

Goldman
Sachs

10,000
small
businesses

BUILDING SMALL BUSINESS BRITAIN





UNLOCKING THE GROWTH POTENTIAL OF UK SMALL BUSINESSES

Goldman Sachs *10,000 Small Businesses* (10KSB) UK is a comprehensive programme of business development and leadership support for small businesses with high growth potential, designed to help them achieve that potential.

The programme helps build small business leaders' knowledge and confidence in core business management areas, and enables them to apply this knowledge directly and immediately back into their business.

Piloted in late 2010 and launched in early 2011, to date, over 1,400 entrepreneurs from across the country have graduated from the programme. 10KSB UK is a partnership between Goldman Sachs, the Goldman Sachs Foundation and leading UK universities.



THE RT HON GREG CLARK MP

Secretary of State for Business, Energy and Industrial Strategy

“Small businesses are the backbone of the UK economy, representing 99% of our businesses and employing over 16 million people in communities up and down the country. Through our modern Industrial Strategy we are committed to supporting these small businesses and ensuring they continue to thrive. Our Business Productivity Review will help us to close the UK’s productivity gap, build on our entrepreneurial heritage and deliver an economy that helps businesses to grow and realise their ambitions.”

“The *10,000 Small Businesses* UK programme plays an important role, and the work of Goldman Sachs should be held up as a positive example of how large private business can work with and support SMEs. It is helping business leaders to innovate, adapt to change and drive up firm-level productivity. The results of this report show the impact that bespoke and practical management training can have on transforming business practice, and that the peer-to-peer networks that develop as a result are invaluable.”

FOREWORD

RICHARD J. GNODDE



RICHARD J. GNODDE

Vice Chairman of The Goldman Sachs Group, Inc.
and Chief Executive Officer of Goldman Sachs International

The ingenuity, creativity and drive of small businesses are the backbone of the world's most successful economies. They play a central role in driving job creation, sparking innovation and providing opportunities for collaboration domestically and abroad. With just under six million small businesses employing over 60% of the UK workforce, the success of small businesses is critical to the strength of the UK economy.

However, these small businesses face a number of challenges as they grow from start up to scale up, both from the wider economic climate, but also from within. Many ambitious entrepreneurs do not have the spare time or access to undergo formal business training, and as their businesses take off, they find new challenges that can stall growth. Through 10KSB UK, we seek to equip business owners with the tools and skills they need to build a solid foundation for their future growth.

10KSB UK is a business education programme built around the idea-rich and time-poor entrepreneur. Through interactive online and in-person learning, the programme of education has been specifically designed to suit the schedule of a small business owner. We also prioritise peer-to-peer learning – nurturing a forum in which business owners can use their own businesses as case studies and receive constructive feedback from other business owners.

Alongside learning key businesses topics such as financing, marketing and operations, graduates become more focused on their own long-term goals, and better equipped to realise their ambitions.

They learn to step back from the business, empower their people to take on more responsibility, and fix their eye on a long term strategy, supported by a Business Growth Plan developed throughout the programme.

This report details the effect of this programme on the businesses it supports. We detail who the participants are, before highlighting five key areas in which graduates focus and accredit to their success – productivity, financing, innovation, internationalisation and talent development.

“10KSB UK is a commitment to the tenacity, drive and determination of small business leaders across the country, who are driving faster growth and greater opportunity for their communities and the economy at large.”

The focus on this blend of areas supports extraordinary growth – participants grow revenues on average 101% within two years of graduating, and their staff at 54%.

The community of over 1,400 graduates now produce collectively over £2.8bn in revenues and support more than 40,000 jobs, each helping their communities and the economy at large prosper. At Goldman Sachs, we are proud of the 10KSB UK graduates across the UK continuing to lead the way forward for small businesses, and look forward to seeing them thrive.

EXECUTIVE SUMMARY: AMPLIFYING GROWTH

10,000 Small Businesses UK participants are consistently doubling revenues and creating over 50% more jobs within two years of graduating, following the behavioural and strategic changes they implement because of the programme.

The 10KSB UK graduates are outperforming other UK small businesses, creating significant uplift in revenue, job creation and productivity:



16x faster

Graduates **grow revenue** 25% faster than similar high-growth small businesses, and 16 times faster than UK businesses generally.



13x faster

Graduates **grow jobs** 23% faster than similar high-growth small businesses, and 13 times faster than UK businesses generally.



28% higher

10KSB UK graduates experience a 28% **increase in productivity** in excess of what they would have achieved without participation in the programme, five years after graduating.

THE IMPACT OF 10,000 SMALL BUSINESSES UK

This report summarises the progress of more than 1,200 small business owners who have completed Goldman Sachs 10,000 Small Businesses UK. It provides an overview of the 10,000 Small Businesses UK programme, its participants, the changes they make upon graduation and their impact on generating additional growth.

The collective impact of 10,000 Small Businesses UK on the national economy is also explored, showcasing the impact these high-growth small businesses have on their communities.

Participants make major behavioural and strategic changes in their businesses after graduating:



The role of the 10KSB UK community in the UK economy:¹



The growth the participants experience through the programme leads to a significant effect on the UK economy. As a result of 10,000 Small Businesses UK, the community is generating £307m more revenue, and has created 5,840 more jobs.

¹ This estimate is an extrapolation of the ONS Business Structure Database (2018) data for all programme graduates to the end of 2018.

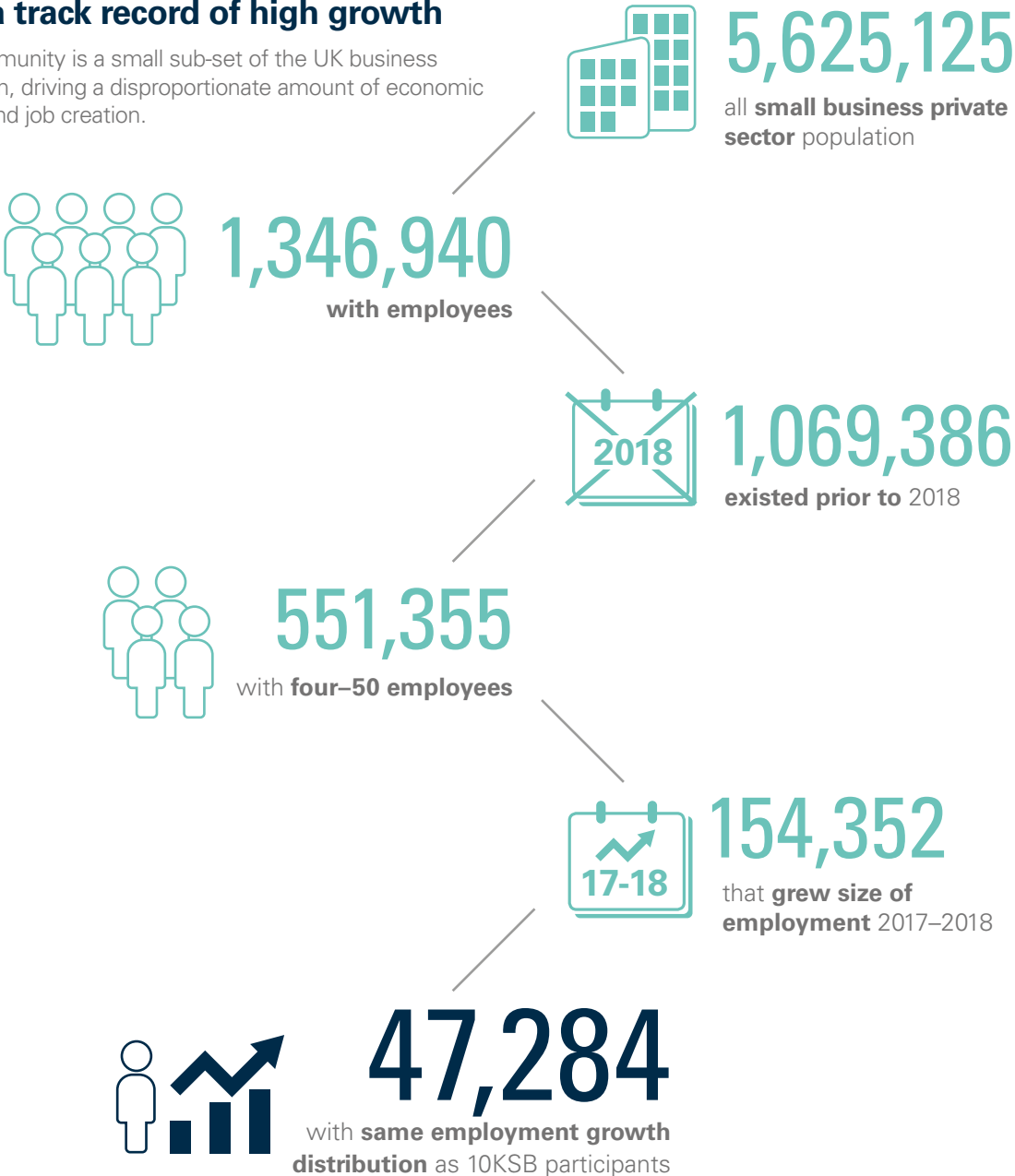
THE UK SMALL BUSINESS LANDSCAPE

Small businesses are the engine of the UK economy. In communities across the country, they play a remarkable role, not only providing jobs and livelihoods for local people, but also driving forward innovation, exporting to the world, and investing in the next generation of talent.



10KSB UK targets small businesses with a track record of high growth

This community is a small sub-set of the UK business population, driving a disproportionate amount of economic growth and job creation.



If all **47,284 businesses** that exhibit a comparable growth and profile to 10KSB UK participants were given the opportunity to engage with the programme and consequently increase their employment by 13%, it would result in an additional **23,157 jobs** with a boost to the UK economy of **£1.2bn**.

THE STORY OF 10,000 SMALL BUSINESSES UK

Finding small businesses

Recruitment for 10KSB UK is a highly selective process, designed to ensure that participants have the ambition necessary to succeed in this rigorous and demanding programme. Applicants must meet the criteria for joining 10KSB UK, and:

- Complete a detailed application form, which includes a full review of the business' history and their ambitions for the business' future.
- Are invited to a face-to-face interview, which allows the faculty to ask detailed questions about the position of the business, and gives the applicant the opportunity to ask questions and to consider whether this intervention is right for them, and they are able to make the necessary time commitment.

This extensive application process ensures that the business owners are at the right point in their business journey to benefit from the programme.

Programme requirements

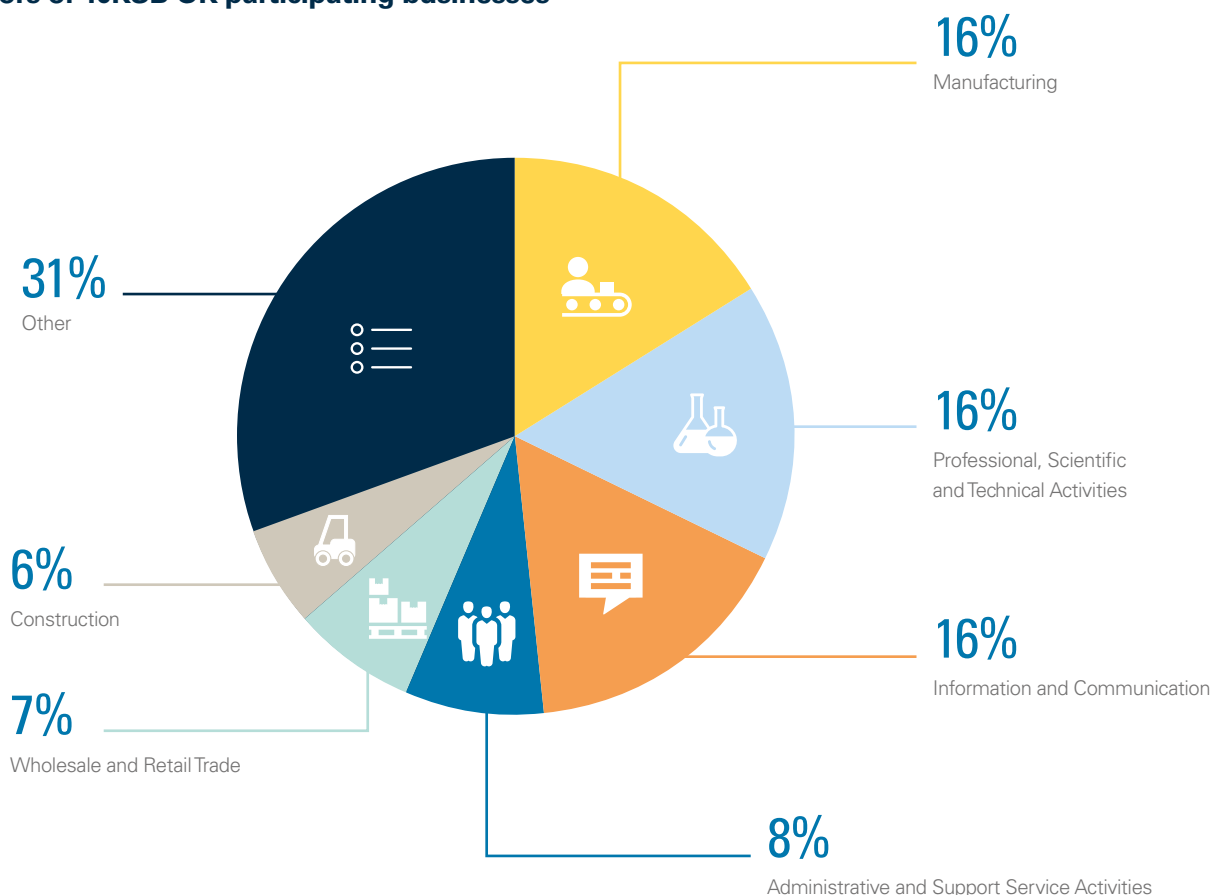
The programme looks for applicants who generally meet the following criteria:

- Businesses operating for at least three years
- Employing between five and 50 people
- Applicants without extensive or recent management education
- Businesses with revenue of more than £250,000 in the previous financial year
- Applicants who are the primary owner or main decision maker of the business

Typical size of participant businesses

- An average of 18 employees
- An average of £1.8m revenue

Sectors of 10KSB UK participating businesses



10KSB UK: OUR APPROACH



37%

of participants have
**no university-level
degree**



18 YEARS

Businesses are on
**average 18 years
old** – ranging from
two to 225 years



18

The average
number of
employees



£1.8m

The average
revenue

Peer-to-peer learning environment

The classes are structured to create a robust and stimulating peer-to-peer learning environment. Each cohort of 70 business owners is divided into two diverse sections of 35 business owners each to allow for more personal classroom-based learning. Each section is then sub-divided into Growth Groups of five to six business owners, in which they develop their Business Growth Plans.

In their Growth Groups, participants share their own experiences as case studies, providing real-world examples to work through. They also support one another through shared expertise, particularly where they have different strengths; some participants may have stronger financial knowledge and others stronger sales skills, for example. Growth Groups provide mutual support and encouragement throughout the development of their Business Growth Plans.

Course curriculum

The curriculum is delivered through an innovative blend of online learning and in-person sessions, to make the programme more accessible to businesses regardless of location.

With over 100 hours of high quality tuition, the programme is run over four months. Participants attend three in-person residential sessions over seven days, and undertake a further five weeks of online learning.

The programme runs three cohorts of 70 businesses each year (210 in total) and is fully funded for participants.

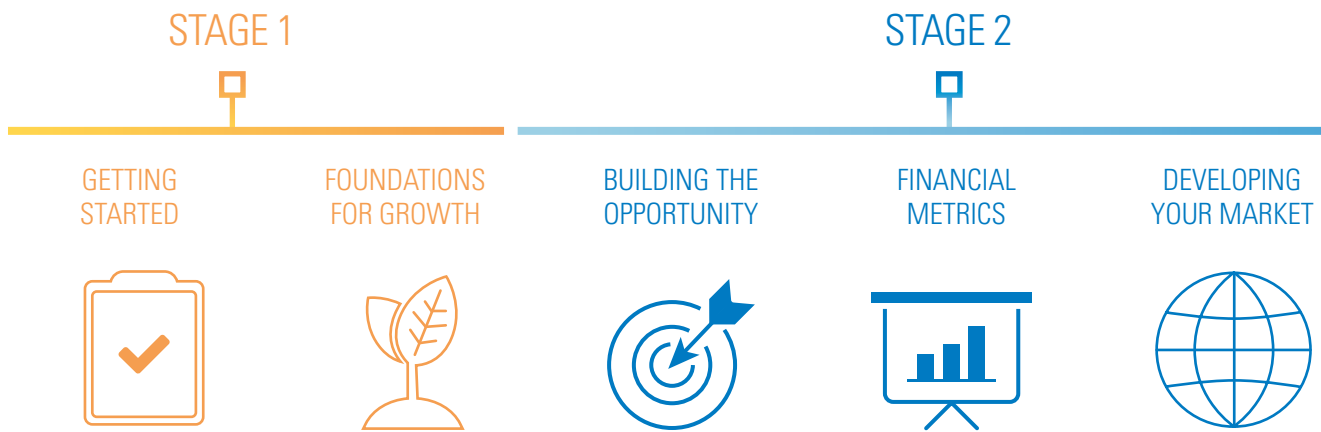
The 10KSB UK syllabus has been designed specifically for this programme by world-class international and national experts in entrepreneurial learning.

10KSB UK helps build small business leaders' knowledge and confidence in core business management areas, and enables them to apply this knowledge directly and immediately back into their business.

PROGRAMME CURRICULUM

Course stages

The 10KSB UK curriculum is structured around three stages:



In the first stage, participants reconsider their business proposition. They identify and refine their business model, learn how to use their financial statements and ratios to manage their business, and develop the areas of the business they can expand or create for future growth.

In the second stage, participants identify key recruitment needs and how best to hire for those positions, work to measure and improve the efficiency of their business processes and develop a marketing and sales strategy.

Course themes

Throughout all modules, 10KSB UK includes a focus on themes critical to business productivity:

TECHNOLOGY



INTERNATIONALISATION



INNOVATION

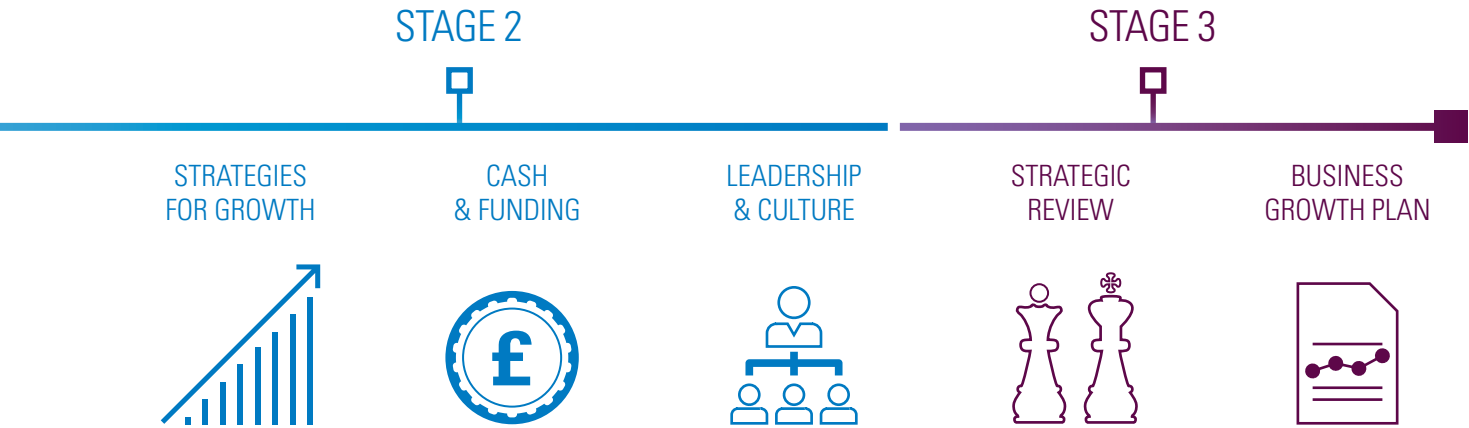


BRAND



RESILIENCE





Participants continue their growth development, consider their own leadership and the culture within their organisation, and build a strategy for managing their cash flow, and identifying needs for future external funding.

In the final stage, participants complete a Business Growth Plan, bringing together all the learnings from throughout the course into a cohesive strategy for growth. During the final residential session, they present this plan to their peers, programme faculty and invited experts who provide feedback to help refine their plans as participants begin to implement them into their business.

MICHAL SILVER

CHRISTOPHER FARR CLOTH

Stepping back to step up

Michal had always envisaged expanding into international markets and joined *10,000 Small Businesses UK* at a time when she was looking to improve her own skillset and develop a strategy for aggressive expansion into the European market as well as expanding and growing existing US and UK sales.

Through the programme, Michal realised that she needed to streamline her processes and management in order to develop a more efficient business structure, facilitate a creative environment and formulate a clear strategy for international expansion.

Michal began to give more responsibilities to her wider staff team, introducing an internal monthly reporting mechanism and hiring a marketing director. This allowed the business to track sales more efficiently and increase growth in existing markets. It also allowed her to focus on cultivating new international relationships with showrooms, and gave Michal the time to diversify her product range.

By stepping back from the day-to-day activity of the business and occupying a more strategic role, Michal has been able to guide the organisation's international expansion more effectively, whilst ensuring the business retains its quality, innovation and entrepreneurial culture.

“My newfound confidence to adapt to new markets while maintaining cultural ethos has been critical to my aspirations for international strategy and has served my business well as it continues to grow.”

Michal Silver
CHRISTOPHER FARR CLOTH
10,000 Small Businesses UK Graduate

Christopher Farr Cloth is an innovative, contemporary fabric design company specialising in hand-printed designs.

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CLASS STRUCTURE



ONE COHORT 70 PEOPLE

Upon acceptance, participants join a cohort of 70 like-minded high growth businesses from across sectors and geographies. The cohort is a national network with experiences from all across the UK.



TWO SECTIONS 35 BUSINESS OWNERS

The cohort is divided into sections of 35 business owners to create smaller class sizes to allow group discussion and lively debate. These sections are led by world-class facilitators who guide participants through the programme both online and offline.



12 GROWTH GROUPS 5-6 BUSINESSES

The sections are further divided into Growth Groups of five to six businesses. The Growth Group provides an opportunity for in depth peer-to-peer support and discussion amongst a small, trusted group of peers. The Growth Group is led by a Growth Expert who facilitates the online Growth Group discussions and provides one-to-one support to each business owner as they move through the course.

Course delivery

Unique to 10KSB UK and core to its success is a national coalition of business schools, led by the Saïd Business School at the University of Oxford, who provide faculty and expertise to the programme's delivery. Through this coalition, 10KSB UK is able to deliver a national programme by leading experts in the field of practical management education.

10KSB UK is delivered by a broad team across the UK comprising:

- **Faculty:** For each subject area, experts deliver the theoretical and practical content in online webinars and through in-person sessions. These are academics or experienced practitioners in their field, sourced specifically for the programme. The academics who deliver the teaching are from partner business schools and also have significant practical experience, which the participants relate to strongly. They are also specifically trained in how to teach 10KSB UK, given the unique and distinct case study model, where the business owners examine their own experiences, and the need to foster an interactive classroom environment.
- **Growth Experts:** Each Growth Group is allocated an individual Growth Expert, who is a business mentor. Their role is to facilitate discussion within these smaller groups and between participants, and provide guidance as they prepare and refine their Business Growth Plans throughout the course.
- **Section Leads:** Each 35-person section is led by one expert facilitator, who provides a consistent overarching narrative through the course. This individual is the main contact point for participants throughout the course, and remains in the classroom for all sessions. This individual provides continuity, binds the cohort together and is responsible for fostering and developing the peer-to-peer interactions critical to the programme.
- **Guest Speakers:** During the in-person residential sessions, guest speakers from the business world present in between classes and at residential dinners. The purpose of these speakers is to inspire participants and give expert insights on issues such as external financing, digital marketing, and corporate responsibility.

Alumni network

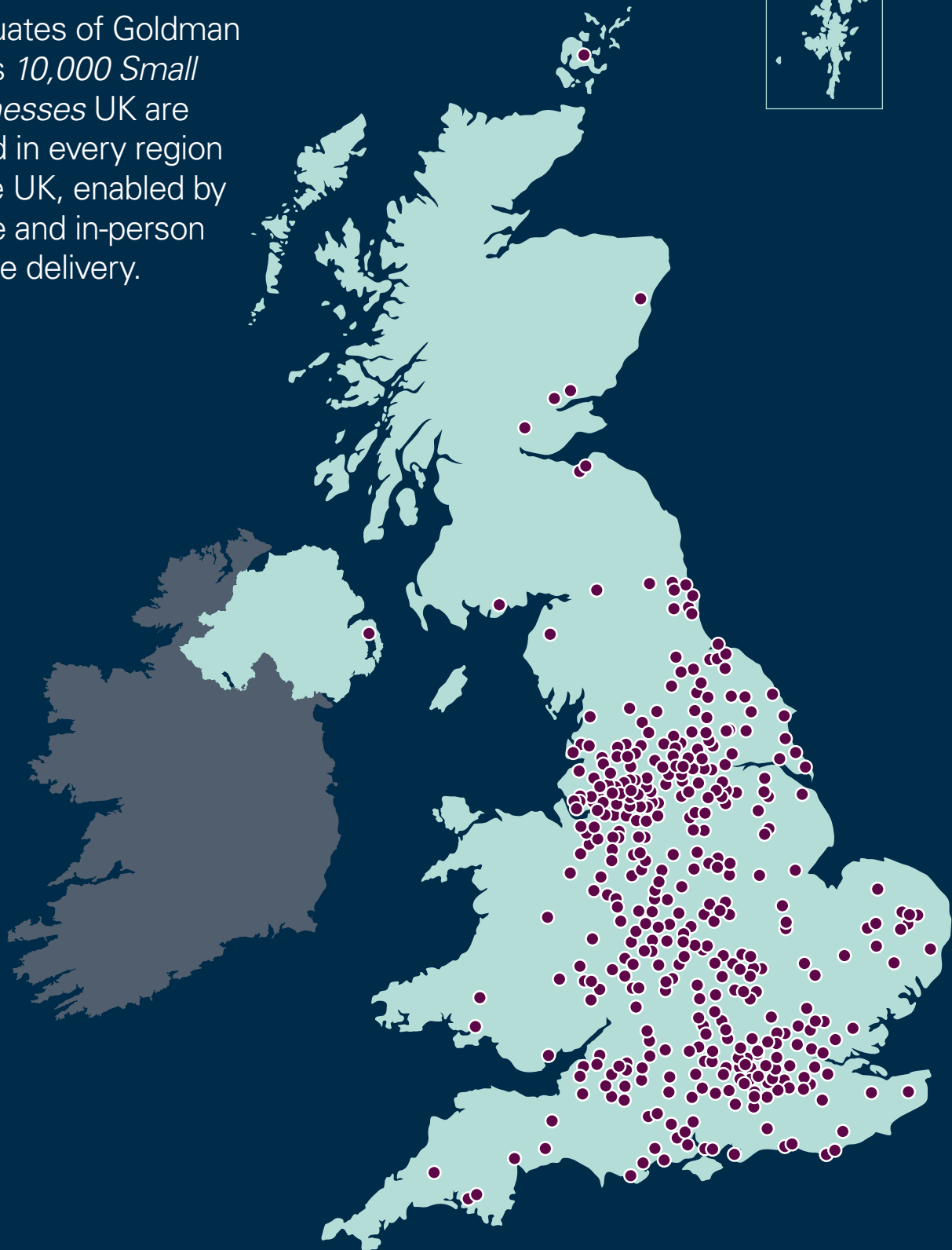
Upon completing the programme, graduates join a global community of fellow alumni, where they continue to benefit from the rich network of peers, and a programme on-going educational support.

The alumni programme includes a series of national and regional events, addressing key topics such as talent and skills, financing, internationalisation and leadership. The content of workshops and events is designed to address on-going challenges and opportunities for high-growth businesses to continue to grow and scale.

These alumni events primarily focus on continuing peer-to-peer learning and networking, and we use the opportunity to bring in high profile speakers to share new perspective and grow aspirations.

WHERE ARE THE SMALL BUSINESSES BASED?

Graduates of Goldman Sachs *10,000 Small Businesses UK* are based in every region of the UK, enabled by online and in-person course delivery.



HOW DOES 10KSB UK TRANSFORM PARTICIPANTS?

The 10KSB UK programme increases participants' productivity and growth by encouraging the development and application of critical business practices and management strategies.

An increased confidence to take on external financing, innovate with new products and services, recruit and develop talent, and explore international markets, are key learnings core to 10KSB UK.

This section reports these strategic and behavioural changes, and the performance of participant businesses following their completion of the programme.



97%
are more effective
business leaders



94%
are more confident
managing growth



90%
introduced new
business processes



84%
use financial data more
in decision-making

RETHINKING PRODUCTIVITY²

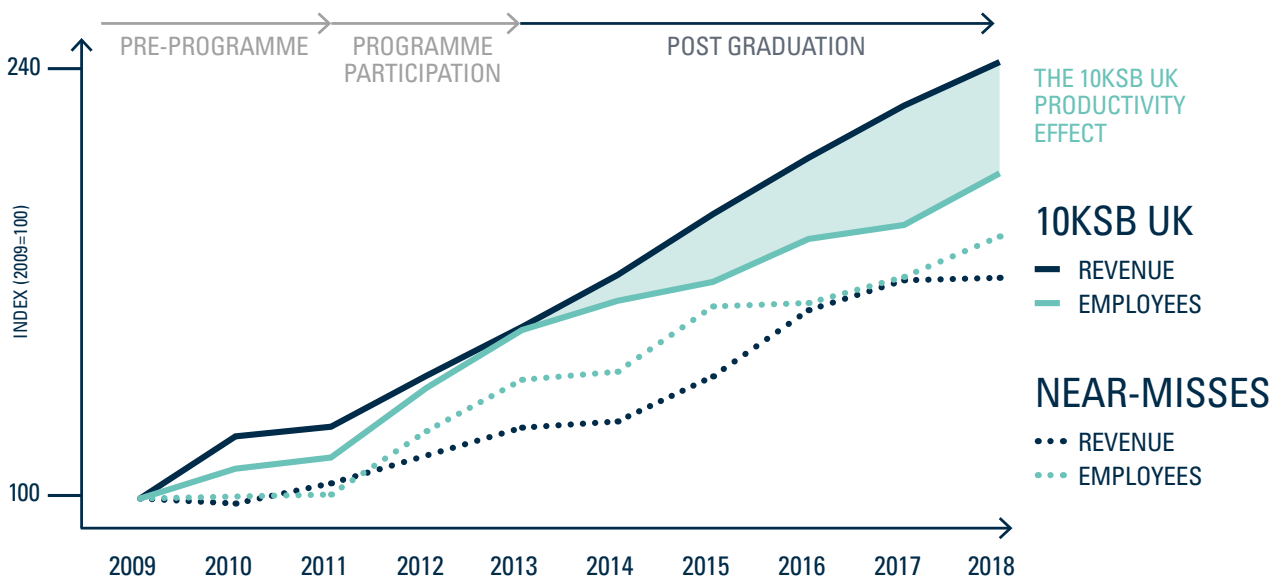
The UK faces a productivity crisis, remaining 23% behind the US and 16% behind the G7 average.³

After analysing their business performance and controlling against a similarly high-growth group of UK small businesses⁴, 10KSB UK graduates have a 28% increase in productivity in excess of what they would have achieved without participation in the programme, five years after graduating.

To understand how they achieve these growth and productivity increases, it is useful to analyse 10KSB UK graduates' behaviour across a range of areas associated with increased productivity,

including financing, talent and skills, innovation and internationalisation. In each area, 10KSB UK graduates exhibit higher engagement than other UK small businesses, suggesting that focus on these areas may be the answer to unlocking increased productivity for UK small businesses.

Over five years following graduation, 10KSB UK graduates grow faster in terms of both revenue and employment than a control group of similar businesses. Revenue growth outstrips employment growth throughout the five years after graduation, as the people brought in to deliver the business' growth ambitions begin to generate revenue, in turn producing increasing productivity gains.



² Productivity is defined here as the measure of revenues generated per person in an organisation.

³ Office of National Statistics, "International comparisons of UK productivity (ICP)" (2018)

⁴ A representative sample of 10KSB UK businesses who participated in the programme between 2011 and 2013 were used for this calculation

MALCOLM LITTLE

ADVANCED DYNAMICS

Funding ambition

Malcolm joined 10KSB UK at a stage where he was running the business and was expanding steadily, without taking on external finance. He “wore it as a badge of honour” that there was no need to do so, but this was limiting his potential for growth into new markets and sectors.

Through 10KSB UK, Malcolm learned the range of financing providers who were willing to invest in businesses like his, and how he could deploy these resources in his business. Malcolm restructured his business’ finances, taking on a business loan and asset financing.

With an improved cash flow, Malcolm is able to keep stock on-site ready for immediate sale, redevelop the premises to attract new hires to the business, and explore renting and lease purchase sales models. In addition, the business has been building its brand outside of the UK, as part of its plans to export further into Europe.

By taking on additional financing, Malcolm has been able to establish new, more stable sources of income and expand into international markets.

“10,000 Small Businesses UK showed me that sustainable growth that can be accelerated through external financing, giving me and my staff team the confidence to realise the ambitions we have for our business.”

Malcolm Little
ADVANCED DYNAMICS
10,000 Small Businesses UK Graduate

Advanced Dynamics is a Bradford-based filling, capping, labelling and wrapping equipment supplier. The firm supplies standard, off the shelf machines and also tailors machinery and production lines to suit specific customer requirements.

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TAKING ON FINANCE

UK small business owners are often unaware of the breadth of financing options available to them, and they are reticent to take on financing, even accepting slower growth before taking on external finance.⁵ 10KSB UK focuses on the demand side of financing, helping small business owners to become literate in financial management and preparing them to be investment-ready.

A core aim of the programme is to break down business owners' fear of taking on external finance. 10KSB UK introduces participants to the range of financial products available, including crowdfunding and government incentives.

Many small business owners treat accounting and finance as reporting necessities rather than day-to-day management tools that enable them to monitor and drive performance. The programme improves participants' financial literacy, with two modules specifically dedicated to this topic.

The Business Growth Plan developed through the programme is often used as the basis of a pitch for funding in the future.

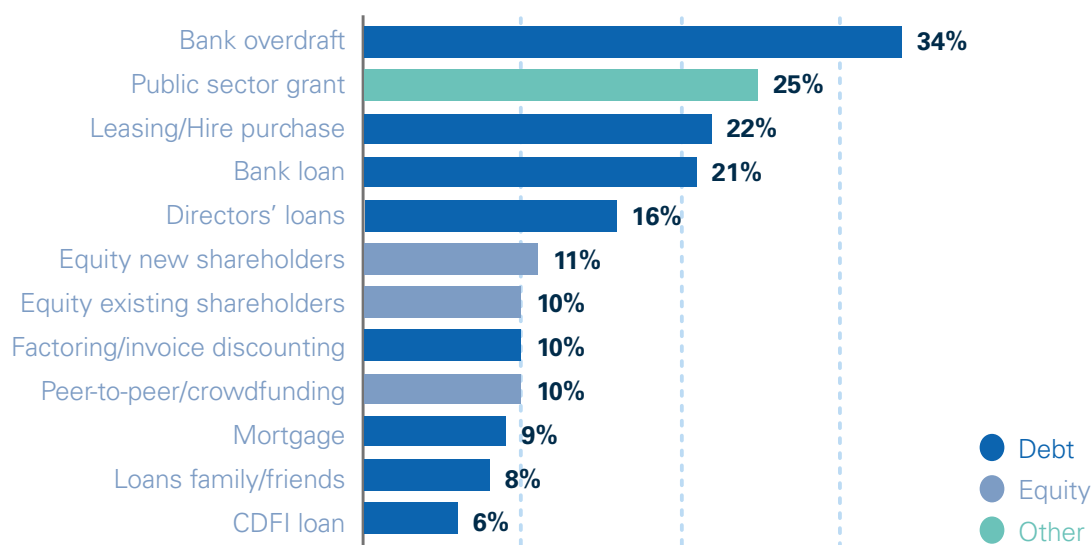
While 71% of graduates would prefer to finance their company from internal funds, their knowledge of external finance options (91% agree they have a good understanding of what external finance options are available to them), enable them to access funds when needed for growth. This leads to 71% seeking external finance, twice the national average for small businesses.⁶



71%

10KSB UK participants **seek external financing** after graduating the programme, twice the rate of UK SMEs more generally.⁶

Types of financing accessed by 10KSB UK participants



⁵ British Business Bank. *Small Business Finance Markets 2017/8* (2017)

⁶ BVA BDRC, *SME Finance Monitor* (2018)

RACHEL JACKSON

RACHEL JACKSON LONDON

Innovating to expand

Rachel Jackson London was experiencing rapid growth, thanks to her innovative designs and passion for jewelry. However, she needed to put the appropriate processes and platforms in place to sustain and harness that growth effectively.

Through the programme, Rachel developed her vision and created a mission statement for the business, crafting a brand narrative that enabled her to identify appropriate partners for a move into the retail sector. Since graduating, Rachel has established a presence for the business in over 70 UK retailers that fit with this vision.

She also worked to better understand her customers and their needs and has subsequently invested heavily in digital marketing. This has allowed her to recognise and effectively utilise the platforms most relevant to her client base such as Instagram, and collaborate with well-known influencers to communicate with potential new customers.

"The programme challenged me on a daily basis to focus on my key point of difference, and has given me the confidence to communicate that effectively, and look to new markets for expansion."

Recently, Rachel has begun to identify similar customers to hers who are outside the UK. Applying the same methodology to approach potential international partners, and has established a retail partnership in seven stores across the Netherlands.

"I started making jewellery as a passion, having had no formal business training. However, as the business grew, I recognised the need to build a foundation to sustain that growth, and that is what I took away from *10,000 Small Businesses UK*."

Rachel Jackson
RACHEL JACKSON LONDON
10,000 Small Businesses UK Graduate

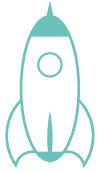
Rachel Jackson London designs, manufactures and sells demi-fine jewellery to consumers and wholesale, both in stores and directly to consumers online, through their own e-commerce platform.

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INNOVATING

By bringing new products to market and improving existing offerings, small businesses can re-invent to stay competitive and compete on the global stage. 10KSB UK emphasises the need for participants to embed within their business a culture of continual improvement and invention to sustain long-term growth.



62%

launched a **new product or service** in the year after graduating the programme.



70%

researched or developed a new product or service in the year after completing the programme.



x2

The level of **innovative behaviour** is almost twice that of small businesses overall in the UK.⁷



82%

improved the quality of an existing product or service in the year after completing the programme.

GOING INTERNATIONAL

10KSB UK encourages participants to think about internationalisation in all aspects of the course, from building opportunities to developing markets for their products and services.



30%

of **non-exporters** plan to **start exporting** in the year after graduating the programme.



50%

Over 50% of **alumni** are undertaking some form of international activity, with alumni twice as likely to be **selling directly to overseas customers** as other UK small businesses.⁸



87%

The programme also **leads to increased ambition** – 87% of exporting alumni **plan to increase exports further**.

⁷ Department for Business Energy and Industrial Strategy (BEIS) Small Business Survey 2017 (2018)

⁸ Department for Business, Energy & Industrial Strategy, Longitudinal Small Business Survey 2017: SME Employers (2018)

RONI SAVAGE

JOMAS ASSOCIATES

Nurturing excellence

Having started her business as the only staff member, Roni faced challenges in recruiting and retaining staff who were able to deliver the level of service and execution that she provided.

Following 10KSB UK, Roni developed a graduate training scheme, which supports new recruits from their first day through to being a fully-fledged engineer, step-by-step. This process gave Roni the ability to train people to work in the same way that she works, providing consistency to clients across all aspects of the business. Having this training programme in place, Roni can step back from the day-to-day of the business, and spend more time on running the business.

Since putting in place the training programme, and integrating psychometric tests to identify the right candidates for her vacancies, the fit of her new hires has improved. They have been able to hone their skills in communicating to clients, organise their projects and deliver the quality service that differentiates Jomas from other consultancies.

“Training is essential and beneficial for both the business, and our employees. Employees are able to deliver the same high-quality level of service that I offer to my clients. This retains existing clients and employees, while also attracting new clients and opportunities.”

Roni Savage

JOMAS ASSOCIATES

10,000 Small Businesses UK Graduate

Jomas Associates is a site investigation firm, providing a superior, responsive service in undertaking land contamination and geotechnical engineering assessments of brownfield sites across the UK.

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DEVELOPING TALENT

10KSB UK has a strong focus on the employees of the small businesses that attend the course. From recruiting, training and retaining the best talent, to building an organisation with a coherent core structure, the programme encourages participants to consider their place in the business and how they should structure their team to maximise growth.

After graduating from 10KSB UK:



77%

of participants have **recruited** employees to **key positions**.



74%

of participants **increase** the **training opportunities** they provide to their staff.

Business owners often do not take the time to develop themselves as a source of talent within their own business. 10KSB UK equips business leaders with the skills to better manage their people, and deliver on business growth plans.

As a result of 10KSB UK:



97%

of participants believe they are a **more effective business leader**.



94%

are **more confident** in managing their business growth.

WHAT IS THE IMPACT OF 10KSB UK?

Business growth is affected by countless variables – from the macroeconomic climate to each individual entrepreneur’s mindset.

This section uses data from the Office of National Statistics to independently assess the employment and revenue growth that graduates experience. It also examines participants’ growth against a control group of similar businesses to isolate the additive effect of 10KSB UK.

The analysis shows that 10KSB UK participants are more likely to experience significantly higher employment and revenue growth when compared to small businesses across the UK.

ACCELERATING EMPLOYMENT AND REVENUE GROWTH

Participants of 10KSB UK make a number of strategic changes in their businesses after graduating, and are more likely than other small businesses to do so.

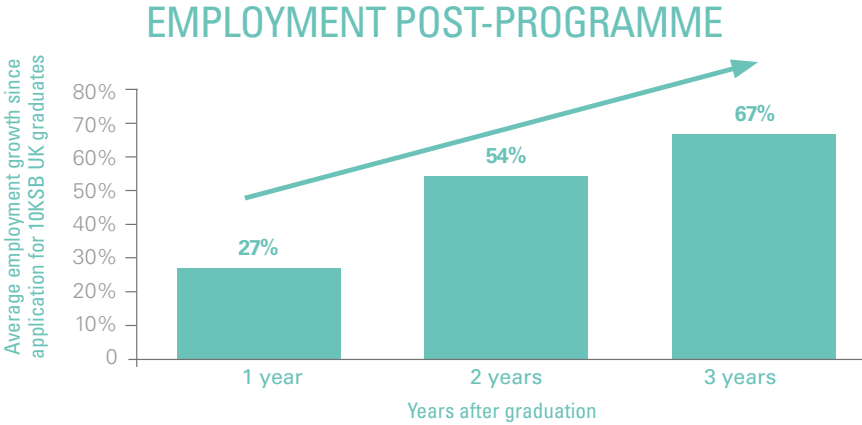
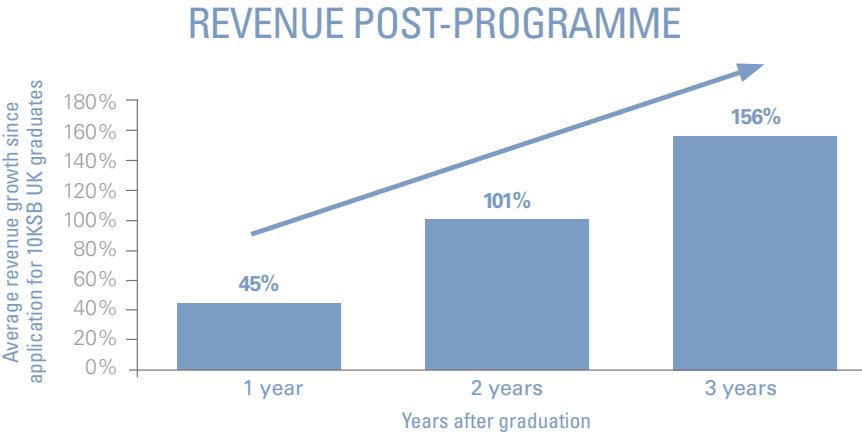
The graphs below show the average growth rates of 10KSB UK participant businesses for the first three years after completing the programme. In each year, participants continue to grow both revenue and employment.

This shows the sustained impact of the programme as graduates implement changes over time.

On average, three times as many participants are creating jobs as other UK small businesses, at an average rate that is 13 times the national average in the year after completing the programme.⁹

Twice as many 10KSB UK participants grow revenue, at an average rate that is 16 times the national average in the year after completing the programme.⁹

10KSB UK participants' average employment and revenue growth rates post-programme:



9 ONS Business Structure Database (2018) and Department for Business, Energy & Industrial Strategy, Longitudinal Small Business Survey 2017: SME Employers (2018).

Control group testing

To further understand the impact on graduates and the broader UK economy, the growth of 10KSB UK participants was compared against control groups of similar businesses:

- Businesses whose prior revenue growth distribution, business age, size and sector were similar to that of the 10KSB UK programme participants, drawn randomly from the wider small business population. Two control groups of this type are used which each take a different, equally-sized random selection of businesses against which to compare 10KSB UK graduates.¹⁰
- Businesses that applied to the programme and were selected for interview, but were not ultimately selected to participate ('near misses').

The analysis of the economic impact of the programme – the 10KSB UK effect – uses a subset of participants who completed the programme from 2010 to 2016, and compares them against the control groups, tracking revenue and employment growth for the two years prior to programme participation, and the two years after.¹⁰

The growth performance of 10KSB UK participants against random control groups reveals a clear programme effect. These two control groups produce a positive and significant employment effect of 23% and revenue effect of 25% over two years.

10KSB UK participants who undertook the programme in the 2010-2016 period also grew faster than the near-misses control group in terms of revenue and employment after their participation in the programme.

There is a strong increase in employment and revenue in the group of participants – 13% and 14% respectively over two years when compared with the 'near misses'.

The 10KSB UK programme has had a statistically significant boost to the employment and revenue growth trajectory of participants over and above what they would have experienced without taking part.

This is clear evidence that practical, theory-informed peer learning develops participants' core business skills and equips them with the tools to make significant strategic changes so they can deliver further growth on their already strong business potential.

¹⁰ Many different control groups were run, with two (which were the strongest-performing control groups) chosen to illustrate the programme's effect. Each control group contains a random selection of around 24,000 UK small businesses which exhibited a comparable growth trajectory pre-programme to the 10KSB UK businesses. The businesses selected for the control groups are distributed across geography, size, employment, revenue to be as close as possible in make-up to the 10KSB UK group.

NB. Scientifically isolating the effect of 10KSB UK would require deliberately excluding a random control group of businesses who would have normally been accepted onto the programme, simply to monitor their performance relative to participants. However, adopting such an approach would be against the guiding principle of the programme to grant access to all eligible high-potential entrepreneurs.

¹¹ Department for Business, Energy & Industrial Strategy, (BEIS) Business Population Estimates for the UK and Regions 2017 (2017).

¹² This estimate is an extrapolation of the ONS Business Structure Database (2018) data for all programme graduates to end of 2018.

¹³ ONS Business Structure Database (2018). Taking the net growth in employment of all participants in the two years after graduating the programme, we isolate the 13% of these that are attributable to the programme using the near-misses control group increase.

¹⁴ ONS Subregional Productivity: Labour Productivity (GVA per hour worked and GVA per filled job) indices by Local Enterprise Partnership (2018).

Estimating economic impact

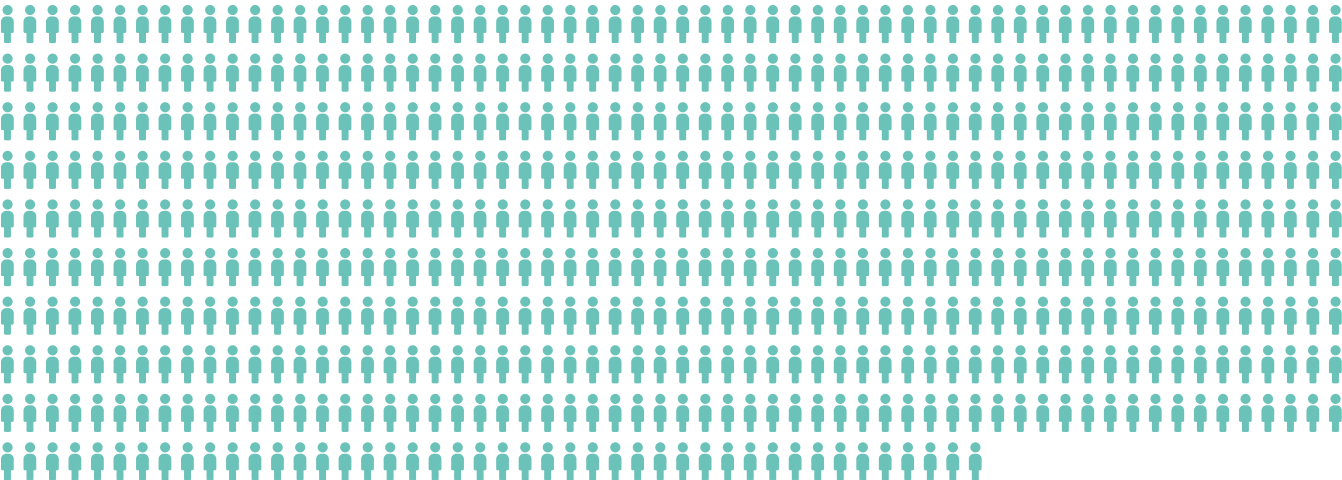
Small businesses are the engine of the UK economy. Small and medium firms with fewer than 250 employees account for 16 million (60%) of all private sector jobs in the UK and £1.75 trillion (51%) of revenue.¹¹ Whilst the success of 10KSB UK is measured in the individual impact on the participant with businesses, the collective economic contribution to the national economy is significant. 10KSB UK participants today collectively produce over £2.8bn of revenue and sustain more than 40,000 jobs in the UK.¹²

10KSB UK has boosted employment by at least 13% in the two years after graduating, leading to an additional 5,840 jobs in these businesses over and above the number of jobs they would have created without participating in 10KSB UK.¹³ Using an average GVA (gross value added) per filled job figure of £52,626, this accelerated growth corresponds to an estimated additional GVA boost of £307m to the UK economy generated by participants of the 10KSB UK programme.¹⁴

Investment in the education of small business entrepreneurs sustains this significant population of job creators and enables their continued growth.

+5,840

The number of jobs created over and above what 10KSB UK participants would have created without participating in the programme. Each figure below represents 10 jobs created as a result of the 10KSB UK programme



METHODOLOGY

Data sources

There are two main data sources used in this impact report.

First, for monitoring and evaluation purposes standardised interviews are conducted with 10KSB UK participants by BMG Ltd when they begin the programme (the 'baseline' survey) and then approximately six, 18 and 30 months after core programme completion. Interviews are conducted by CATI (telephone), which has proven to deliver the highest response rates and best data quality.

Second, official ONS data contained in the Inter-Departmental Business Register (IDBR) has been used, with permission from the ONS for 10KSB UK firm-level data under strict disclosure protocols in the UKDS. All employment and revenue data used to estimate the impact of the programme as well as data on firm characteristics (size, sector, age) and prior growth is sourced from the longitudinal ONS Business Structure Database (BSD) which is based on annual extracts from the IDBR. This database covers all registered businesses (i.e. VAT and/or PAYE) in the UK.

Measuring programme impact

To identify the 10KSB UK impact on revenue and employment growth a series of Ordinary Least Squares (OLS) models were used. This estimates the impact over two years following participation in the programme for a group of participants who had already completed the programme in the 2010-2016 period. Growth was measured as the log difference – a method for standardising a range of values – in employment and revenue over two years to reduce the impact of extreme values in the analysis. The 10KSB UK programme impact is differentiated by a binary variable within the model.

To understand the impact of 10KSB UK on graduates and the broader UK economy, three control groups of similar small businesses were built:

- those firms who applied and were interviewed for the programme but were unsuccessful in gaining a place ('near-misses');
- two randomly selected control groups of non-participants from the wider small business population who had a similar two-year revenue growth distribution as the 10KSB UK participants selected in a similar distribution within the 2010-2016 period.

In all models the growth data on employment and revenue was taken from an official ONS longitudinal dataset – the BSD – which is based on annual snapshots from the IDBR. Additional variables in the OLS estimation using the 'near-misses' control group included personal characteristics of the owner (such as age, gender, education level, and ownership stake amongst others) and firm characteristics (such as size, age, type of business, and sector).

Econometric treatment models, which are widely used in evaluation studies, were run to estimate the effect of the 10KSB UK programme. These models correct for any selection bias associated with businesses applying for the programme or being selected onto the programme. The results indicated no selection bias when using the 'near-misses' as the control group, and therefore the OLS regression method was used for all three control groups.

The coefficients generated by the model identifying the programme impact equate to a 13% increase in employment and a 14% increase in revenue.

To understand the broader economic impact, the net number of jobs created by participating businesses is broken down into expected growth as a result of being a high-growth small business, and the additional increase over and above the 'near misses' control group (13%), which is shown to be as a result of the programme. To calculate the gross value added (GVA) by the programme to the UK economy, the ONS figure for GVA per job filled is applied to each of these positions, indicating the total economic impact of *10,000 Small Businesses UK*.

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The analysis upon which this report is based uses research datasets, which may not exactly reproduce National Statistics aggregates.

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