

e-Business Adviser Handbook

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A handbook for business advisers assisting small and medium sized enterprise entering or improving e-Business.

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Section – 1 – The e-Business Advisor

1. THE e-BUSINESS ADVISOR

Introduction

As a project developing a range of materials on E-Business targeted at business advisors, one of our first tasks was to acquire as much knowledge as possible about our intended audience. It soon became clear that the task was not easy; the notion of what constitutes a business advisor varies from region to region, there are a number of roles that can be fulfilled by business advisors, different regions have different business support infrastructures, and there are many professionals both in the commercial and non-commercial sectors providing some form of business advice to small and medium sized enterprises (SMEs), including accountants, solicitors, bank managers and trade associations.

This paper outlines some of the issues we have been discussing within USHER to develop a better understanding of business advisors, particularly in terms of what they actually do. Other related questions we have been addressing include:

- Is there demand for E-Business among SMEs?
- What are the issues being faced by firms introducing E-business?
- How is the demand being met?
- If there are gaps in E-Business service provision, How can USHER help?
- Why targeting Business Advisors for support?
- Business Advisors – Who Are They?
- How do business advisors educate themselves?

Advisors do not operate in isolation; their effectiveness is influenced by the environment in which they perform. Therefore, the paper also discusses the current status of business advisory practice in the different regions represented in the project, with particular reference to the relationship between regional development agencies (RDAs) and the business advisors working in those regions (in the paper RDAs are also referred to as business support organisations).

USHER has corroborated the notion that, within the field of enterprise support, ICT issues in general, and E-Business ones in particular, are not being adequately addressed. This is partly due to the traditional demarcation between “business” and “technical” issues, with the latter being the responsibility of technical specialists. It is also due to the fact that business models, especially for the smaller firm, are not well established, and that we are all still in a process of learning and discovery as far as E-Business is concerned.

USHER’s main contention is that all business advisors should have an awareness of ICT and E-Business, and include this dimension when they assist a business client. The solution we propose is to educate business advisors on E-Business and persuade them to adopt the E-Business dimension as one which is as critical as marketing, finance and planning. As a bonus, we also hope that aspects of the USHER package can assist ICT specialists have a better understanding of business issues.

We present this paper as a contribution to the development of the Business Advisory profession in Europe. We hope it will encourage reflection among practising business advisors, RDAs and policy making bodies.

Is there demand for E-Business among SMEs?

Based on the experience in the USHER regions, there is no doubt that small firms in Europe are interested in what the internet has to offer. In terms of usage, all the regional baseline reports prepared in May 2001 pointed out that there was a strong interest in E-Business, with 44% of firms in Shannon having websites, 68% in Bologna, 20% in Athens, 30% in Rotterdam and 29% in Islington. Given the rapid growth that the internet has experienced over the last 12 months both at consumer and corporate levels, we can safely assume that the proportion of small firms in the USHER regions having some form of internet presence is now much higher.

For RDAs this surge of interest was also positive; business support programmes incorporating the E-Business dimension had a better take up than programmes offering other forms of support. In Athens up to three quarters of the businesses consulted by the local RDA were interested in receiving information and support on E-Business. A similar picture emerged in London, where the response to business programmes offering ICT and E-Business support were very well subscribed.

What are the issues being faced by firms introducing E-business?

The case studies compiled by USHER were primarily introduced as a learning tool for business advisors, who at an early stage in the project expressed much interest in this type of material. However, at a fundamental level, the case studies have also helped us to better understand some of the issues around e-business from the SME perspective.

For many small businesses, the experience of dealing with ISP and vendors is not a happy one. Complaints about solutions not being flexible, are not uncommon. Some of the business cases also illustrate the fact that time scales for introducing internet-based systems can be quite extensive, and that payback periods can also be long. Many businesses have realised that systems maintenance is also time consuming and should not be underestimated. Some businesses are concerned they do not know how to assess the impact of the internet presence on their businesses. Other firms, particularly those that have made good progress towards introducing E-Business believe it is too early to assess impact. Lack of secure systems for payments over the internet was also mentioned as a significant limitation by firms.

For RDAs, one of the interesting outcomes emerging from the case studies is that – on the whole - implementation of internet solutions has not involved business support organisations, suggesting a huge gap in this area of development. Another unfortunate consequence of the lack of involvement of business advisors and RDAs in E-Business situations is that the cases presented say very little about the role of business advisors, and the approaches they adopted when pursuing a solution, whether E-Business related or not.

How is the demand being met?

Both the case studies and baseline reports from the USHER regions point out to a simple fact; the vast majority of SMEs interested in e-Business are being serviced by the private sector, and RDAs are just scratching the surface as far as e-Business support is concerned. Furthermore, development agencies that have introduced E-Business support programmes tend to rely on external specialists from consultancies, educational establishments, and private sector ICT companies. In our opinion, the notion of what should be – if any - an adequate in-house capability has not been extensively discussed among RDAs.

If there are gaps in E-Business service provision, How can USHER help?

The purpose of the USHER project is to develop a package of support on E-Business, including information, case studies, checklists, and other resources, targeted at business advisors operating in Europe. Whilst its ultimate aim is to enhance the competitiveness of European small and medium sized businesses through better use of E-Commerce in particular, and new technology in general, USHER's approach to achieve this aim is by educating business advisors.

One of the main assumptions of the USHER project is that the quality of the interaction between business advisors and their clients is the key factor determining the effectiveness of the intervention by regional development agencies. Quality is here defined as the ability to understand the real needs of businesses and then translate those needs into tailored solutions. The result of such intervention would be an improved business position both at the level of the individual firm and in the wider business community.

From this perspective, it is clear that the effectiveness of business support programmes centres on the quality of the professionals working as business advisors at grass root level. By supporting the professional development of European business advisors through a package including information, diagnostic tools, and examples of good practice, USHER would be ultimately supporting the development of European small and medium sized enterprises (SMEs).

Business Advisors – Who Are They?

The debate within USHER has also revealed complications in terms of defining the "professional business advisor". Is it that person working for a business support organisation? Or is it the person working for an accountancy firm or a bank? What about the experienced industrialist who has been recruited to act as mentor to a new small business? As reported by our USHER partners, people from a wide range of professional backgrounds are engaged in some form of business support provision.

Obviously in terms of the dissemination of the resources in the USHER package, we would like to make the information and tools being produced available to as wide a group of professionals as possible, particularly since the majority of small businesses still rely on their accountant and bank manager for advice, instead of using a dedicated business support organisation.

Nevertheless, it is perhaps the same diversity that has led to a consensus within USHER about the need to develop a pan-European understanding of the business advisory profession.

A Special Type of Business Advisor

Thus, at the same time that USHER is trying to reach as broad an audience as possible, additional efforts are being made to reach those business advisors working in business support organisations, such as enterprise agencies, chambers of commerce, regional development agencies, and university departments active in SME support. These bodies are being used as the vehicle for the implementation of business development policies of a local, national and European nature. To a significant extent the success of these policies rest on the competencies of business advisors working for business support organisations.

With regards to E-Business the position of Europe is clear; European SMEs must make more effective use of information and communication technologies, including E-Business, in order to become more competitive. The contention of USHER is that unless most of the business advisors working for support organisations charged with implementing policies become educated on E-Business and are able to use it in the course of assisting SME clients, policy objectives might be compromised; desired impacts might not be realised. USHER aims to facilitate that educational process of getting most business advisors to become E-Business Advisors.

Why targeting the individual business advisor? This is primarily a tactical move designed to overcome the important differences in the type of business support policies, infrastructures, and styles of delivery that have been detected even in a relative small area like that covered by USHER.

The E-Business Advisor; Generalist or Specialist?

E-Business Advisor is clearly a contentious title. It gives the impression that we are advocating the emergence of a new type of specialisation within the business advisory profession. Far from it, USHER's contention is that E-Business - and the technology dimension in general - should be routinely addressed by all business advisors, irrespective of the context in which business support is being given.

We believe that the separation of "business" from "technical" issues can no longer be used as justification for business advisors to steer clear of looking at business situations from an ICT perspective. We propose instead that E-Business – and ICT – are given the same importance as finance, marketing and planning in the formation of business advisors, and that this dimension is employed when providing assistance to a SME client.

Information provided by partners in the project suggests that business advisors in their organisations - and also their regions – have a good understanding of a range of business issues including finance, marketing and planning. Whilst they might not be truly specialists in any of these areas, they would routinely employ them to analyse a client's position and propose a course of action. Similarly, the models these advisors employ for conducting a Business Review or developing a Business Plan would invariably cover those key business functions.

What is now becoming apparent is that a large proportion of business advisors either do not feel competent to address E-Business or ICT issues at any level, or believe technology issues are for technology specialists. Given the ubiquitous nature of ICT and the clear commercial advantages that can be gained by the proper use of these technologies at all stages of the business cycle, sound awareness of ICT and E-Business would help a business advisor make a better assessment of needs at all levels in the firm, the strategies being proposed by a business client to establish a new operation or grow an existing one, the scope for cost reduction, and productivity improvements.

Is There a Role for Specialists?

Once again we have to rely on the experience of business support in the USHER regions to answer this question. From the point of view of businesses, it is clear that most businesspeople use a number of sources of advice and support, including their accountant, solicitor, trade association, and business support organisation. In other words, most businesses deal with financial, legal and other specialists as part of the normal conduct of business. The increasing use of computers also means that businesses are increasingly

using ICT professionals in order to install, maintain and upgrade computer facilities. From the point of view of the support organisations, some business advisors would also be specialists in their own right, either in terms of a specific discipline or industry sector, or would be able to access other specialists when required.

Therefore, USHER is not necessarily advocating the development of a new breed of business advisor, a new specialisation. Such breed of professional is emerging anyway. What we are advocating is the abolition of perceptions within the profession which might be reducing the impact of the input made by advisors, and the need for advisors to have an appreciation of the place of E-Business and ICT in business good enough for them to use it when assisting a client.

How do Business Advisors Learn?

This was another important issue for USHER to understand, one that would help the project develop an attraction array of tools and information resources – the USHER Toolkit. As stated, feedback from business advisors received early on in the project showed strong interest in case studies as a learning tool, perhaps because of the difficulties of accessing good case studies relevant to SME clients. We also learnt that business advisors keep up to date with developments through a vast array of information sources, including business magazines, business sections of newspapers, workshops and the internet. Learning from other business advisors was also mentioned as an important source of development.

In this context, it is clear that a package like USHER would not be on its own sufficient to address the development needs of business advisors. The implication for RDAs is that for them to facilitate the transformation of Business Advisors into E-Business Advisors, they must provide an array of learning opportunities.

The relationship between RDAs and their business advisors varies from region to region within USHER. The message however, is very much the same; there is much work to do by RDAs in terms of supporting the development of their business advisors with information, knowledge, and analytical tools. Support should also involve the establishment of better links between RDAs, advisors and the local business community, in some cases through common strategies for E-Business development. RDAs should consider how best to support those business advisors working for them on a freelance basis and not part of in-house teams. Fostering the creation of Business Advisors' networks would also be a powerful way of strengthening the profession.

Concluding Remarks

The impact of business support policies is largely dependent on the effectiveness of business advisors working at grass root level and within the framework of Regional Development Agencies. In this context, any policy – whether European or regional - designed to enhance the competitiveness of small businesses through ICT in general and e-Business in particular, should specify the role that Business Advisors would have to play. However, most business advisors working for RDAs are either not equipped to deal with E-Business issues or believe it is not their role but that of specialists. This situation might already be responsible for incorrect assessments and missed opportunities. USHER proposes, in the first instance, to address the learning needs of individual business advisors through a package of relevant information and support to facilitate their transformation into E-Business advisors. USHER is also inviting RDAs and other development and policy making bodies to consider how best to support this transformation and contribute to the establishment of a pan-European Business Advisory profession.