, robust or consistent data about the enterprise or survivability patterns of African Caribbean owned businesses in the region, or nationally.

This report is ground-breaking. It is the first ever published report in the UK to focus exclusively on African Caribbean<sup>4</sup> businesses, their patterns of enterprise, barriers to growth and engagement with mainstream business support services like Business Links. A previous 3 year indepth study<sup>5</sup> conducted by researchers from Loughborough University on African Caribbean businesses in the UK between April 2003 and August 2006 was never published. However, the report was highly critical of Business Links, mainstream business support and UK banks for failing to engage with, and meet the needs of black owned businesses.

The wealth of previous research<sup>6</sup> on BME businesses, has focused primarily on Asian-run businesses, due to their higher numbers and relative ease of access, with smaller chapters and sections on the experiences of African Caribbean businesses. However there are stark differences in enterprise patterns between BME groups, which requires further exploration.

The practice of public sector bodies to label all ethnic groups under the label BME (Black Minority Ethnic), coupled with a failure to breakdown ethnicity, has led to significant distortions which are negatively impacting policy and service delivery to African Caribbean, Chinese and East European businesses. Attitudes to enterprise are different between ethnicities, as well as new immigrants and second and third generation communities – and this will impact on their level of engagement. It is crucial that organisations tasked with economic development and regeneration better understand these differences to strengthen their service offerings.

The key aim of this research was to provide a robust and effective practical framework to enhance BLNW's engagement with the African Caribbean business community – from start up to business maturity through creating a baseline of African Caribbean business intelligence.

Prosperity 4 Life Ltd were commissioned by BLNW to conduct three months of outreach work to collate and build a comprehensive database of African Caribbean owned businesses in the North West region. The work involved cleansing, updating and sharing the existing Business Link database. At the end of the three month period, the number of African Caribbean businesses on BLNW's database rose from 174 to just over 900.

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<sup>4</sup> African Caribbean in this context is used to denote people of African or Caribbean origin.

<sup>5</sup> Researching Equality In The Labour Market: African Caribbean Businesses In The United Kingdom

<sup>6</sup> Ethnic Minority Enterprise: Policy in Practice

The outreach work tapped into a plethora of community networks e.g. churches, mosques, professional associations, as well as business support organisations such as Blue Orchid, Black Professional networks, and collating local authority databases. The outreach work targetted established businesses, start ups and pre-starts in Greater Manchester, Liverpool, Lancashire, Cheshire and Cumbria.

The aim was to obtain the first snapshot of the African Caribbean enterprise patterns in the North West in terms of size, geographic distribution, sector profile and barriers to growth. This research report and the outreach work performed by Prosperity 4 Life form part of the preparation and foundation building activities for the launch of the African Caribbean Business Accelerator – a programme for growing £multi million black business success in the North West.

The timing of this report is important. The new 5 year Business Start Up and Survivability contract comes into operation in April 2009, with provision for a maximum of £75 million of local delivery of intensive assistance and specialist services for people wishing to start a new business, with particular focus on under represented groups such as women and BME groups. The market intelligence gained from the findings of this report will allow BLNW to play a vital role in influencing business support policy making, and shaping the design and delivery of innovative business support services that are fit for purpose for this previously under-represented group.

The research work focused on understanding the enterprise patterns of African Caribbean owned businesses, identifying their distinctive business support needs, and barriers to engagement with Business Link North West and recommends a number of practical interventions for enhancing engagement.

## 1.2 Research Objectives

This research uses data captured by Prosperity 4 Life Ltd, who were commissioned by Business Link to build the first comprehensive database of African Caribbean enterprises in the North West. Data from a sample of 450 African Caribbean businesses was collated and analysed to provide useful baseline information about their size, geographic location, market sectors and gender profile. This was supplemented with 1-2-1 interviews conducted by LeaderGen's research associates with a random sample of African Caribbean business owners to capture qualitative information.

The main objectives were to create a baseline of African Caribbean enterprise activity and provide the first understanding of their distinctive development needs for the purposes of enhancing engagement and service delivery.

Specific research objectives were to:-

- Identify the enterprise patterns of African Caribbean enterprise , their barriers to growth and business support needs.
- Conduct a critical review of the business support services BLNW currently offers to African Caribbean businesses through its brokerage model, and assess its fitness for purpose.
- To solicit the views of African Caribbean owner managers on their experience of Business Link and mainstream business support services to assess levels of awareness and satisfaction.
- Provide an understanding of the main barriers to engagement that hinder take up of business support services by the African Caribbean business community.

- Provide recommendations to BLNW for an effective engagement strategy for African Caribbeans with recommendations for a broad range of best fit delivery mechanisms and models aligned to the achievement of BLNW's strategic objectives for 2008-9.

### **BLNW's strategic priorities for 2008 – 9 are:-**

- To develop and deliver an enhanced Business Link service
- To significantly raise the profile, perception and visibility of the service
- To be recognised as the leaders on regional business intelligence.
- To develop strong and meaningful partnerships
- To play a vital role in informing business support policy making.

### **1.3 Design/Methodology/Approach**

Much of the research in this area has been conducted by academic institutions and has been policy driven. This research has been conducted by an African Caribbean-owned consultancy with an in-depth understanding of the challenges, experiences and barriers to growth of this target group. The research therefore goes beyond academic theories, and instead focuses on best practice business support solutions that will make a measurable difference to business performance, growth and survivability at grassroots level.

The field work was conducted between Jul – Sep 2008. The method for this assignment included:

- Analysis of data provided by Prosperity 4 Life on 450 African Caribbean owned business in the North West region collated between July – Sep 2008.
- A review of existing research, literature and evidence base relating to African Caribbean businesses, with particular focus on best practice models of engagement.
- One-to-one telephone interviews with a total of 20 x established African Caribbean business owners from Manchester, Liverpool, Warrington and Preston to solicit their views and experiences around mainstream business support services.
- Consultation with a range of stakeholders and delivery organisations including those working with African Caribbean businesses in the North West region, and nationally.

Details of the sample questionnaire, and the existing literature consulted as part of this study is included in the appendices.

## **2.0 KEY CHARACTERISTICS OF AFRICAN CARIBBEAN BUSINESSES IN THE NORTH WEST**

Historically little robust data has been collated on African Caribbean businesses in the North West, principally due to lack of engagement and poor levels of take up of business support services. Little was therefore known about their patterns of enterprise, barriers to growth and business support needs.

There is a positive enterprise culture within the African Caribbean business community which should be supported to boost performance, and employment generation. Coupled with a net in migration of people and increased rates of immigrants from Africa & the Caribbean, evidence suggests that African and Caribbean groups will grow at a faster rate than their white counterparts. The contribution of African

Caribbean businesses is therefore set to become increasingly more important in creating wealth and employment opportunities in the North West.

### *Business Size*

The findings of our research shows that 95.3% of African Caribbean businesses in the North West are micro enterprise employing less than 9 people, which is slightly lower than the UK average 95.7%<sup>7</sup>.

**Table 1: Business Size – Employee Numbers**

Number of employees	(%)
None	44.6
1 - 4	41.4
5 - 9	9.3
10 - 19	1.9
20 - 49	1.6
50+	0.9
<i>Source: Prosperity 4 Life</i>	

### *Sector Dynamics*

African Caribbean businesses in the North West are concentrated in a diverse range of market sectors. The predominant sectors are Professional & Business Services ( RES priority sector), Catering & accommodation, Retail, Hire & Repair, Personal Services, Health & Social Care Services with significant potential in the Media & Creative industries, a priority sector in the RES.

**Table 2: Sector Spread of African Caribbean Enterprise in NW**

Sector	(%)
Agriculture, Forestry & Fishing	0.4
Arts, sports and recreation	4.4
Catering & accommodation	14.0
Construction	4.2
Education	2.9
Health & Social Care Services	8.0
IT & Telecommunications Services	6.0
Manufacturing	4.7
Media & Creative Services	6.2
Personal Services	10.2
Professional & Business services	14.0
Retail, hire & repair	13.6
Transport & Distribution	3.1
Wholesale	4.0
Not given	4.2
<i>Source: Prosperity 4 Life Ltd</i>	

<sup>7</sup> BERR SME Statistics 2007

This data shows that African Caribbean entrepreneurs are increasingly becoming involved in professional and business services a RES priority sector, catering as well as the more traditional retail and personal services sector, IT & Telecommunications, Media & Creative Services along with Health & Social Care Services. Existing strengths in these sectors could be built upon to increase employment generation, linked to the RES objective target sectors, relevant to public sector such as education and healthcare.

*Geographic Spread*

Then highest concentrations of African Caribbean businesses are in Central & South Manchester, Liverpool and Bolton. This is to be expected: it reflects the higher concentration of this community in these areas

**Table 3: GEOGRAPHIC LOCATIONS OF AFRICAN CARIBBEAN BUSINESSES**

Areas	Numbers
South/Central Manchester <sup>8</sup>	260
Wigan & Bolton	52
Bury & Rochdale	10
Oldham, Tameside & Stockport	22
Liverpool	64
Merseyside	5
Lancashire	25
Cheshire	9
Cumbria	3

There are a number of specialist business support organisations in Liverpool which cater for the needs of African Caribbean business owners. These include the Muslim Enterprise Development Service (MEDS) run by Fahad Ahmed, Merseyside Black Business Association run by Garrick Prayogg and Garth Dallas and the Caribbean and African Business Association run by Wes Wilkie.

In Greater Manchester, there are a number of new business support starts ups which have sprung up within the past year. They include Focussing First On People, who run a drop in business support advice centre from a shop front on Claremont Road in Moss Side. Run by Somali business adviser Abdi Yusuf, it provides a hand holding service for pre-starts and start ups. Moss Side & Hulme Business Alliance is a coalition of 55 businesses led by Anthony Brown which has formed within the past two months. In Bolton, Prosperity 4 Life run by Otis Johnson, provides business support for pre-starts and start ups.

In addition, a fledgling African Caribbean Business Network has been set up as a social enterprise start up in Manchester to target Black owned businesses on a regional basis. Most, if not all of these business support organisations require resources and capacity building to grow their ability to offer high quality services that are fit for purpose.

*Levels Of Qualification*

Anecdotal evidence from business support delivery organisations working with African Caribbean businesses and interviews with business owners reveal that African Caribbean entrepreneurs are more likely to be educated to degree or postgraduate level. The decision to go into business or self-employment often stems from career frustration or failure to secure employment at an appropriate grade which reflects their educational achievement.

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<sup>8</sup> Manchester, Salford & Trafford

This was supported by our 1-2-1 interviews with 20 x established African Caribbean business owners selected at random, which revealed a high prevalence of degree level qualifications.

**Table 4: Highest Qualifications of African Caribbean Business Owners**

HIGHEST QUALIFICATION	Numbers
A Levels/ NVQ	2
Diploma/HNC/HND	4
Degree	5
Masters	4
Postgraduate	5

*Gender Mix of Business Ownership*

The research shows that African Caribbean female entrepreneurs are less likely to start an enterprise than males. The rate of female ownership is slightly higher than in the white community, where the rate is 33%. The lower business formation rates among African Caribbean females probably reflects the specific barriers women face in starting and growing businesses, such as child care , and family commitments.

**Table 5: Gender of Business Owners**

GENDER	(%)
Female	36.4
Male	62.0
Female & Male	1.6

**2.1 Entrepreneurial Activity Rates**

A Global Entrepreneurship Monitor (GEM)<sup>9</sup> survey in 2007, found that Black African and Caribbean people in the North West region have one of the highest rates of entrepreneurial activity, displaying much higher rates than their white peers.

This research showed that African Caribbeans display a higher propensity towards starting a business and are more likely to be engaged in early stage entrepreneurial activity (TEA).

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<sup>9</sup> GEM 2007 enterprise rate is measured by entrepreneurial activity among the adult population at the very earliest stages of development.

**Table 6: TEA as % of working age population**

<b>Group</b>	<b>TEA (%)</b>
<b>Black African and Caribbean</b>	16.6
<b>White</b>	4.5
<b>Mixed Ethnic Origin</b>	13
<b>Indian Sub-continent</b>	4.2
<b>Other Asian</b>	17.2
<b>Region average</b>	4.6

African Caribbeans are more highly motivated towards starting a business; 47% expect to start a business within the next three years which is significantly higher than any other group. This healthy attitude is a good starting point.

**Table 7: Attitudes and perceptions by broad ethnic group in the North West**

	<b>White</b>	<b>Mixed</b>	<b>Indian Sub-Continent</b>	<b>Other Asian</b>	<b>Black African/Caribbean</b>
<b>Expect to start a business in the next 3 years (%)</b>	6.0	15.2	8.7	11.1	47.4
<b>Know an entrepreneur who has started a business (%)</b>	23.5	42.9	21.3	42.9	7.7
<b>There are good opportunities where I live (%)</b>	37.1	50.0	39.0	6.7	22.5
<b>I have the skills to start a business (%)</b>	47.6	50.0	34.0	57.1	45.5
<b>Fear of failure would prevent me from starting a business (%)</b>	34.9	7.7	36.4	50.0	25.0

This is evidence of a positive enterprise culture within the African Caribbean community, which can be built upon to boost business start up rates. The results of this survey are indicative only, as the findings were based on a relatively small sample size. However extrapolation of these figures, indicates that if all African Caribbean business aspirations were realized, it would equate to around 24,000 new business start ups in the next three years.

This clearly highlights the importance of engaging with African Caribbeans to increase the rate of business start-ups, and working with them to minimize the rate of business failure.

There is currently a lack of data and evidence of the survivability of African Caribbean enterprises. However, comparisons of the early stage entrepreneurial activity (TEA) research carried out by GEM with the figures for established business ownership ( EBO) suggest a higher business failure rate for African Caribbean businesses, compared to other ethnic groups.

**Table 8: TEA and EBO by broad ethnic group**

<b>Group</b>	<b>TEA (%)</b>	<b>EBO (%)</b>
<b>Black African and Caribbean</b>	16.6	6.5
<b>Mixed Ethnic Origin</b>	13	3.5
<b>Indian Sub-continent</b>	4.2	0
<b>Other Asian</b>	17.2	0
<b>White</b>	4.5	14.2
<b>Region Average</b>	4.6	4

These stark differences present important opportunities for BLNW to proactively target business support to improve the survivability of African Caribbean businesses from the formation stage so that they grow into established businesses.

Feedback from delivery providers suggested that significant differences between African Caribbean entrepreneurs depending on whether they were new immigrants, first or second generation. The regulatory framework of doing business in the UK is a barrier for new immigrant entrepreneurs as well as difficulties understanding the features of a product or service that would appeal to UK customers. These newer communities will necessarily have different business support needs than the established communities. This will require further research.

### **3.0 BARRIERS TO GROWTH**

Anecdotal evidence from African Caribbean entrepreneurs highlight access to adequate finance streams and appropriate business support as the major barriers to growth.

African Caribbean-owned businesses face greater problems in securing adequate finance than their Asian peers and evidence from our sample shows that these problems remain throughout the life cycle of the business; from start up to maturity. African Caribbean business owners are forced to rely instead on self-help; their own savings, personal loans or family networks to provide equity for the business.

Procurement was seen as an important opportunity to fuel sustainable business growth. However all the respondents reported consistent difficulty in winning substantive public or private sector contracts.

#### **Marketing company: Liverpool**

*“ I would say that access to funding and the ability to tender for private and public sector contracts is the major challenge facing my business. Because we are a small company with minimal resources, we can’t compete in terms of wages, so we are unable to attract and retain new fresh marketing minds. We are therefore forced to stay as we are”.*

#### **Youth training company: Manchester**

*“ We have a good track record with quality assurance and are very good at delivering programmes for young people. However, we are struggling at the moment. We are dependant on the public sector for funding and currently we have no contracts and no funding”.*

The African Caribbean business owners we spoke to identified access to advanced leadership & management skills as key to delivering growth for their businesses. There was a willingness to acknowledge important knowledge and skills gaps which were negatively impacted on their business success such as hard business management skills and technological know-how for growing the businesses e.g. internet, websites as well as softer skills such as leadership, human resources management, marketing and promotion.

African Caribbean businesses do not take advantage of opportunities to partner, inter-trade or collaborate with each other to win business as much as they could. In addition, African Caribbean customers have less allegiance to African Caribbean businesses unlike their Asian peers, making it more difficult for these businesses to become established and profitable.

#### **4.0 BARRIERS TO ENGAGEMENT WITH BUSINESS LINK**

Business Link North West are tasked with boosting business start up rates and supporting the survival of businesses, with particular focus on disadvantaged and under-represented groups such as BME, woman, the over 50s and disabled people.

Their business support services are currently delivered via the light touch brokerage model, based on the concept of the intelligent customer who only requires assistance with signposting. The BLO service aims to provide:-

- Customer Centric, attractively branded IDB and referral services
- High quality specialist diagnostic and solutions providers
- Demand-led skills and training programmes

This model is based on a number of assumptions about the customer, and not all customers are like that. African Caribbean customers for instance do not conform to these assumptions. Their preference is for a longer term engagement process of intensive practical assistance, that is appropriate and delivers value at the outset, when their need is greatest. This kind of needs focussed approach will provide the firm foundations needed to build confidence, trust and relationships with mainstream business support.

Another important barrier to BLNW effective engagement with African Caribbean businesses is a widespread misconception that it is a funding body. This misconception often leads to frustration, and alienation. BLNW should make it a priority to communicate this message loudly and clearly to avoid disappointment and better manage expectations.

There is a history of lack of engagement between Business Links and the African Caribbean community, which has resulted in poor understanding of the distinctive needs of African Caribbean entrepreneurs. This in turn has resulted in an adverse brand perception issue of Business Link within the African Caribbean business community, and has culminated in poor take up of the service from this client group. Of the 536,815 business on BLNW's database of customers only 174 were African Caribbean representing just 0.03%.

There are current deficiencies associated with business support for African Caribbean businesses due to a lack of any previous engagement strategy. Significant effort is required on the part of business brokers and advisers to remove the legacy of historically poor understanding and limited work to forge good links with BME communities.

**Media Company: Warrington**

*“The level of advice Business Link initially gave me was very useful. However, three months into my business starting up, Business Link sent a marketing expert to me whose attitude towards my business was very negative (mainly because we are based in Warrington and not in Manchester) and implied that my business wouldn’t last six months. A year later, someone from Business Link called me to update their database and I haven’t heard from them since. I can honestly say that I have given up on Business Link. I feel that they should have done more to engage with me as an African Caribbean business”.*

Poor understanding of the needs of African Caribbean entrepreneurs has resulted in a lack of trust and a sense of alienation with mainstream business support services.

**Equality & Diversity Training Company: Manchester**

*“From my experience Business Link are a waste of space. At the start of our business, we did approach them and took advantage of their advice service. We had a meeting with 1 or 2 people and I felt it was like being on a merry-go-round that I was desperate to get off. I kept getting referred to people that I had already spoken to, I also questioned the experience of the advisors in terms of whether they were really in a position to guide us. The whole experience just felt like a box ticking exercise”.*

There is a common and popular perception that Business Link advisers do not value or respect the experience of African Caribbean entrepreneurs.

**Management consultancy: Liverpool**

*“I personally found that the advisers were not experienced enough. I also felt that my needs were not met because they were not leveled at my experience”.*

In the drive to hit performance targets, it can also appear that Business Link and mainstream business support providers take the easy route, and ignore African Caribbean businesses who are deemed to be ‘hard work’ requiring more help and support. Pressures on performance, outputs and targets often mean business support advisers are not able to give the time and patience to build high quality, and longer term relationships with African Caribbean entrepreneurs that are necessary for effective working.

**Training Consultancy: Liverpool**

*“I’ve found that as an organisation they are target driven, and as a consequence their engagement factor is lacking. They have unfortunately become a box-ticking organisation”.*

This was confirmed by a former Business Link adviser during a consultation with a group of African Caribbean business owners in the Midlands<sup>10</sup>.

*“Suppose the target set was 900 business start-ups in a particular year in a particular RDA. Immediately the Business Link staff would look at 850 of these as being traditional ‘white businesses’.*

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<sup>10</sup> Researching Equality In the Labour Market: African Caribbean Business in the United Kingdom

*The reason for that is manifold. These businesses are seen to have a history of understanding British law and regulations. They are perceived by banks to be a good risk, and appear to have a will to succeed. They could be said to be trading in the mainstream of British commerce.*

*That leaves the final 50 businesses to be started to meet the 900 target. Business Link then target the next 35 as East Asian or South Asian business start-ups. That leaves 15 for the others, be they African, African Caribbean or any other minority.”*

It has become clear that as long as targets drive the outcomes, then the targets will dictate the practice of mainstream business support providers in meeting these targets. This is a significant barrier to delivery of a longer engagement process, providing more time and patience for business owners to learn at their own rate.

The lack of African Caribbean business advisers within mainstream business support was also highlighted as a barrier to engagement. African Caribbean business owners perceive that advisers from their own community would be more empathetic, responsive and effective. Their presence within mainstream organisations would it was felt foster greater understanding of African Caribbean entrepreneurs distinctive needs.

### **Marketing Company: Liverpool**

*“I feel that they never attempted to provide the right services to minority businesses. I also feel that they are not an inclusive organisation and act like businesses like mine are not worthy of their support”.*

African Caribbean business owners would like a more customer focussed, flexible learning approach to business support that sets out to deliver benefit to the business at the first port of call. It was felt that it should involve outreach work and local enterprise facilitators such as street accountants and advisers to provide support at a time convenient to the business.

Stop-start contracts and ‘flavour of the month’ initiatives rather than a long term strategy, were sited by business support delivery organisations as hindering partnership working amongst providers and the sharing of good practice to benefit businesses.

However there is good news. When the time is invested in listening, understanding and responding to the needs of African Caribbean entrepreneurs, the outcomes can be very positive.

### **International Freight Company: Manchester**

*“ I get regular business advice from a businessman who is part of Business Link, and it has been very valuable for me and my business”.*

### **Legal Firm: Manchester**

*“Whenever I have contacted them they have been very helpful – I would say they are a very valuable tool”.*

### 5.0 BUSINESS SUPPORT NEEDS

A consistent finding of previous research<sup>11</sup> on African Caribbean businesses is their poor take up of mainstream business support. Consultations highlighted that existing mainstream business support services have poor levels of understanding of the needs of African Caribbean entrepreneurs, which has resulted in poor engagement. African Caribbean entrepreneurs want support agencies to better understand them, and their businesses.

There is little data on the growth and survivability patterns of African Caribbean businesses. Our research shows that business support needs of African Caribbean businesses varies depending on :-

- 1) Levels of skills, qualifications and experiences when starting up
- 2) The maturity of the business
- 3) Whether the entrepreneur is from new immigrant, second or third generation communities.

Understanding the distinctive development needs of African Caribbean businesses at the strategic and policy level needs to be strengthened to enable resources to be directed effectively. The existing evidence base of African Caribbean and BME groups in general is non-existent and future efforts should aim to take into the differences between new, 1<sup>st</sup> and 2<sup>nd</sup> generation communities.

Whilst there are overall higher rates of early stage entrepreneurial activity, African Caribbean businesses are more likely to fail earlier than their white counterparts. The GEM research shows the need for role models and mentors to guide the development of African Caribbean entrepreneurs, who unlike their Asian peers are less likely to know an entrepreneur who has started a business. This will help them to avoid some of the common pitfalls of business, and significantly help to reduce the rate of business failure.

Our consultations highlighted the varying barriers to enterprise and growth of African Caribbean businesses, which require bespoke business support solutions. Areas where business support could be strengthened to support African Caribbean owner managers are:-

- African Caribbean business owners repeatedly emphasized the need for practical advice and support that is skills and experience relevant and appropriate to their needs. For example, the owner of a consultancy & training company with a high media profile and a reputation for high quality services is finding it difficult to win large public and private sector contracts on his own, and has recently joined a consortium to enable him to take his business to the next level. Workshops on successful tendering like the ones offered by Supply London under its supplier diversity initiative 'Fit To Supply' would make the difference to African Caribbean businesses like this.
- Consultations with mainstream business support providers indicate significant differences between African Caribbean individuals depending on whether they are new immigrants, first or second generation. Further research into immigration patterns and the scale and nature of new communities would be beneficial to proper planning of service provision.
- Another expressed need from African Caribbean entrepreneurs was for the establishment of a business network to lobby and influence economic policy at regional level and encourage greater collaboration, knowledge sharing and inter-trading between African Caribbean owned businesses.

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<sup>11</sup> Engaging Black and Minority Ethnic Entrepreneurship in Business Support

BLNW facilitation and support for a regional African Caribbean business association would fulfill this need.

Based on the consultations with African Caribbean business owners and managers, we also found:-

- Strong aspirations to grow the number of employees, products and services within the business, and exploit global opportunities.
- A desire for the creation of a self-help investment fund for African Caribbean businesses who consistently report problems with accessing finance and loans from mainstream banks.
- A strong desire to capitalize on the language skills, contacts and networks of African Caribbean businesses to win international trade.

In addition, the African Caribbean entrepreneurs we interviewed were optimistic about the future. However serious concerns were raised by more than half of the business owners interviewed by LeaderGen about the sustainability of their businesses in light of the global credit crisis.

### **Marketing Company: Liverpool**

*“There is a growing recognition of the business benefits to diversity. The UK is becoming more and more multi-cultural and I believe that by 2020 there will be more ethnic minorities than the indigenous population in our major cities. As a result, businesses will have to draw from the multicultural workforce. Businesses are starting to realise that, and it will in turn create opportunities for us”.*

### **Training Consultancy: Manchester**

*“I find that being a black consultant is definitely an advantage. I have one client whom as a company are really into diversity. They have offices all over the world – so being black in that instance will definitely help my company go global. So its pays to be different. Also as a company we are open to new ideas, are forward thinking and engaging with our training”.*

### **Management Consultancy: Liverpool**

*“Regeneration is opening up again in terms of community development so there are opportunities for us to engage with new clients. Also, because of the current state of the economy there are opportunities for us to help people who want to become self-employed”.*

## **6.0 BEST PRACTICE MODELS FOR ENGAGEMENT**

Good practice models for engaging African Caribbean businesses with mainstream business support have focused on the involvement of the target group in outreach and programme design; conducting a local needs analysis, and the design of a well-researched outreach/engagement strategy.

Based on best practice research<sup>12</sup> and consultations with a variety of business support providers, good practice models for engagement appear to adhere to the following principles:-

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<sup>12</sup> Engaging Black and Minority Ethnic Entrepreneurship in Business Support

- Regular consultation with target groups is critical for shaping the design and delivery of effective business support solutions.
- Regardless of the type of programme envisaged, providers should be prepared to flex from the original specification as and when required to meet the emerging needs of the target group.
- An inclusive and holistic approach to developing the skills and confidence of participants coming from a variety of disadvantaged backgrounds really works, as does the use of coaching, specialist sector advisers, peer or other supportive networks etc.
- Although time consuming and resource heavy, relationship and trust building is immensely important. Short-life programmes and initiatives can be counter-productive because of a subsequent loss of trust.
- Focussing on the longer-term benefits of more intensive types of support is essential, rather than short-term gains outcomes focused gains.

### **NORTH WEST EXAMPLES**

#### **Blue Orchid –South Central Manchester**

Blue Orchid were awarded the start up contract for South/Central Manchester , an area of high BME population. Over a twelve month period they were successful in engaging a total of 92 African Caribbean pre starts – that is impressive when you consider that regionally, Business Link has just 174 businesses on its database.

Outreach support was critical for success. Blue Orchid employed a local Somali business adviser to help businesses in Moss Side to access their business support services, which has been very successful.

In addition, Blue Orchid discovered that an effective route to market was working with community leaders who know people within the African Caribbean community. Blue Orchid organized an awareness event for community leaders to train them in the business support services they offered, so that they could signpost people who come to them looking for early stage business advice. This was very effective in winning trust and engaging with their target audience.

#### **LEAD Programme – Lancaster University 2004 - 2006**

The LEAD programme sought to develop leadership and management abilities of micro-businesses to promote business development and growth. Set up in 2004, this initiative set out to engage with micro business owners to support them to grow their businesses and turnover through provision of action learning sets, leadership and management learning solutions. It recognised that running a business was a very lonely experience for owner managers who often have no-one to discuss their business challenges with. The commonality of purpose and experience of growing together, helped to embed a habit of learning and reflection which resulted in average increase in turnover of £100k . These positive increase in turnover have been maintained 4 years later. In addition, the delivery of real and measurable value has meant that a high percentage of the businesses are still engaging with the university on a regular 2 monthly basis, even though the project ended two years ago.

A total of 114 businesses took part. The core elements of the 2 year programme consisted of:-

- Business consultancy for growth and organisational development
- Capacity building workshops eg masterclasses, tutorials, experiential sessions
- Leadership coaching, mentoring and action learning projects
- One to one exchanges

The success of the programme was based on an acknowledgement that businesses required a longer incubation time of business support interventions to embed new skills and habits. The programme is now being rolled out across the region by the North West Development Agency as part of their new leadership & management skills framework.

### NATIONAL CONTEXT

#### **Birmingham Black Business Association – 3Bs**

3Bs is currently the only African Caribbean business support agency in the country. It was set up in recognition of the need for an organisation focused on addressing the specific requirements of existing African and Caribbean Businesses. The Agency has been in existence for 16 years, developing new and innovative services and programmes, to meet the ever changing needs of its client companies.

3Bs offers a wide range of business support to minority entrepreneurs, consisting of:

- Counselling
- Financial advice
- Education Training & Learning
- Research & Development
- Specialist Business Consultancy
- Entrepreneur clinics

They operate a £700k investment loan fund, providing loans from a maximum of £10,000 for start-ups and up to £25,000 for existing businesses. 3Bs acts as a catalyst for the building of meaningful strategic alliances between the African and Caribbean business community and mainstream corporate and public sector partners. They have been responsible for the creation and development of some of the most successful Black enterprises in the UK.

### SUPPLY LONDON

Fit to Supply is a supplier diversity initiative run by Supply London to increase the numbers of diverse suppliers in the local supply chain. It has supported over 2300 businesses through the provision of bespoke workshops and advice around tendering and procurement. From Jan 2007 to March 2008 Supply London clients submitted 3390 PQQs, winning £11.52 million worth of contracts.

This project was designed to provide procurement and tendering support to target businesses in London and the Midlands. The work was concentrated on four areas of activity,

- i) procurement support and advice for women-owned businesses,
- ii) supply chain development of BME businesses,
- iii) promotion and development of green and e- procurement opportunities,

iv) development of supplier diversity models and corporate social responsibility.

The distilling characteristics that have contributed to the success of Fit To Supply are:

- in-depth knowledge of their target communities based on market intelligence, well-researched bundle of services that are competently targeted, sometimes using innovative front-end approaches
- commitment and professionalism of staff and business advisers, many of whom represent their target market
- ability to deliver high quality, sometimes bespoke approaches
- willingness to accompany the client 'on their journey', i.e. relational support, leaving the client free to return for additional support according to her/his emerging needs
- in the main, either a good existing track record and hence powerful word-of-mouth mechanisms for referrals, and/or an ability to utilise imaginative and credible routes to target communities/clients.

In addition, their experience of African Caribbean clients is that they required post-workshop hand holding to build their confidence and competence to successfully tender. They also found that further capacity building support and assistance was required after winning a tender, providing assistance with matters such as HR, recruitment and people and project management which are critical to effective contract delivery.

### **7.0 ACCESS TO CORPORATE AND PUBLIC SECTOR CONTRACTS**

In 2002-3 over £100 billion of contracts were tendered in the public sector, of which half were from local authorities. African Caribbean, like other BME businesses are especially disadvantaged in the public procurement market and are under-represented in the supply base of many public sector organisations.

The proliferation of African Caribbean businesses in the service sector means that public and private sector procurement provides an important opportunity to boost their growth and performance through the provision of targeted business support like Supply London's 'Fit To Supply' service. Lucrative contracts would ensure the growth and sustainability of these businesses, and enable them to perform to their full potential.

The majority of African Caribbean businesses are micro-businesses, and as such often have problems meeting the strict pre-qualification criteria demanded by public sector organisations. This acts as a major barrier to inclusion. These companies have a wealth of hidden value to offer; as well as offering specialist skills and expertise, they are more willing to employ local people, and could therefore be a source of providing jobs for the unemployed in an area. Employment reduces poverty, and reduced poverty generally leads to less crime. It can often be far cheaper to reduce crime by increasing employment than to have to 'pick up the pieces' (and the costs) as crime rises.

African Caribbean businesses realise the business imperative of the supply chain, and are keen to find ways to overcome the hurdles and barriers that are put in the way of micro-businesses by local authorities and the public sector.

**Legal firm: Manchester**

*“ Due to being a small firm our main weakness is the inability to break into big referrals, which could lead to big contracts and clients”.*

**Consultancy & Training Company: Manchester**

*“ Income generation is our main challenge. I recently had to reduce the number of staff I employed due to huge wages bill and no projects to sustain it. I now have associates whom I pay as sub-contractors. The ideal for me would be to have dedicated teams who sourced business, won tenders and contracts.*

*“We do not have the capacity by ourselves to chase huge contracts. Although we have the technical capacity and professional profile we do not have the financial profile required”.*

The competitiveness, growth and survival of businesses rely on their ability to compete for, and win contracts. The public sector offers huge opportunities for most SMEs irrespective of size or sector.

- Barriers include access to tenders, bureaucracy and complexities of tendering, as well as lack of understanding of the formal procurement process, a lack of formal business systems & processes such as quality assurance and health & safety, and limits in capacity to deliver the range of goods and services.
- There is a need for targeted training around purchasing, procurement and tendering .
- There is a need for initiatives to engage with both the supply and demand sides of the procurement supply chain to facilitate greater access.
- There is a need for initiatives to encourage supplier diversity and embed sustainable procurement in the public and corporate sectors.

BLNW has a vital role to play in influencing partner organisations like local councils to embed sustainable procurement to support the local economy, add value through a diverse supply chain and demonstrate their corporate social responsibility credentials.

It is estimated that nationally local and city councils disburse some £68 billion annually. BLNW should influence business support policy making by local councils to ensure that small business enterprises are able to bid on a level playing field.

We would therefore recommend that BLNW assist policy makers within local councils to look at their bidding processes and practices, to enable them to come up with innovative initiatives that include rather than exclude micro businesses who find it difficult to reach credible bidder status.

## 8.0 CONCLUSIONS

This report has provided an important baseline of business intelligence around African Caribbean enterprise activity in the North West region that should be built on. It provides a good basic understanding of African Caribbean patterns of enterprise, barriers to growth and business support needs. This market intelligence will enable Business Link North West to play a more proactive role in ensuring African Caribbean business success, and enable them to achieve their full growth potential. The recommendations here can be rolled out to other under-represented groups such as women, other BME groups, the Over 50s, the young and disabled entrepreneurs.

There are many positive findings about enterprise among the African Caribbean community which should become a springboard for targeted action by BLNW, and its partners such as the NWDA and the LSC to boost business start up and increase the survivability of Black-owned businesses.

There are significant differences between African Caribbean and other BME business groups that have not been recognised and clearly understood by policy-makers and business support delivery organisations in the past. This is reflected at policy and strategy levels as well as in delivery of mainstream support services, which to date has adopted a blanket approach to BME businesses.

Tailoring the services of Business Link North West and its delivery partners to better meet the distinctive needs of African Caribbean businesses is critical for effective engagement. African Caribbeans display high rates of entrepreneurial activity, which with proper support can be harnessed and mobilized to significantly increase the number of business start ups within the next three years by as much 24,000.

Assisting the long-term prosperity of African Caribbean owned businesses and maximising their contribution to the regional economy through interventions such as mentoring, training and consultancy support to bridge gaps in essential management skills, competencies and resources will generate significant returns in terms of GVA growth, job creation and wealth generation.

## RECOMMENDATIONS

The range of recommended actions and interventions necessary to promote and expand the uptake of BLNW's amongst African Caribbean business owners include:-

- An effective engagement strategy built on the principle of strong and meaningful partnership working with the African Caribbean business community, Black business support organisations and community intermediaries. This should consist of regular and continuous consultation with the African Caribbean businesses to raise the profile, perception and visibility of BLNW, and provide an important communication channel to effect greater mutual awareness and understanding. This is essential for the building of trust, demonstrating that findings are not going to be put on the shelf and to show that action is being taken. This could also become a vehicle for collating, analysing and testing business intelligence to more effectively market services tailored to the emerging needs of African Caribbean entrepreneurs and groups.
- An effective marketing and engagement strategy should, in addition be coupled with some new forms of service delivery through and with community intermediaries, in order to effectively meet the needs of this community. One example is a bespoke international trade service to connect the

African & Caribbean Diaspora living in the North West, with markets in Africa, The Caribbean and the US which offer higher than average rates of business success.

- The establishment of a bespoke intensive hand holding service for African Caribbean entrepreneurs in Liverpool and Central & South Manchester to assist the articulation of need and build bridges with mainstream business support. This hand holding service should be for established businesses and not just start ups. This is necessary to overcome the commonly reported frustrations of African Caribbean entrepreneurs in explaining their needs to Business Link brokers, who are perceived as impatient and unsympathetic. One young female entrepreneur who had contacted Business Link on three separate occasions at both pre- and post start up stages of her business described the service as ‘not helpful in the slightest’. The bespoke hand holding service for African Caribbean businesses would also provide a valuable feedback mechanism to BLNW to continuously assess how well its brokerage model service is meeting the needs of this target group and drive service improvements. Ultimately the aim would be to boost start up rates through building confidence, trust and understanding. This could be funded as part of the Business Start UP contract provision.
- BLNW to proactively work with partner organisations with the ability to access ERDF funding such as Manchester Chamber of Commerce, to support the establishment of the African Caribbean Business Network as a social enterprise start-up, operating across the North West region. This will provide BLNW with an important intermediary organisation to enhance its engagement with the African Caribbean business community.
- BLNW have a key role to play in ensuring that African Caribbean businesses access and take up business support services and products. For example BLNW should proactively target its new Access to Finance service to African Caribbean businesses who find it more difficult to access business loans and funding from mainstream banks and financial institutions. In addition, BLNW to proactively work with partner organisations to encourage the establishment of credit unions, and community finance initiatives such as the African Caribbean Catalytic Growth Fund, where charitable donations would be used to provide angel investment funding for starting and growing African Caribbean businesses.
- Additional training of business support brokers and advisers to become more skilled at providing bespoke assistance for this target group. BLNW brokers to become better at targeting their efforts to ensure that African Caribbean business owners engage with and access leadership & management training to grow their business performance and profitability. Efforts should also be made to increase take up of training around ICT, e-commerce and the internet to extend the market reach of these businesses outside the North West, with increased focus on international trade.
- An enhancement of BLNW’s brokers portfolio to proactively find & develop African Caribbean business support suppliers and learning providers to meet the anticipated demand for African Caribbean trainers/advisers from within the community and add them to the database. BLNW should analyse the available pool of delivery partners and companies of African Caribbean origin on its database who can provide specialist business support advice, coaching, mentoring and

training services. In addition, BLNW should commit to continuous professional development of these providers to ensure they continue to offer high quality services, training and advice.

- BLNW have a duty to ensure that high growth and growth potential African Caribbean-owned businesses operating in RES priority sectors, know about the range of specialist support available to them. Business support should be tailored to support the survival of high growth African Caribbean businesses and those in value added RES priority sectors.
- BLNW to review its recruitment process to increase the supply of African Caribbean brokers who will bring fresh ideas, new insights and approaches into the organisation. In addition BLNW could run a pilot programme providing work experience for African Caribbean graduates and undergraduates to encourage this area of work as a career option.
- BLNW to play a vital role in supporting the rolling out of Supply London's 'Fit To Supply' service across the region to enhance supplier diversity, embed and prioritise sustainable procurement, and promote social inclusion. Much work needs to be done to ensure that African Caribbean businesses can compete successfully for public sector contracts. Every local authority has an important role to play in setting up a database to monitor their performance in meeting their diversity targets.
- BLNW to play a lead role in facilitating the adoption of new approaches to integrated business support, with the emphasis on meeting individual need and delivering real value to the business at the outset. It should be relevant, appropriate and delivered at the point of need with support varied depending on changing individual circumstances. This should be aligned to the introduction of quality measurements to measure client satisfaction and intangible benefits.
- BLNW to play a vital role in using market intelligence to persuade & influence policy-makers to explore opportunities to boost GVA by building on the strength of African Caribbean enterprise in the RES priority sectors which includes Professional & Business services, and Digital & Creative Industries. The development of an African Caribbean agenda at RDA level is key to strengthening understanding at strategic and policy levels so that business support resources can be directed effectively. For example BLNW to persuade policy makers to allocate appropriate funding and resources for the establishment of a mentor bank of African Caribbean business owners to support the survival and growth of African Caribbean businesses, and reduce failure rates.
- BLNW to get better at recording ethnicity. The implementation of specific BME targets for business support delivery with a further breakdown of ethnicity to differentiate service offering is recommended. This will ensure the distinctive needs of African Caribbeans are met by mainstream business support organisations.
- BLNW to commission more research and data gathering to grow business intelligence on African Caribbean-owned businesses and build an authoritative databank. Better understanding of African Caribbean enterprise patterns, barriers to growth and business support needs is vital for

enhancing service delivery. In addition, BLNW to use their partnerships at local, sub-regional and national level to ensure the dissemination of this data, facilitate the sharing of best practices around the region for the benefit of businesses in the region.

# Appendix – A

# SURVEY QUESTIONNAIRE

# ACBA QUESTIONNAIRE

(NB. Answers need to be as detailed as possible)

The African Caribbean Business Accelerator is a free service to help you develop and grow your business to achieve more success. Completing this questionnaire will help us to understand your business needs and provide you with the right help and advice to overcome any challenges you face.

Whether or not you are interested in receiving business support from a qualified adviser, you will find it helpful to answer the questions for yourself to help clarify your current business position, the outcomes you would like to achieve for your business and the areas where you more need more help and support.

The information that you provide will be held by BusinessLink North West, the government funded business support service.

**(Optional )** The first African Caribbean Business Directory for the North West is going to be published. Please indicate in the appropriate section, if you would like your business contact details to be included.

Thank you for your time

QUESTIONS	ANSWERS
Business Name: Tel/Mobile: Email: Contacts: Websites:	

## Framework to Engage African Caribbean Businesses in the North West

Sector:	
Business Start date:	
Sex:	
Nationality:	
Residency status:	
Length of residency:	
Core Business activities:	
No of employees:	
What formal highest qualifications do you have?	
What advice did you seek before setting up your business?	
What are your business aspirations?	
How much do you know about BusinessLink and the business support services it provides?	
What is your experience of BusinessLink, if any?	
How would you describe the current condition of your business?	
To what extent do you use IT/ internet to run and market your business?	
What are the key challenges facing your business?	
Strengths?:	
Weaknesses:	
Opportunities?:	
Threats?:	

What previous management experience did you have before setting up your business?	
In what ways would management and leadership training improve the performance of your business?	
How valuable would mentoring by a more experienced business person, be to your business?	
How valuable would you find meeting with a small group of business owners on a regular monthly basis to discuss the challenges and find solutions to grow your business?	
To what extent do you use formal business networking organisations?	
How interested would you be in joining a networking group, specifically for African Caribbean business owners and professionals?	
Would you be happy to have your business contact details published in an African Caribbean Business Directory Guide for the North West.	
Any other comments on how we can improve our support/service to you?	
Please can you recommend the names of other African Caribbean business owners that we can contact.	

## Appendix B

# BIBLIOGRAPHY

**BIBLIOGRAPHY**

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