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Demand for mentoring among  
SMEs

DECEMBER 2013

RESEARCH

A report by BMG Research and Leandro Galli from Warwick Business School.

The views expressed in this report are that of the authors and not necessarily those of the Department for Business, Innovation and Skills or any other Government Department

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# Contents

<b>1. Summary and conclusions .....</b>	<b>1</b>
Introduction .....	1
Need for external advice and information .....	1
Awareness of business mentors/how they were found .....	1
Interest in using business mentors.....	2
Attitudes towards business mentors .....	2
Barriers to using business mentors.....	3
Users of business mentors.....	4
Conclusions.....	4
<b>2. Introduction .....</b>	<b>6</b>
Background and objectives .....	6
Qualitative methodology.....	7
Quantitative methodology .....	8
Statistical confidence .....	10
<b>3. Need for external information or advice .....</b>	<b>11</b>
SMEs seeking external information/advice .....	11
Types of information/advice needed .....	13
Where information/advice sought.....	14
Whether pay for information/advice .....	15
Frequency of accessing information/advice .....	15
Value of information/advice.....	16
<b>4. Awareness of business mentors/how found.....</b>	<b>17</b>
Awareness of business mentors .....	17

How became aware of mentoring .....	18
Whether used a business mentor .....	19
Whether currently using a business mentor .....	21
Time spent working with mentor .....	22
How found a business mentor.....	23
‘Tipping’ points .....	24
Segmentation of those using mentors, based on how found .....	26
<b>5. Interest in using business mentors .....</b>	<b>28</b>
Interest in using a business mentor .....	28
Perceptions of where a mentor might be found .....	29
Mentorsme .....	31
Expectations of cost.....	32
Ideal characteristics for mentors .....	32
<b>6. Attitudes towards mentors .....</b>	<b>36</b>
Attitudes towards mentors.....	36
Other businesses that use mentors .....	39
<b>7. Barriers to using mentors .....</b>	<b>40</b>
Reasons why a mentor is not currently used .....	40
Unmet demand for mentors .....	42
Reasons for not wanting a mentor .....	43
Segmentation of non-users of mentors .....	44
<b>8. Users of business mentors .....</b>	<b>47</b>
Characteristics of those that use mentors/do not use mentors .....	47
Usage of multiple mentors .....	49
Types of mentors used.....	49

Ways in which mentors have helped.....	51
Whether pay for mentor .....	52
Contact with mentors .....	52
Satisfaction with/recommendation of mentors .....	54
Impact of mentors .....	55
<b>Annex 1: Customer journey maps.....</b>	<b>56</b>
Those that actively sought a mentor .....	56
Those that did not seek a mentor.....	58
<b>Annex 2: Summary analysis of demand for mentoring – a behavioural insights trial (by Leandro Galli of Warwick Business School).....</b>	<b>60</b>
Summary.....	60
Introduction .....	62
Limitations .....	63
The key results.....	63

# 1. Summary and conclusions

## Introduction

This report analyses the findings from a survey commissioned by the Department for Business, Innovation and Skills (BIS) into how the demand for business mentors in the UK can be increased among SMEs. Thirty in-depth qualitative telephone interviews, and 902 quantitative CATI<sup>1</sup> interviews, were conducted between February and May 2013.

## Need for external advice and information

Thirty-four per cent of SMEs sought external information or advice in the 12 months preceding interview, with larger and younger businesses being most likely to do so. The information/advice sought was most likely to be related to the general running of the business, and accountants were the most likely source.

Only two per cent of those that sought information/advice said they received it from a mentor or mentoring organisation, and among those that used a mentor in the last 12 months, 11 per cent cited seeking information or advice from them. This indicates that those that use mentors do not necessarily see them as external providers of advice (only 43 per cent of those that had used mentors said they had received any external advice in the last 12 months), or they did not consider mentors to be 'external'.

It is clear that mentors are not top of mind when businesses think about where they might obtain advice.

## Awareness of business mentors/how they were found

Sixty-nine per cent of SMEs were aware of business mentors. They had heard about them through a variety of sources, with personal experience (11 per cent) and print/media (10 per cent) being the most common. Younger businesses aged up to three years were more likely than average to have heard of mentoring online, suggesting that this is an appropriate media for increasing awareness among this group.

Five per cent of SMEs had used a mentor in the last 12 months, with three per cent currently using one. Seventeen per cent had ever used a mentor, proving that mentoring is not a continuous relationship for the majority of those that have tried it. Two separate groups, younger and larger SMEs, were more likely than average to have used a mentor.

Mentors that were used were most likely to be known to the mentee already (31 per cent), or they had been found through a business network or at an event (28 per cent). Only three per cent said that the main way in which they had been found was via an internet search. The implication for this is that whilst the internet may play a role in promoting mentoring, it cannot be relied upon solely to match mentor and mentee. Most SMEs

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<sup>1</sup> Computer Assisted Telephone Interviews

appear to want to know their mentor before accepting their guidance, and they have to trust them.

Sixty-two per cent of those that had ever used a mentor had actively searched for one. The most common 'tipping point' that caused them to seek a mentor was at the business start-up stage (this was also the main point at which those who had never used a mentor would have welcomed the guidance of a mentor). This indicates that pre-starts and nascents may be the main beneficiaries of a mentor's guidance.

Of those that had ever used a mentor, 55 per cent had only worked with them for six months or less time. Only 16 per cent had used them for two or more years. Those currently working with mentors had the longest relationships (averaging one to two years).

## **Interest in using business mentors**

Twenty-nine per cent of those not currently using a mentor would be interested in using one in future. Fifty-five per cent of those that had used a mentor in the past would be interested in using one again, meaning that nearly half of this group would not be interested.

The reason why a mentor is not being currently used varied according to previous experience. Those that had used one in the past tended to say that they had no need for one at the moment, indicating that a mentor was used for a specific purpose. Those that had never used a mentor were unfamiliar with what they do, or did not know how to find one, an information failure that needs to be addressed.

Those that had never used a mentor were asked where they might find one. Thirty-nine per cent did not know, and 21 per cent assumed they could find one via an internet search. However, only four per cent of all SMEs had heard of the mentorsme website.

The most essential characteristics SMEs reported that a business mentor should have relate to proven success in business, and specific skills, both for developing and running a business. A large proportion (37 per cent) of those that had never used a mentor also thought it was essential that there should be no charge, although those that had mentor experience were less likely to think this important. Also important were access to networks and sectoral experience, although being local, having qualifications, having previous mentoring experience, and being of a particular gender or ethnic group were less important.

This implies that mentoring organisations may be more successful if organised on a sectoral rather than a local or demographic basis. As shown later, offering mentoring on a free trial basis, which is what many mentoring organisations do already, may also be important.

## **Attitudes towards business mentors**

The majority of SMEs claim to understand what mentors do, and agree that they can bring about change.

Attitudes towards mentoring indicate potential barriers to uptake, which could be overcome through communications:

- Only half of all SMEs would trust the guidance of a mentor. However, 74 per cent of those using a mentor in the last year trust them. Lack of experience of using a mentor may result in mistrust;
- Forty-four per cent of SMEs think that mentors would not help if there was nothing in it for them (33 per cent disagreed with this), which is contrary to the fact that many mentors are volunteers and work for free;
- Almost equal proportions agreed as disagreed that mentors are largely used by struggling businesses, which other evidence negates (e.g. in the 2012 Small Business Survey, 26 per cent of those that used mentors in the previous 12 months fell into the growth segment, compared to 11 per cent of those that did not use them);
- Only twenty per cent thought it was easy to find a suitable mentor, and only twenty per cent thought that mentors were available in their area with knowledge of their sector. Here there is further evidence that the majority of SMEs are unclear how to find a suitable mentor.

## Barriers to using business mentors

Those not currently using a mentor but who did so in the past were most likely to claim that they had no need for one at the moment, whilst those with no mentoring experience were more likely to say that they had not thought about it before, or did not know where to find one. For this latter group promoting awareness and signposting are key, but there were other reasons given for not using a mentor which can be addressed through promotion, namely that mentors need not cost a significant amount of money, and that the time spent with a mentor is worthwhile.

One third of all SMEs had an unmet demand in that they had points in their business's life when they could have used the guidance of a mentor, yet they had never used one. This was most likely to be at the start-up stage.

Those uninterested in mentoring were most likely to simply say that they did not want one. The qualitative research found evidence that these SMEs did not like the concept of an 'outsider' telling them what to do. A segmentation of those who have never used a mentor reveals that half have attitudes towards them that would be difficult to overcome, but the other half could be persuaded to try them if they understood what they did better, were convinced that a suitable mentor could be found easily, and their concerns over cost and time were vanquished.

## Users of business mentors

Most of the mentors that have been used were described as specialist business mentors (74 per cent), although 25 per cent were described as friends, family or peers, and 20 per cent as somebody who provides other services to their business. Those currently using mentors were more likely to describe them as friends, family or peers, indicating that mentoring relationships last longer when a mentor is chosen from this group, or when they are considered as such.

Those currently using mentors, who tended to have a longer relationship with them than those who previously used them, had received help from their mentor in a wider variety of areas. This was particularly the case with leadership skills, increasing sales, product/process innovation and people management, but not for business plans/strategy. This seems to indicate that SMEs that previously used mentors did so for specific purposes, such as the drafting of a business plan.

Thirty-eight per cent of those that had ever used a mentor had paid for their guidance. The amount paid varied considerably, but the average was around £100 per hour, which was also the amount that those who had never used a mentor thought they would need to pay.

The majority of contact that was had with mentors was face to face. Typically, there were scheduled monthly meetings that lasted one to two hours. Those currently using mentors had less contact than those who had used them in the past, indicating that there is less need for frequent contact the longer the relationship progresses.

The majority (and almost all of those currently using) were satisfied with their mentoring experience, but eighteen per cent were dissatisfied. This proportion is higher than satisfaction with general information and advice. This is perhaps to do with expectation. Mentors may be expected to bring change to a business and improve profitability. If this does not occur, and particularly if sizeable fees are paid to mentors, then businesses will be dissatisfied with the results.

## Conclusions

Although the majority of those that have used mentors agreed that they had achieved better or faster outcomes than if they had not used one, it is difficult to isolate the impact of mentoring within the range of business support available. Firms that use mentors are also more likely to use other forms of advice and guidance, and are generally more proactive, which might explain why they achieve better growth than those that do not use mentors.

However, if Government policy is to increase the numbers of SMEs that use mentors, then there is a clear problem on the demand side. There is evidence of a market failure in that a third of all SMEs reported that they had a time when they would have benefited from a mentor, yet they had never used one. The reasons for this relate to a lack of understanding of the benefits of mentoring, not knowing how to find one, and there is also a degree of mistrust and a reluctance to engage an external adviser.

The survey did not find enough users of mentorsme to evaluate how useful the website is, but the lack of awareness of the site indicates that there is an issue with (the lack of)

promotion of mentoring. If demand for mentoring is to increase, targeted promotions or campaigns are essential.

In particular, promotions would be most likely to be effective among pre-start and nascent businesses, as this is the main time in a business's life when mentoring guidance would be welcomed. Pre-starts in particular are hard to reach as they exist largely unknown among the general public, but there are networks and organisations that might be targeted, such as GREAT/Business in You subscribers, Global Entrepreneur Week participants and applicants for start-up loans. Indeed, start up loans and the New Enterprise Allowance already link applicants to mentors, and this policy should be continued. Evidence shows that online promotions are more effective among younger businesses, and this is likely to also be the case for pre-starts.

Any campaign or promotion needs to help overcome the barriers to taking on a mentor. Signposting mentors may not be enough, as SMEs are more likely to consider a mentor they are familiar with, trust, and who can prove business success. Furthermore, mentoring organisations may be better organised on sectoral rather than a local basis.

Any promotion needs to highlight that mentors are largely volunteers that want to help business growth in the UK generally, and do not charge, at least for the introductory period. Any promotion needs to emphasise suitable mentors are available, that they can bring about change, that they are not just used by struggling businesses, and that they can be trusted. Most of all, SMEs and pre-starts need to be told that mentors exist.

Steve Lomax,  
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BMG Research,  
November 2013.

## 2. Introduction

### Background and objectives

There is ample evidence that use of a business mentor can have a major impact on a business's ability to grow<sup>2</sup>. Yet the evidence shows that actual usage of a mentor is relatively low, and seems to be in decline. The 2012 Small Business Survey<sup>3</sup> shows that only eight per cent of all SME employers<sup>4</sup> used a mentor in the previous 12 months, a figure which was three per cent lower than that seen in the equivalent survey of 2010<sup>5</sup>.

The government's vision is for a vibrant, effective and sustainable mentoring network that supports both start up and established SMEs locally, helping them both to survive and grow.

To achieve this vision, the government has three ambitions:

1. Better co-ordination of supply to enable businesses to find the right mentor for their needs
2. Increasing supply by recruiting and mobilising volunteer business mentors
3. Increasing demand through raising awareness of the benefits of mentoring amongst SMEs

BIS has undertaken research to support the third of these: to better understand the customer journey towards using a mentor, and identify the points at which the Government can influence behaviour with the aim of driving demand. The research looks at why those that use mentors decided to use them, and how they found them. The research also looks at awareness and understanding of what mentors do, barriers to using them, and the ideal characteristics that a small business owner is looking for in a mentor.

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<sup>2</sup> See BIS publications:

<http://www.bis.gov.uk/assets/biscore/enterprise/docs/e/12-1148-estimating-provision-of-business-mentoring>

<http://www.bis.gov.uk/assets/biscore/enterprise/docs/m/12-1164-mentoring-policy-action-plan>

<sup>3</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/193555/bis-13-p74-small-business-survey-2012-sme-employers.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/193555/bis-13-p74-small-business-survey-2012-sme-employers.pdf)

<sup>4</sup> A SME (or small or medium enterprise) is classified as any with less than 250 employees.

<sup>5</sup> Among all SMEs (including those with no employees), six per cent had used a mentor in the previous 12 months in 2012, one per cent fewer than those in 2010. For employers, the decrease in the proportion using a mentor was among all size bands.

BMG Research was commissioned to conduct qualitative and quantitative research into SME demand for mentoring in early 2013. This report shows results from these surveys<sup>6</sup>.

## Qualitative methodology

The main quantitative interviewing stage was preceded by a qualitative exercise, intended to aid the mainstage questionnaire design, and provide insight into the ways in which mentors were found, the points at which SMEs decide they needed a mentor, and barriers to using mentors. Thirty in-depth telephone interviews were conducted between the 6<sup>th</sup> February and 12<sup>th</sup> March 2013.

Interviewees were recruited using a combination of volunteers following emails from Mentoring Organisations to their beneficiaries, and direct approaches by BMG to SMEs from the Dun and Bradstreet commercial database. SMEs were selected to take part in the qualitative research based on their awareness of and experience of using business mentors. Those interviewed fell into the following categories:

- Young businesses (0-4 years), using a formal mentor<sup>7</sup> for the first time in the past year (4 interviews)
- Older businesses (5+ year), using a formal mentor for the first time in the past year (6 interviews)
- Businesses using informal mentors (5 interviews)
- SMEs unaware of business mentors and the benefits they provide (5 interviews)
- SMEs interested in using mentors in the future (5 interviews)
- SMEs not interested in using mentors in the future, or who thought that mentors could have negative connotations for their business (5 interviews)

Interviews were conducted by senior qualitative researchers at BMG by telephone and lasted approximately 30 minutes. Interviewers used a topic guide which was used flexibly to ensure the main issues were discussed, whilst allowing interviewers to follow up any additional points as required.

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<sup>6</sup> A further part of this project, which utilised the main quantitative questionnaire, tested the application of behavioural insights to increase demand for mentors. This is a separate piece of work that was undertaken by the University of Warwick, which is included in this report as an annexe.

<sup>7</sup> A formal mentor was described as someone who specialises in mentoring, perhaps recommended by a business network, mentoring organisation or website that specialised in mentoring.

## Quantitative methodology

The quantitative data reported upon has been weighted to be representative of all SME enterprises, including those with no employees which make up 74 per cent of the total, according to BIS's Business Population Estimates (BPE) 2012<sup>8</sup>.

902 interviews with owner/managers of SMEs were conducted using CATI (Computer Assisted Telephone Interviewing) between the 8<sup>th</sup> April and 10<sup>th</sup> May 2013. Interviews were conducted Monday to Friday between the hours of 08:00 and 17:00.

A total of 9,100 contact sample cases were drawn from Dun & Bradstreet's UK Trading File which has the contact details for 2.8 million actively trading businesses<sup>9</sup>. The sampling method was random/probability based sampling within quota cells on employment size and sector. The sample design over-represented larger SMEs with 10 or more employees, as well as younger businesses aged up to three years, so as to increase the number of SMEs in the sample that use mentors<sup>10</sup>. The response rate, defined as the percentage of completed interviews as a proportion of all those that completed or refused to be interviewed, was 29 per cent.

At the analysis stage, data were weighted to the profile of SMEs by employment size, broad sector (SIC 2007), and age of business, according to profiles from the BPE 2012<sup>11</sup>. Weights were applied on an interlocked cells basis by age of business (three bands: 0-4 years, 5-10 years and over 10 years), within broad sectors (three bands: production [SIC 2007 01-43], transport, retail and distribution [SIC 2007 45-56], services [SIC 2007 58-96]), within sizeband (four bands: no employees, micro businesses [1-9 employees], small businesses [10-49 employees] and medium-sized businesses [50-249 employees]). The table below shows the unweighted and weighted sample sizes and proportions.

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<sup>8</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/80247/bpe-2012-stats-release-4.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80247/bpe-2012-stats-release-4.pdf)

<sup>9</sup> <http://www.dnb.co.uk/scores-data/marketing-database> D&B uses multiple data sources coupled with their own call centre verification and manual checks to update the data.

<sup>10</sup> The Small Business Survey 2012 shows that usage of mentoring increases with employment size (seven per cent of micros businesses with 1-9 employees, 13 per cent of small businesses with 10-49 employees, and 12 per cent of medium-sized businesses with 50-249 employees), and that younger businesses are more likely to use mentors (15 per cent of those aged up to three years, nine per cent of those aged four to ten years, and seven per cent of those aged over ten years).

<sup>11</sup> Age of business was informed by IDBR statistics. <http://www.ons.gov.uk/ons/rel/bus-register/uk-business/2013/stb---uk-business--activity--size-and-location---2013.html>

**Table 2.1: Unweighted and weighted sample profile**

Size of business	Broad sector (SIC 2007)	Age of business	Unweighted		Weighted	
			n=	%	n=	%
No employees	Production (01-43)	0-4 years	5	0.6	20.7	2.3
No employees	Production (01-43)	5-10 years	13	1.4	47.8	5.3
No employees	Production (01-43)	Over 10 years	30	3.3	122.7	13.6
No employees	TRAD (45-56)	0-4 years	13	1.4	21.6	2.4
No employees	TRAD (45-56)	5-10 years	5	0.6	23.5	2.6
No employees	TRAD (45-56)	Over 10 years	33	3.7	59.5	6.6
No employees	Services (58-96)	0-4 years	38	4.2	47.8	5.3
No employees	Services (58-96)	5-10 years	39	4.3	107.3	11.9
No employees	Services (58-96)	Over 10 years	88	9.8	219.0	24.3
Micros (1-9)	Production (01-43)	0-4 years	13	1.4	5.4	.6
Micros (1-9)	Production (01-43)	5-10 years	14	1.6	10.0	1.1
Micros (1-9)	Production (01-43)	Over 10 years	20	2.2	31.8	3.5
Micros (1-9)	TRAD (45-56)	0-4 years	20	2.2	12.6	1.4
Micros (1-9)	TRAD (45-56)	5-10 years	26	2.9	11.3	1.3
Micros (1-9)	TRAD (45-56)	Over 10 years	13	1.4	37.6	4.2
Micros (1-9)	Services (58-96)	0-4 years	60	6.7	14.4	1.6
Micros (1-9)	Services (58-96)	5-10 years	52	5.8	17.8	2.0
Micros (1-9)	Services (58-96)	Over 10 years	83	9.2	51.9	5.8
Small (10-49)	Production (01-43)	0-4 years	8	0.9	0.9	0.1
Small (10-49)	Production (01-43)	5-10 years	15	1.7	0.9	0.1
Small (10-49)	Production (01-43)	Over 10 years	43	4.8	6.3	0.7
Small (10-49)	TRAD (45-56)	0-4 years	11	1.2	.8	0.1
Small (10-49)	TRAD (45-56)	5-10 years	14	1.6	1.8	0.2
Small (10-49)	TRAD (45-56)	Over 10 years	34	3.8	8.3	0.9
Small (10-49)	Services (58-96)	0-4 years	19	2.1	0.9	0.1
Small (10-49)	Services (58-96)	5-10 years	30	3.3	2.7	0.3
Small (10-49)	Services (58-96)	Over 10 years	73	8.1	11.0	1.2
Medium (50-249)	Production (01-43)	0-4 years	1	0.1	0.1	0.0
Medium (50-249)	Production (01-43)	5-10 years	13	1.4	0.1	0.0
Medium (50-249)	Production (01-43)	Over 10 years	31	3.4	1.4	0.2
Medium (50-249)	TRAD (45-56)	0-4 years	1	0.1	0.1	0.0
Medium (50-249)	TRAD (45-56)	5-10 years	2	0.2	1.4	0.2
Medium (50-249)	TRAD (45-56)	Over 10 years	16	1.8	1.4	0.2
Medium (50-249)	Services (58-96)	0-4 years	1	0.1	0.3	0.0
Medium (50-249)	Services (58-96)	5-10 years	8	0.9	0.7	0.1
Medium (50-249)	Services (58-96)	Over 10 years	17	1.9	0.2	0.0
<b>TOTAL</b>			<b>902</b>	<b>100</b>	<b>902</b>	<b>100</b>

## Statistical confidence

Unless stated otherwise, all findings reported in the text are statistically significant at 95% confidence level, as are all figures shown in bold in tables. In this latter instance it should be noted that the comparison is between the sub-group, and the total minus that sub-group.

Contact was random within quota cells, and responses were assumed to be random for the purpose of significance testing.

### 3. Need for external information or advice

This section shows whether SMEs sought information and advice on matters affecting their business, the reasons for seeking it, and where they went to find it. These questions were asked to set the general context for mentoring, as mentoring is one form of business support available to SMEs.

#### SMEs seeking external information/advice

Thirty-four per cent of SMEs sought external information or advice<sup>12</sup> on matters affecting their business in the 12 months preceding interview. Twenty-seven per cent sought any information (18 per cent information only, nine per cent both information and advice), whilst 22 per cent sought any advice (13 per cent advice only, nine per cent both information and advice).

**Table 3.1: Sought information/advice in the last 12 months – by employment size**

	All SMEs	Zero Employees	Micro (1-9)	Small (10-49)	Medium (50-249)
n=	902	264	301	247	90
	%	%	%	%	%
Any information or advice	34	31	<b>40</b>	<b>51</b>	<b>77</b>
- Any information relating to day to day running of business	18	16	22	<b>26</b>	<b>43</b>
- Any strategic advice to help business grow	13	11	17	<b>20</b>	<b>59</b>
- Neither of these	9	9	9	<b>15</b>	6
No information or advice	65	68	<b>60</b>	<b>46</b>	<b>23</b>

Base = all SMEs

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). A2/C1. Single answer only allowed at this question.

Seeking information or advice increased with business size. Thirty-one per cent of those with no employees sought it, compared with 77 per cent of medium-sized businesses. Younger businesses were more likely to seek either information or advice (49 per cent of those aged 0-3 years) than older ones (34 per cent of those aged 4-10 years, 32 per cent of those aged more than 10 years). By sector, information or advice was most likely sought by those in accommodation/food (49 per cent).

<sup>12</sup> Information was defined as 'any information relating to day to day running of business', and advice as 'any strategic advice to help business grow'. In this context advice is more intensive and more likely to result in a change to the business's behaviour.

**Table 3.2: Sought information/advice in the last 12 months – by sector, age of business, and age and gender of business owner (row percentages)**

	n=		Any info. /advice	Any info.	Any advice	No info. /advice
All SMEs	902	%	34	18	13	65
<b>Sector</b>						
Manufacturing	113	%	34	21	11	66
Construction	66	%	28	16	<b>3</b>	72
Retail/wholesale	119	%	31	14	<b>20</b>	69
Accommodation/food	44	%	<b>49</b>	<b>33</b>	<b>24</b>	<b>51</b>
Information/communications	60	%	35	13	15	65
Business services	164	%	39	23	15	61
Administrative services	69	%	36	24	14	61
Other services	215	%	33	15	12	67
<b>Age of business</b>						
0 to 3 years	150	%	<b>49</b>	<b>32</b>	<b>22</b>	<b>50</b>
4 to 10 years	271	%	34	17	18	66
Over 10 years	474	%	32	16	9	68
<b>Age of business owner</b>						
Under 35	118	%	41	21	<b>26</b>	<b>56</b>
35 to 49	341	%	<b>38</b>	21	15	61
50 or over	434	%	32	17	11	68
<b>Gender of business owner</b>						
Male	562	%	36	17	15	64
Female	340	%	31	21	10	68

Base = all SMEs

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). A2/C1. Single answer only allowed at this question.. NB: row percentages are shown

Those in the accommodation/food sector were more likely than average to seek both information and advice, as was also the case for businesses aged zero to three years. Those in the retail/wholesale sector were more likely than average to seek advice, whilst those in the construction sector were less likely than average to seek it. Under 35 year old business owners were more likely than SMEs generally to have sought advice. There were no significant differences according to the gender of the business owner.

Interestingly, not all of those that used mentors in the last 12 months considered that they had sought information or advice in this time period (76 per cent did so, with only 43 per cent considering that they had sought advice). This may be because those with existing relationships with mentors did not consider they had sought external information or advice from their mentor, or it could be that mentors were not thought of as an external source.

## Types of information/advice needed

Information or advice was mainly sought on financial matters for the general running of the business (42 per cent for information needs, 30 per cent for advice needs). Thirteen per cent sought advice on business growth, and the same proportion sought it for advice on how or where to get finance. The other main needs for information or advice were related to e-commerce/technology, marketing, legal issues, regulations, employment law/redundancies, starting a business and exporting.

**Table 3.3: What did they seek information or advice about in the last twelve months**

	Any information or advice	Any information	Any advice
n=	404	211	179
	%	%	%
Financial advice/info for general running of business	33	<b>42</b>	30
Business growth	13	14	<b>23</b>
Advice/info on how/where to get finance	13	12	17
Tax/national insurance law and payments	12	16	10
E-commerce/technology	11	16	14
Marketing	9	10	8
Legal issues	9	9	9
Regulations	8	9	7
Employment law/redundancies	7	10	7
Starting a business	6	7	6
Exporting	5	5	<b>12</b>
Health and safety	3	4	3
Business planning/strategy	3	3	3
HR/Personnel/Recruitment	3	2	4

Base = all SMEs that sought advice/information in the last 12 months

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). C2. Multiple answers allowed at this question.

Advice, as opposed to information, was more likely to be sought for business growth. This was also the case with exporting.

Larger SMEs were more likely to need information or advice on employment law, and less likely to want it for the general running of the business. Business growth information and advice was sought equally by all sizes and ages of SMEs, across all sectors and according to the age, gender and ethnicity of the business owner.

## Where information/advice sought

Information was most likely sought from accountants (38 per cent), whilst advice was as likely to come from friends and family members (24 per cent each). The other main sources for information and advice were consultants/general business advisers, internet searches, trade bodies, banks, business networks, the .GOV website, and local authorities.

**Table 3.4: Where information or advice was sought in the last twelve months**

	Any information or advice	Any information	Any advice
n=	404	211	179
	%	%	%
Accountant	27	<b>38</b>	24
Friend/family member	15	15	<b>24</b>
Consultant/general business adviser	14	16	16
Internet search/google	14	13	15
Trade associations/business representation bodies (e.g. FSB, CoC)	13	11	10
Bank	11	12	14
Business networks	8	6	6
.GOV/Business Link website	7	7	9
Local Authority	6	4	<b>10</b>
Work colleagues	5	6	6
Specialist financial adviser	4	3	5
Mentor/mentoring organisation	2	3	1
Solicitor/lawyer	1	1	1

Base = all SMEs that sought advice/information in the last 12 months

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). C3. Multiple answers allowed at this question.

The notable finding here is that only two per cent of those that sought information/advice, said they received it from a mentor or mentoring organisation. Among those that used a mentor in the last 12 months, 11 per cent cited seeking information or advice from them<sup>13</sup>.

This seems to indicate that those with mentors may not spontaneously refer to them by this term. Indeed, they may be considered friends or family, consultants or colleagues. This supposition is supported by the fact that those using mentors in the last 12 months were more likely than average to have said that they received information or advice from friends/family (23 per cent) and consultants/business advisers (28 per cent).

<sup>13</sup> This was a spontaneous answered question, i.e. there was no prompting. With prompting, the proportion citing information or advice from a mentor is likely to have been higher.

Furthermore, it may be that those with mentors do not think of them as providing 'information and advice'. Mentors are supposed to provide guidance and support, act as a sounding board and critical friend, and it may be that this role is not considered as 'advice' as such.

## Whether pay for information/advice

Thirty-six per cent of those that sought information or advice said that they paid for any of it. This proportion did not vary between those that sought information and those that sought advice.

Larger SMEs were more likely to pay for information or advice (56 per cent of small businesses, 81 per cent of mediums). Those aged 0-3 years were less likely to pay for it (20 per cent). The supposition here is that younger businesses may be less able to pay for information and advice.

## Frequency of accessing information/advice

Seven per cent of those that sought information or advice in the last year accessed it weekly or more often. Thirteen per cent accessed it a few times per month, 18 per cent every 1-2 months, 28 per cent 3-4 times a year, and 33 per cent less often.

**Table 3.5: Frequency of accessing information/advice – by age of business**

	Any information or advice	0-3 years old	4-10 years old	Over 10 years old
n=	404	75	119	209
	%	%	%	%
Weekly or more often	7	<b>15</b>	<b>11</b>	<b>2</b>
A few times per month	13	<b>24</b>	<b>5</b>	14
About every 1-2 months	18	13	13	<b>22</b>
3-4 times per year	28	28	30	27
Less often	33	<b>17</b>	<b>40</b>	33

Base = all SMEs that sought advice/information in the last 12 months

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). C6. Single answer only allowed at this question.

By age of business, those aged 0-3 years accessed information or advice more frequently (39 per cent more often than monthly). The implication is that younger businesses are less experienced, and therefore have both a greater need for information/advice at all, and more of it when it is needed.

## Value of information/advice

Of those that sought information or advice in the last 12 months, 33 per cent found it very valuable (gave a rating of five out of five), 27 per cent found it fairly valuable (four out of five). Sixteen per cent did not find it valuable (a rating of one or two out of five).

Younger businesses aged 0-3 years were more likely to find it valuable (79 per cent gave a rating of four or five out of five) than older businesses. This is perhaps because younger businesses have less experience, and therefore more to learn from external information and advice. There were no differences by size, sector or diversity.

There was no perceived difference in the value of information or advice according to whether it was paid for or not. Sixty-five per cent of those paying for it rated it as very or fairly valuable, compared to 58 cent of those that did not pay (the difference is not statistically significant).

## 4. Awareness of business mentors/how found

This section explores whether SMEs are aware of business mentors, whether a mentor has been used, and how mentors were found.

### Awareness of business mentors

Overall, 69 per cent of SMEs were aware of business mentors (described as people with business expertise that support other businesses in development and running of the business).

**Table 4.1: Awareness of business mentors<sup>14</sup> – by age of business**

	All SMEs	0-3 years old	4-10 years old	Over 10 years old
n=	902	150	271	474
	%	%	%	%
Yes – aware	69	72	71	67
No – not aware	31	28	29	33

Base = all SMEs

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). A3. Single answer only allowed at this question.

Awareness of mentors did not vary significantly by either size or age of business (69 per cent of those with no employees were aware, 67 per cent of micros with 1-9 employees, 73 per cent of small businesses with 10-49 employees, and 75 per cent of medium-sized businesses with 50-249 employees). However, there were differences by sector. 84 per cent of those in the information/communications sector were aware of mentors, compared to just 49 per cent of those in construction.

Older business leaders were more likely to be aware of mentors than younger ones (72 per cent of those aged 50 or more, compared to 58 per cent of those aged under 35). There were no significant differences in this proportion according to gender or ethnicity.

In the qualitative stage, most of the SMEs not using a business mentor reported that this was because they were not aware of such a service.

<sup>14</sup> A3: 'Are you aware of business mentors – people who do not work for you business but who have business expertise and can support you on the development and running of your business?'

## How became aware of mentoring

Of those aware of mentors, 11 per cent said they first became aware through personal experience, or because they had always known about them; ten per cent mentioned print media; nine per cent friends and family; seven per cent the internet; and seven per cent other (non-press) media. There were a large number of other different ways in which SMEs became aware of mentoring.

**Table 4.2: How first became aware of business mentors (spontaneous) – by age of business**

	All aware of mentors	0-3 years old	4-10 years old	Over 10 years old
n=	649	117	191	339
	%	%	%	%
Personal experience/have always known	11	<b>19</b>	<b>14</b>	<b>7</b>
Print media/press	10	5	8	12
Friends/family	9	8	<b>14</b>	<b>6</b>
Internet/online	7	<b>16</b>	8	<b>4</b>
Other media (non-press)	7	5	5	9
Business networks	6	6	6	7
Word of mouth	6	5	8	5
Business Link	5	6	4	5
Approached by mentor	4	1	*	6
Through work	4	*	<b>8</b>	3
Bank	3	3	2	3
Offer mentoring advice myself	3	<b>5</b>	<b>6</b>	<b>1</b>
Federation of Small Businesses	2	<b>4</b>	*	2
Work colleagues	1	3	1	1
Accountant	1	0	2	1
Unsolicited email	1	1	*	2
Consultant	*	*	*	*
Other	12	13	14	11
Can't remember	12	<b>4</b>	<b>6</b>	<b>16</b>

Base = all SMEs aware of business mentors

\* = a figure of less than 0.5% but greater than zero. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). A4. Multiple answers allowed at this question.

Younger businesses aged up to three years were more likely than average to have been made aware through personal experience, or via the internet. Medium-sized businesses were more likely than average to have become aware through word of mouth (14 per cent).

The implication here is that younger businesses (and younger business owners), make more use of the internet than older ones, and are therefore more liable to hear about

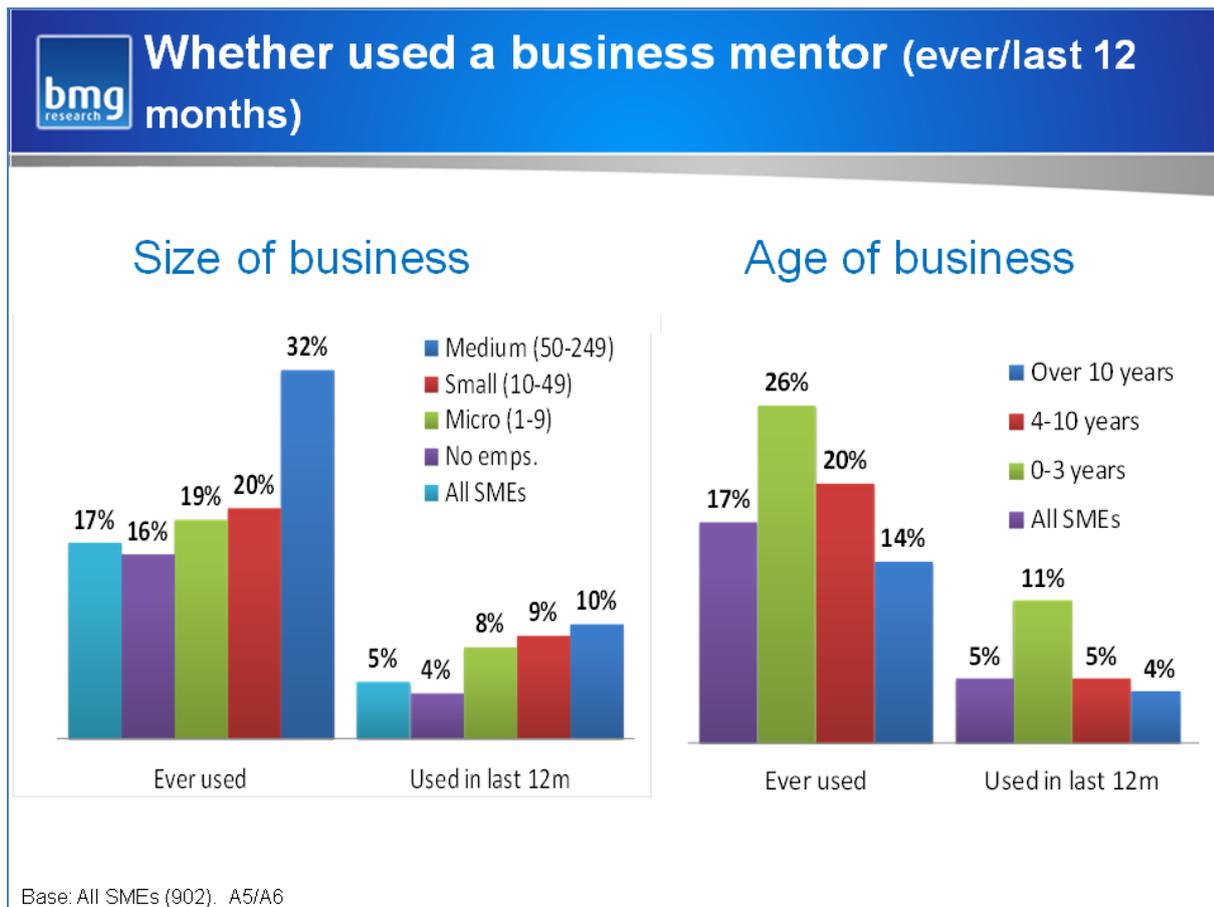
mentors through this channel, implying that the internet is an effective channel for the promotion of mentoring for younger businesses. For older businesses no such implication can be concluded as they were less likely to have heard about mentors through all the various channels, and more likely not to remember where they had heard about them.

Overall, four per cent were approached directly by mentors offering their services. This proportion was higher than average among manufacturing businesses (17 per cent). It is not clear why this should have been the case, but manufacturing businesses are more prone to be targets for business support, e.g. through the Manufacturing Advisory Service (MAS).

## Whether used a business mentor

Seventeen per cent of SMEs had ever used a business mentor. However, only five per cent were found to have last worked with a mentor in the last 12 months<sup>15</sup>. This demonstrates that usage of a mentor is not continuous, and suggests that businesses may take on a mentor for a period only.

**Figure A: Whether used a business mentor – by size and age of business**



<sup>15</sup> This figure compares with six per cent having used a mentor in the last 12 months in the 2012 Small Business Survey.

There are some very clear patterns in terms of the types of SMEs most likely to use mentors. Larger SMEs were more likely than smaller ones to have ever used a mentor (16 per cent of those with no employees, rising to 32 per cent of mediums), and younger businesses were more likely to have ever used a mentor compared to older ones (26 per cent of those aged 0-3 years, compared to 14 per cent of those aged over 10 years). This is somewhat of a dichotomy, as large SMEs also tend to be older, and smaller SMEs younger (in this survey, only three per cent of medium-sized businesses were aged 0-3 years).

One might expect the proportion that had ever used a mentor to have grown with age, but this was not the case. Rather the suggestion is that use of mentors has become more prevalent in recent years, despite the slight decline in mentoring usage between the 2010 and 2012 Small Business Surveys<sup>16</sup>. It does appear that mentors are often used around the time of business start-up (see the later section on tipping points), which explains why businesses aged 0-3 years were more likely than average to have used one in the last 12 months. The fact that medium-sized businesses were more likely to have ever used a mentor may be explained by rapid business growth: the mediums interviewed having once been smaller newer businesses.

There were differences in usage of mentors by sector also. Those in information/communications (24 per cent), food service/accommodation (25 per cent) and other services (22 per cent) were more likely than average to have ever used a mentor, whilst those in construction (nine per cent) were the least likely to have ever done so. Thus, the pattern for usage by sector was much the same as the pattern for awareness.

There were no significant differences in the proportions ever using a mentor according to gender and ethnic group of the business owners, but those aged under 35 were more likely to have used one (24 per cent) than older business owners (17 per cent).

Of those using mentors, 30 per cent last worked with them in the last 12 months, nine per cent between one and two years ago, 11 per cent between two and three years ago, 15 per cent between three and five years ago, 15 per cent between five and ten years ago, and 19 per cent more than ten years ago.

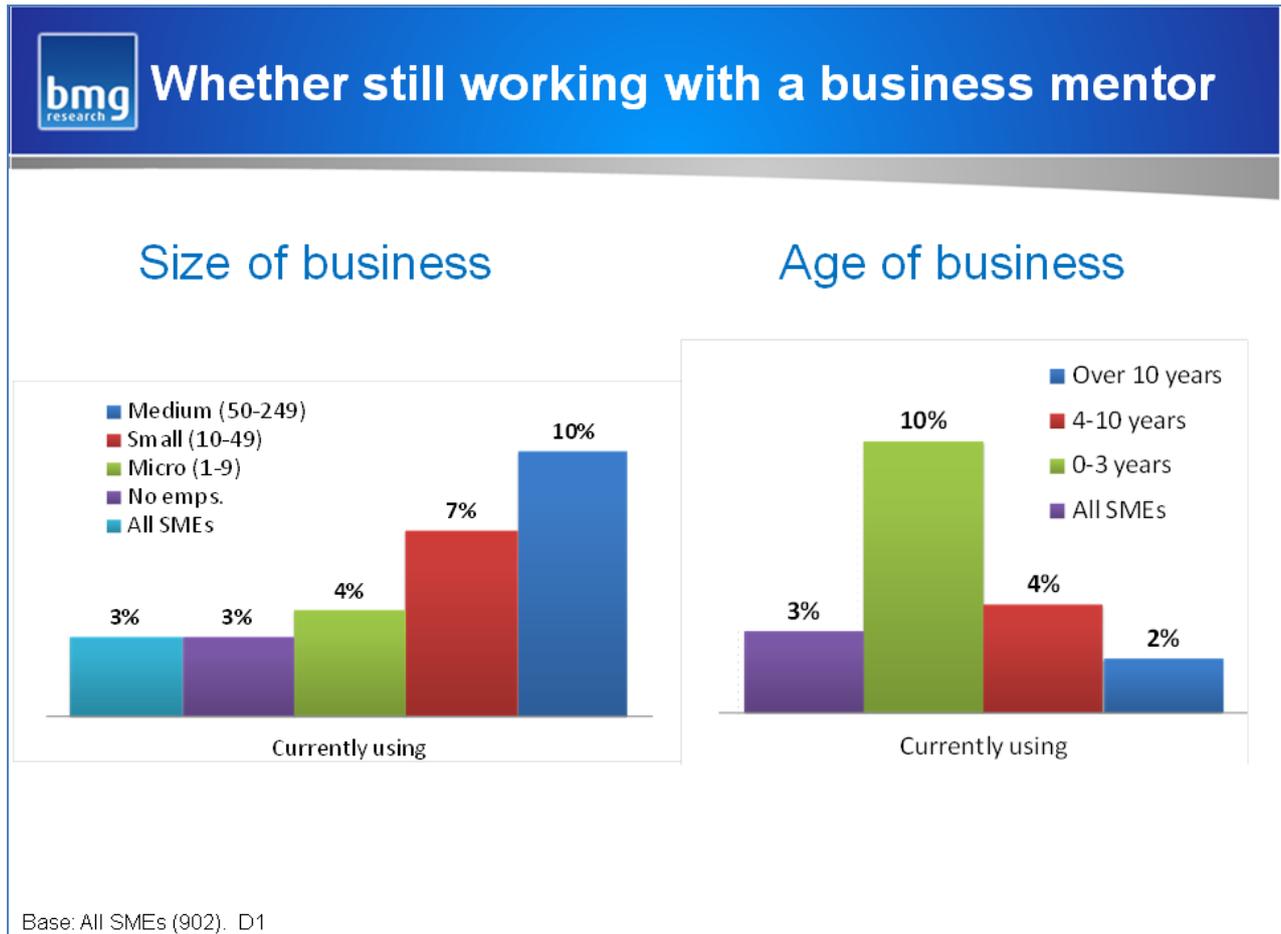
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<sup>16</sup> The Small Business Survey did not measure the proportion using a mentor prior to 2010.

## Whether currently using a business mentor

We have seen that 17 per cent of SMEs have ever used a mentor, and that five per cent have used one in the last 12 months. However, the proportion currently using a mentor is even lower, at three per cent overall.

**Figure B: Whether still working with a business mentor – by size and age of business**



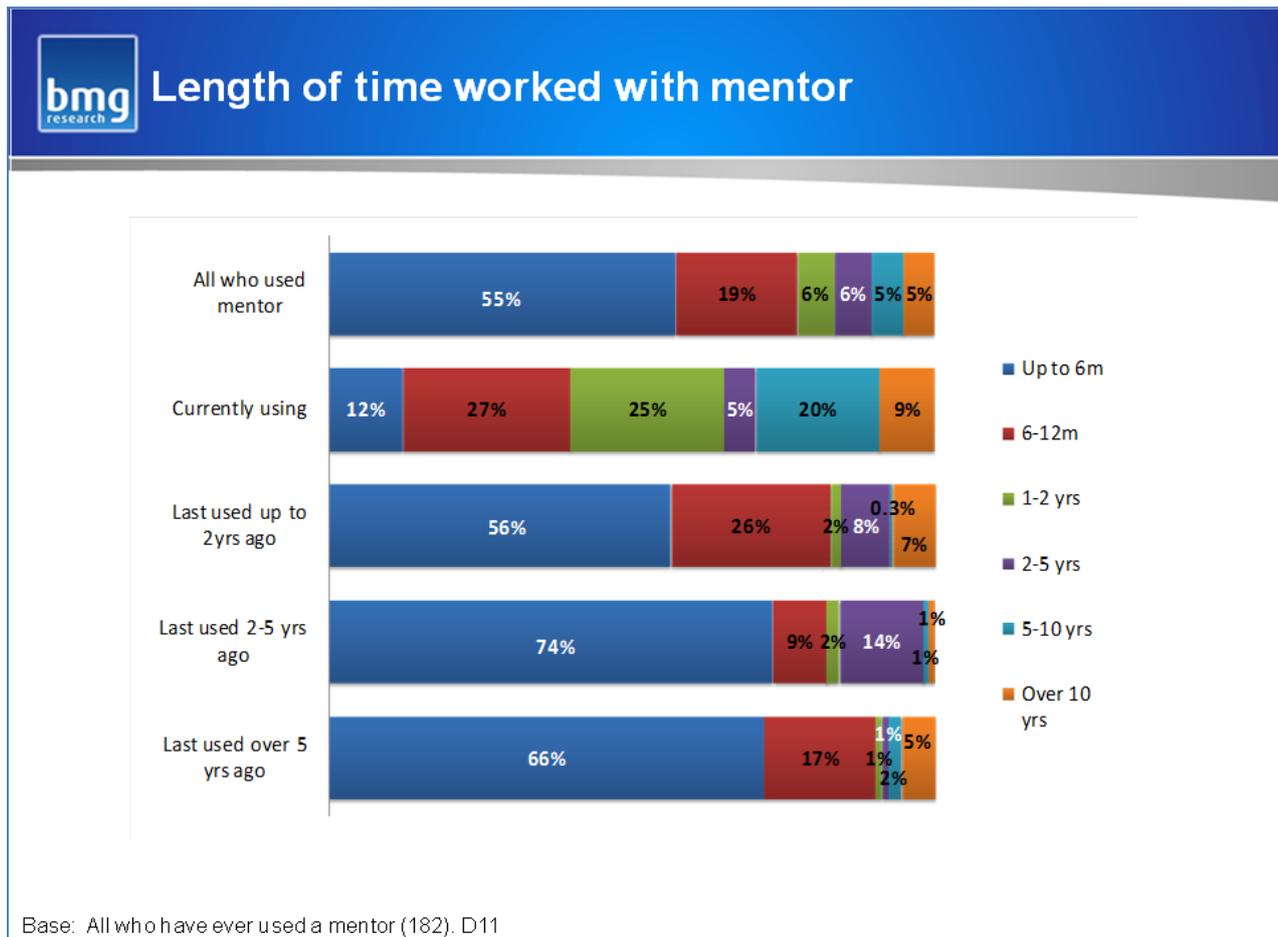
Therefore, of those who used a mentor in the last 12 months, a third were no longer working with them at the time of interview. This demonstrates that mentoring is not necessarily a continuous relationship, and that the time spent working with a mentor could be comparatively short.

The drop off between working with a mentor in the last 12 months, and still working with them, was most noticeable for small businesses (10-49 employees), where the proportion dropped from eight to four per cent, and for businesses aged over ten years, where the proportion dropped from four to two per cent. These may be groups more likely to use mentors for specific problems and issues, rather than taking them on a continuous basis.

## Time spent working with mentor

Among those who had ever used a mentor, 55 per cent worked with them for up to six months, 19 per cent between six and 12 months, six per cent for between one to two years, six per cent for between two to five years, five per cent for between five and ten years, and five per cent for over ten years.

**Figure C: Length of time worked with mentor – by when a mentor was last used**



The length of time spent working with a mentor was very different according to when a mentor was last used. Of those currently working with mentors, 12 per cent have worked with them for up to six months, 27 per cent between six and 12 months, 25 per cent between one and two years, five per cent between two and five years, 20 per cent between five and ten years, and nine per cent over ten years. The median average length of time that these SMEs have worked with a mentor is one to two years.

Those who had mentors in the past spent, on average, much less time working with them. Sixty-six per cent worked with them for less than six months, 17 per cent between one and two years, one per cent between one and two years, seven per cent between two and five years, one per cent between five and ten years, and four per cent over ten years. The median average length of time was less than six months.

Therefore, 30 per cent of those currently using mentors, but only five per cent of those using mentors in the past, use/have used them for more than five years. For the majority of

those that have ever used a mentor it appears to be a short term relationship, lasting less than six months (55 per cent of all that used them), but for a minority a long-term relationship does develop.

Looking at whether a mentor was used for two or more years, and whether they are still being used, we find the following proportions (based on all who have ever used a mentor):

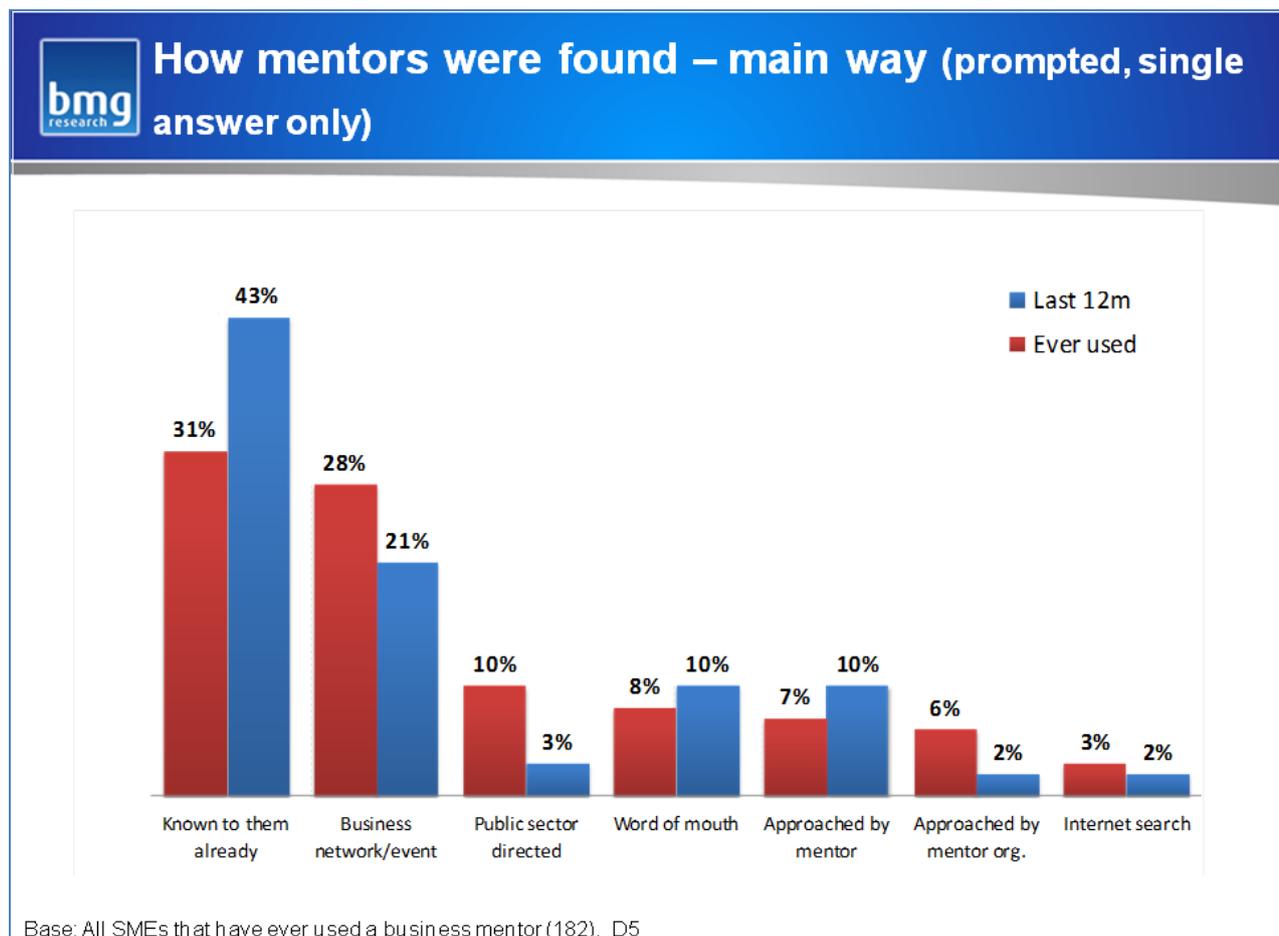
- Seven per cent still working with them, used for two or more years
- Thirteen per cent still working with them, used for less than two years
- Ten per cent no longer working with them, used for two or more years
- Sixty-seven per cent no longer working with them, used for less than two years

Cross-analysing when a mentor was last used with age of business, it appears that 36 per cent of those who ever used a mentor last did so in the first year of their business's life.

## How found a business mentor

Those that had ever used a mentor were asked the main way in which they had found them. This was a prompted question.

**Figure D: How business mentors were found**



Thirty-one per cent said that they were known to them already, 28 per cent that they had found them via a business network or event, ten per cent were directed by a public sector

organisation, and eight per cent found them by word of mouth. Seven per cent said they were approached by the mentor themselves, and six per cent were approached by a mentoring organisation. Only three per cent said they found them through a website or internet search.

The proportion finding a mentor mainly through an internet search does not vary significantly by the gender, age or ethnicity of the business owner (small sample sizes mean it is difficult to be conclusive for this).

Among those using mentors in the last 12 months, a higher proportion (43 per cent) said the mentor was known to them already. Younger businesses aged 0-3 years were more likely than average to say they had found them through word of mouth (20 per cent).

In the qualitative research, most of the SMEs that had used a mentor did not actively search for one, but had decided to use a mentor as the result of a direct approach from a mentoring organisation advertising the support they could provide<sup>17</sup>.

Other SMEs had identified possible mentors following attendance at networking or business events such as Chamber of Commerce and FSB meetings.

*'We had coffee (at a FSB networking event), and this guy I knew John suggested speaking to Nick to get a different viewpoint.'*

A few SMEs had found their mentors through their business relationships, e.g. accountants and solicitors that they had previously used in other capacities.

The implication is that SMEs are more likely to use a mentor that they have met (either somebody they knew already or somebody they were introduced to, perhaps via a business network or event). Very few claimed that the main way in which they found their mentor was through an internet search, although that is not to say that the internet may not have played a part in their customer journey.

## **'Tipping' points**

One area of management research,<sup>18</sup> proposes that businesses face a series of tipping points,<sup>19</sup> such as recruitment, new market entry and obtaining finance. Dealing positively and constructively with these tipping points requires capabilities and skills which are often not present in a large number of SME employers.<sup>20</sup> Hence businesses may use mentors to successfully deal with these tipping points.

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<sup>17</sup> This finding should be considered in the context that the majority of businesses that had used mentors were recruited to the research as a result of contacts obtained from mentoring organisations.

<sup>18</sup> Bessant et al (2005) "A review of the literature addressing the role of external knowledge and expertise at key stages of business growth and development"

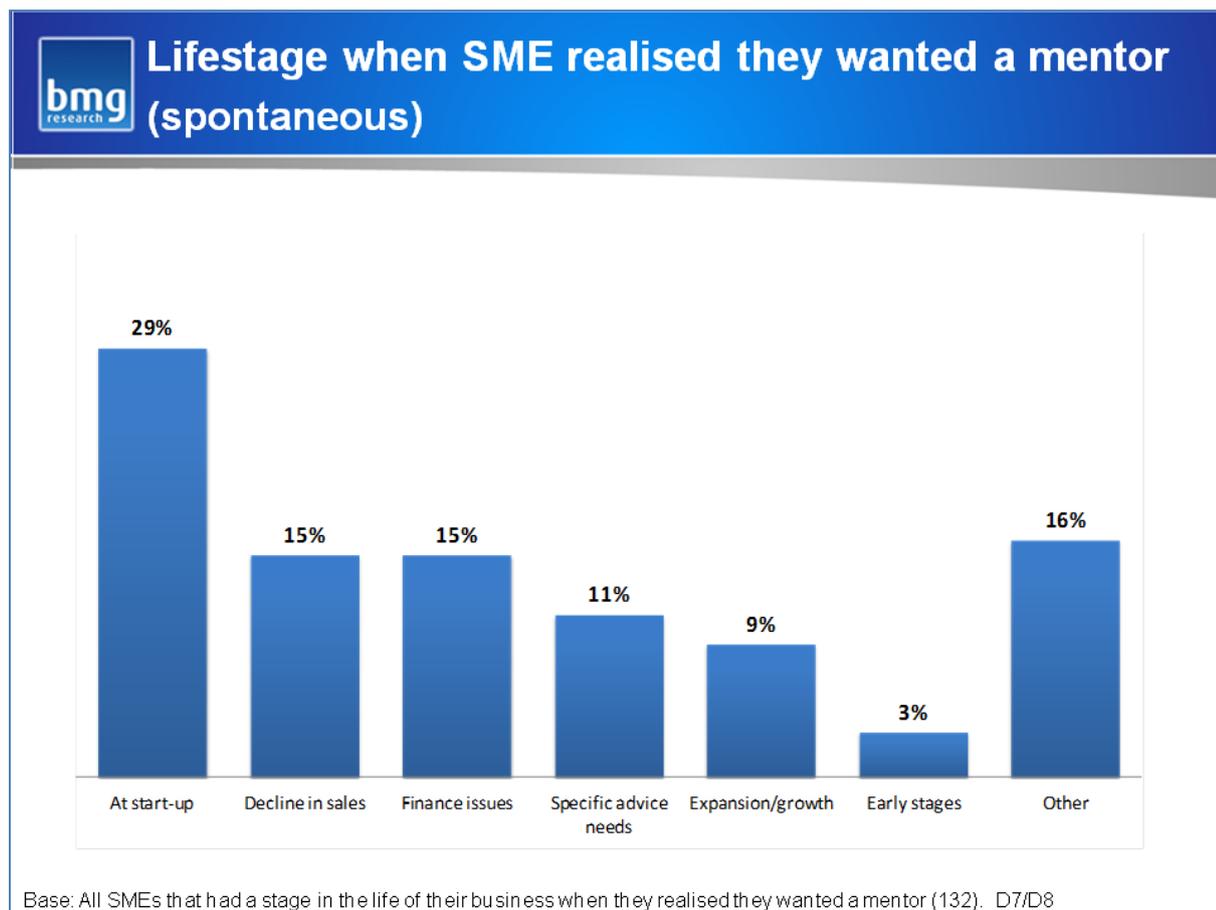
<sup>19</sup> These may be encountered many times.

<sup>20</sup> See Small Business Survey (2012).

Of those who have ever used a mentor, 69 per cent said that there had been a point in the life of their business, or a particular challenge, when they realised they would benefit from the support of a mentor.

This was more likely to be the case for businesses aged less than ten years (80 per cent for 0-3 years, 82 per cent for 4-10 years), than for those aged over ten years (57 per cent).

**Figure E: Lifestage when SME realised they wanted a mentor**



Asked what this point in time was, 29 per cent said it was at the start of their business. Fifteen per cent said it was a decline in sales, 15 per cent finance issues, 11 per cent when they had specific needs for advice, nine per cent expansion or growth of the business, and three per cent in the early stages of their business (e.g. first few years). This was an unprompted question and it should not be taken to mean that more SMEs sought mentors to halt a decline than to help with growth.

In the qualitative no particular 'tipping points' were identified among those that used mentors. This was partly because most of those interviewed with mentors had been referred by mentoring organisations who had actively recruited SMEs. These SMEs chose to work with a mentor at this point to 'see *what they could offer*', although a few had specific problems, e.g. HR issues associated with making redundancies.

Even those who found mentors in other ways could not identify specific points at which they needed a mentor, and indeed most in the qualitative claimed they did not actively seek a mentor.

## Segmentation of those using mentors, based on how found

In the quantitative research, the majority of those that had ever used a mentor (62 per cent) said that they did actively seek a mentor. Those with no employees (64 per cent), and micros businesses with mentors (57 per cent) were more likely to have said this than small (48 per cent) and medium-sized businesses (38 per cent). Those in other services were more likely than other sector groups to have said this (73 per cent).

Combining this data with how they found their mentor, we are able to form a simple segmentation of how mentors were found.

**Table 4.3: Size of segments – based on how mentor was found<sup>21</sup>**

Segment	Actively sought a mentor	How found	Type of mentor	Size of segment (all)
				n = 182
				%
Active, informal	Yes	Known to them already	Mainly informal	22
Active, sought mentor through 'formal' means	Yes	They approached mentor/mentoring org./ themselves or were directed by public sector/internet	Mainly specialist	22
Active, found through networking	Yes	Found through business network/event	Mainly specialist	18
Non-active, approached	No	They were approached by mentor/mentoring org./directed by public sector/internet	Mainly specialist	17
Non-active, informal	No	Known to them already	Mainly informal	12
Non-active, found through networking	No	Found through business network/event	Mainly specialist	10

Base = all SMEs that have ever used a business mentor. D4/D5/D6. Single answer only at this question.

<sup>21</sup> These segments are formed from looking at the answers to questions D6 (whether actively sought a mentor), D5 (main way in which mentor was found) and D6 (type of mentor).

The most populous segments were those who had asked somebody to help them that they knew already (22 per cent of those ever using mentors), and those who had actively sought a mentor who found one through formal means such as mentoring organisations, public sector organisations (possibly Business Link) or websites (also 22 per cent). For the first of these segments, the mentors found were mainly informal such as friends/family, for the latter the mentors found were mainly specialist.

Eighteen per cent had actively sought a specialist mentor who they had found through business networks or events, with a further ten per cent finding a specialist mentor through business networks or events that they did not actively seek.

The final two segments comprise those who did not actively seek a mentor, but who were approached by mentors/mentoring organisations (17 per cent), and those who found an informal mentor without searching for one (12 per cent).

Although it is difficult to conduct further analysis because of small sample sizes, there are some interesting differences according to the age of business. SMEs aged 0-3 years were more likely than older SMEs to be in the segment that had actively sought a mentor through mentoring organisations, the internet and the public sector (34 per cent, compared to 19 per cent of older SMEs), whilst older SMEs were more likely to be in the segment that actively sought a mentor through business networks or events (20 per cent of those aged over three years, compared to six per cent of those aged 0-3 years).

## 5. Interest in using business mentors

This section explores interest in using a business mentor among those that have never used one before, or are not using one at the moment. It also explores perceptions of how a mentor might be found, and the ideal characteristics that business owners are looking for in a mentor.

### Interest in using a business mentor

Overall, 29 per cent of those not currently using a mentor would be interested in using one in the future.

**Table 5.1: Interest in using a business mentor – by age of business**

	All aware of mentors	0-3 years old	4-10 years old	Over 10 years old
n=	841	132	256	446
	%	%	%	%
Yes	29	<b>46</b>	<b>41</b>	<b>21</b>
No	63	<b>49</b>	<b>48</b>	<b>71</b>
Don't know	8	5	11	8

Base = all SMEs that are not using mentors currently

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). E1. Single answer only allowed at this question.

Earlier in the questionnaire, those who had not used a mentor in the last 12 months had mentoring explained to them, as part of the behavioural science exercise (see annexe). This may have had a slight effect of encouraging a greater proportion of SMEs to say they were interested in using a mentor than would otherwise have been the case (in the Small Business Survey 2012, 22 per cent of those not currently using a mentor said they would be interested in using one).

There were clear patterns in terms of interest according to age and size of business. Younger businesses were more interested than older ones, with 46 per cent of those aged 0-3 interested, 41 per cent of those aged 4-10 years, and only 21 per cent of those aged over 10 years.

This finding by age of business was echoed by age of respondent. Two-thirds of those aged under 35 (66 per cent) were interested in mentoring, compared to 38 per cent aged 35-49 and 20 per cent of those aged 50 or more.

Forty-six per cent of business owners from ethnic minorities were interested in using a mentor, compared to 28 per cent of white business owners. There were no differences according to the gender of the business owner.

Twenty-seven per cent of SMEs with no employees were interested, compared to 33 per cent of micros, 40 per cent of small businesses, and 44 per cent of medium-sized ones. By sector, those in business services not currently using a mentor had an above average propensity to be interested in using one in future (40 per cent).

Fifty-five per cent of those that had used a mentor in the past were interested in using a mentor again, compared to 25 per cent of those that have never used a mentor before. This finding also shows that a relatively high proportion of those who have used mentors in the past would not want to do so again. The main reason for this seems to be that mentors were used for specific purposes in the life of the business, and the business owner no longer feels they are necessary (see Chapter 7).

Awareness and understanding of what a business mentor can do are crucial in stimulating interest in mentoring. In the qualitative stage most of those interviewed who did not use mentors were unaware of them, but once it was explained what they did more than half of them expressed an interest in finding out more.

## **Perceptions of where a mentor might be found**

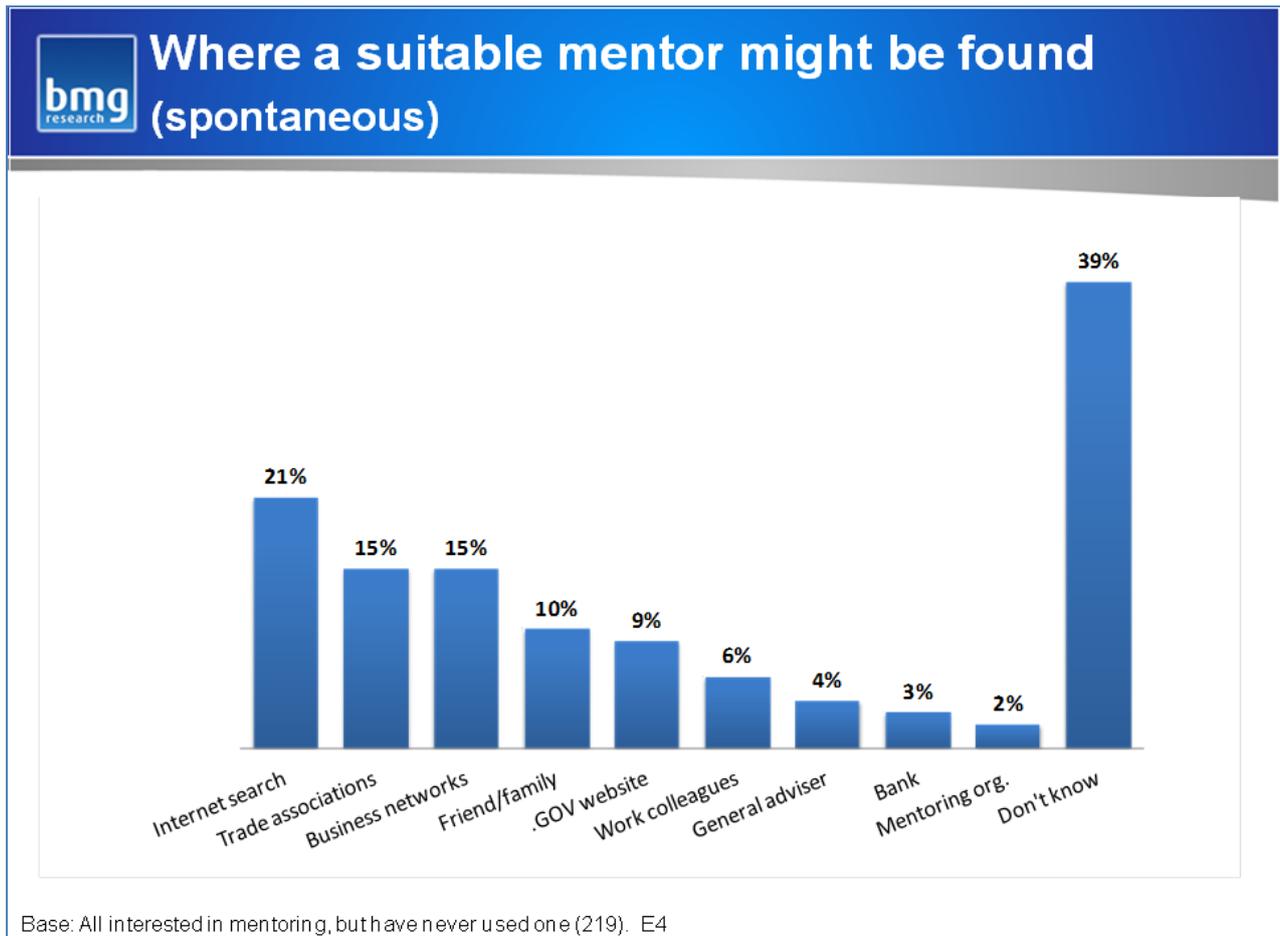
Those that were interested in using a mentor, but had never used one before, were asked where they thought they might find a suitable mentor. Twenty-one per cent would search the internet, 15 per cent would contact a business network and the same proportion would use their business networks. Others would ask or use friends or family, use the .GOV website (sometimes still referred to as Business Link), ask/use work colleagues or general advisers (see Figure F overleaf).

Thirty-nine per cent did not know where they would find a mentor. This high proportion suggests a failure in the promotion of mentoring, which needs to be overcome by advertising and marketing.

The other interesting finding here is that whilst 21 per cent of those interested in mentoring thought they would find one via the internet, only three per cent of those who have used a mentor say they (mainly) found them this way.

This apparent disparity may just be due to question wording. Those who have used mentors were asked about the main way in which mentors were found, and it may be that the internet played some role in their search, but this was not considered to be the main way. On the other hand, a high proportion of those interested in mentoring may just assume that the internet is the way to find a mentor. What the findings do seem to imply, however, is that the internet alone is not enough to put SMEs in touch with a suitable mentor.

**Figure F: Where a suitable mentor might be found**



## Mentorsme

Mentorsme.co.uk<sup>22</sup>, which aims to put SMEs in touch with the most appropriate mentoring organisation or individual mentor, was set up by the Business Finance Taskforce<sup>23</sup> in 2010. With internet searches being the most mentioned way in which prospective-mentees said they would find mentors, mentorsme would seem to provide a valuable resource for those seeking mentors.

Only four per cent of SMEs had heard of mentorsme in this survey. This compares with nine per cent awareness in the 2012 Small Business Survey, which was conducted over the summer months<sup>24</sup>.

Awareness of mentorsme was no different according to size of SME, but newer businesses were more likely to have heard of it (seven per cent of those aged 0 to 3 years).

Of those aware of the website, 22 per cent had used it (one per cent of all SMEs).

Of those that had used it (ten respondents), seven had used it to find out about mentoring generally, and only one to find a mentor. With the sample sizes of those who have used the site being so small, it is not possible here to judge its effectiveness in bringing together SMEs and mentoring organisations.

There are also actions that mentorsme could perhaps undertake to improve its search results on the internet. Those that want to find a mentor and who start by searching on the internet may not be aware of the name of the website, and may just type in the word 'mentoring'. Doing this via Google in the UK, mentorsme is only the seventh hit<sup>25</sup>, behind Wikipedia, mentorset.org.uk, getmentoring.org, cipd, coaching network and mentoring.org. If 'find a mentor' is entered instead, mentorsme appears as the top result, but SMEs looking for mentors may not think to do this.

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<sup>22</sup> <http://www.mentorsme.co.uk/>

<sup>23</sup> This was set up by the five main UK banks and is independent of BIS

<sup>24</sup> The English Business Survey (EBS) March 2013 reports an awareness figure of 15 per cent for mentorsme. The difference can be explained by variance in the sample universe (the EBS is based on establishments rather than enterprises), but mainly in the way the question was asked. In the EBS respondents are read a list of Government supported types of business support, including .GOV, GrowthAccelerator UKTI and Business in You, and are asked whether they are aware of any of them. Mentorsme is described as 'the national business mentoring website 'mentorsme''. By contrast, the BMG survey simply asks 'have you heard of the mentorsme website?'

<sup>25</sup> As at July 2<sup>nd</sup> 2013

## Expectations of cost

Out of those interested in using a mentor, but who had not used one previously, 49 per cent could not say how much it would cost (approximately) for ten face to face meetings over the course of a year. Six per cent thought these meetings would cost nothing, six per cent up to £250, 13 per cent between £251 and £500, 14 per cent between £501 and £1000, six per cent between £1,001 and £2,000, three per cent between £2,001 and £5,000, and two per cent between £5,001 and £10,000.

Of those giving an amount (including zero), the mean average was £1,100 (or £110 per meeting) and the median average was £700 (or £70 per meeting). These figures were similar to the actual amounts paid for mentoring, among those that paid.

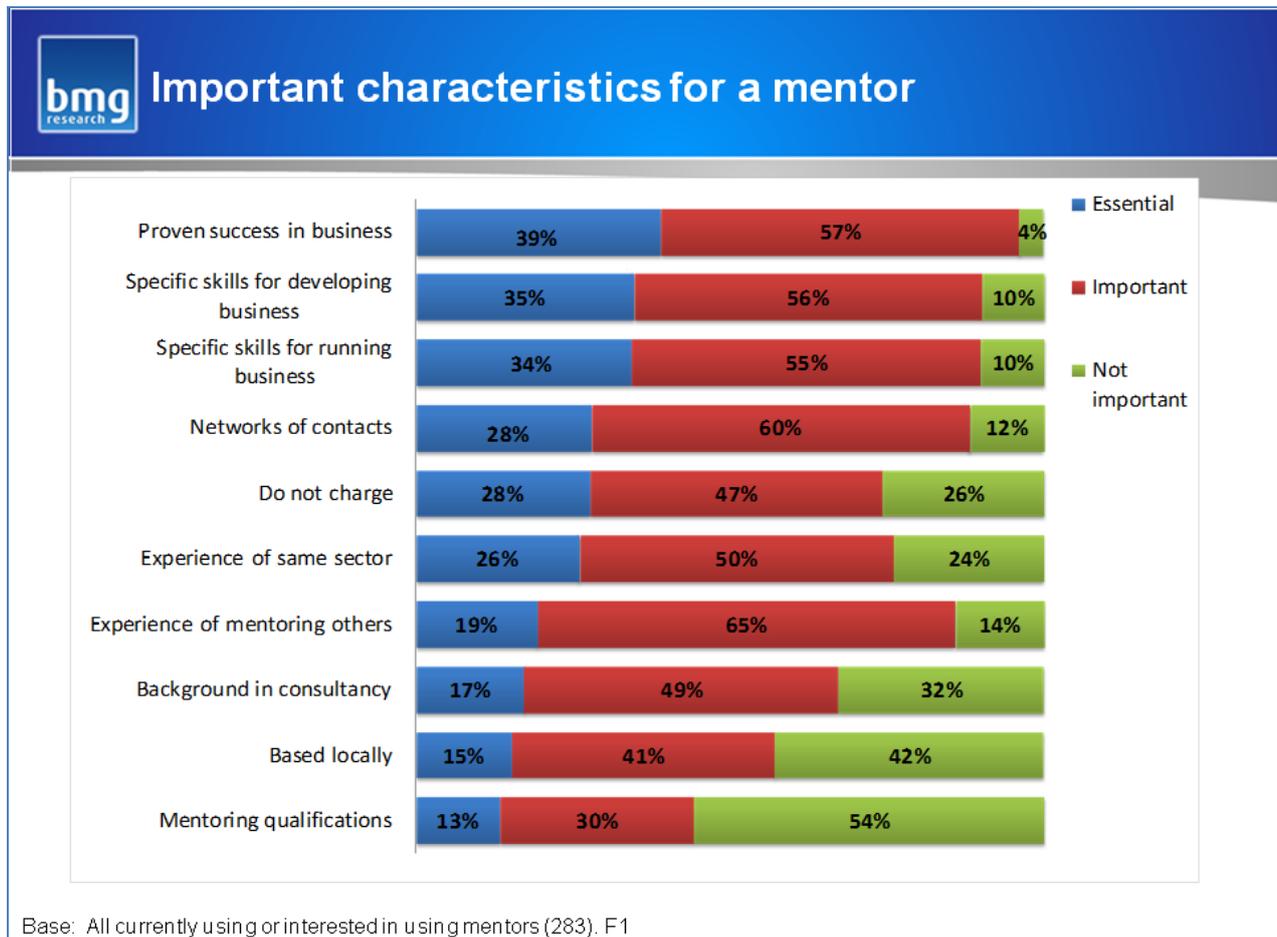
With half of all those interested in mentors not knowing how much it would cost, there is a need to clarify this information when promoting mentoring, as perceived cost is one of the main barriers to the uptake of mentors.

## Ideal characteristics for mentors

Those that have ever used a mentor, and those that were interested in using a mentor in future, were asked how important a number of characteristics were for them to consider working with a mentor.

The most important characteristic was proven success in business, which 39 per cent considered to be essential. This was followed by having specific skills for developing business (35 per cent essential), having specific skills for running a business (34 per cent essential), having networks of contacts (28 per cent essential), not charging fees (28 per cent essential) and having experience of the same sector (26 per cent essential).

The most important characteristics seem to relate to experience and previous success. The implication is that prospective users of mentors may not trust or have confidence in mentors that cannot prove themselves.

**Figure G: Ideal characteristics for mentors**

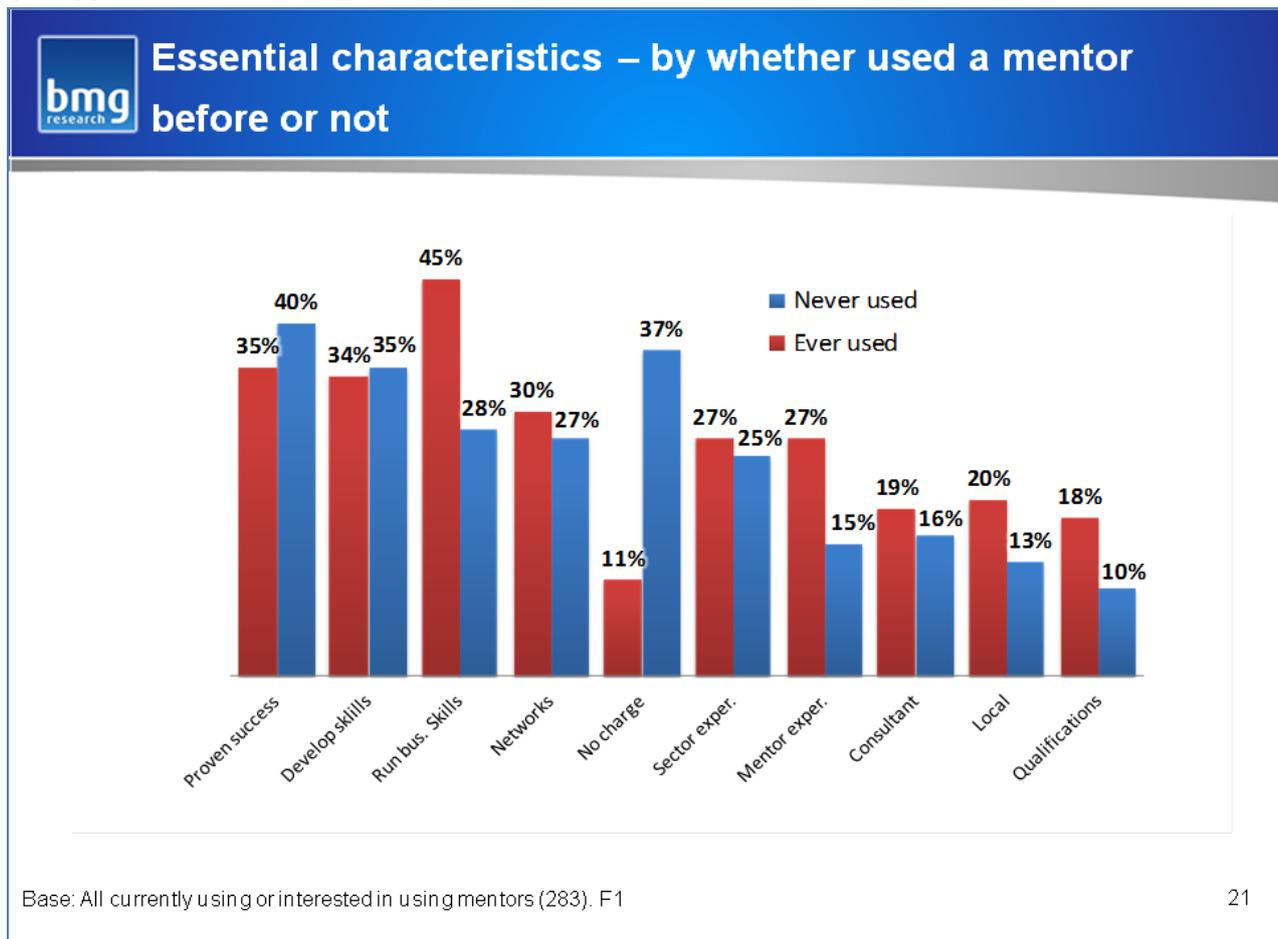
Experience of mentoring others was also considered important (19 per cent essential), but background in consultancy (17 per cent essential, 32 per cent not important), based locally (15 per cent essential, 42 per cent not important) and having mentoring qualifications (13 per cent essential, 54 per cent not important) were less likely to be considered important. The fact that being based locally was comparatively less important may be due to the fact that 'locally' was defined as being within 25 miles.

Other characteristics not shown in Figure G were being from the same ethnic group (two per cent essential, 89 per cent not important), and being from the same gender (one per cent essential, 95 per cent not important).

Only four per cent of women business owners considered being from the same gender as essential (and 0.1 per cent of male business owners), but interestingly 13 per cent of those from ethnic minorities considered it essential. Thirteen per cent of ethnic minority business owners considered mentors being from the same ethnic group as essential.

Whilst overall experience of the same sector was considered essential for 26 per cent, this proportion rose to 56 per cent among manufacturing SMEs, indicating that precise sectorial knowledge for a mentor is essential here.

**Figure H: Essential characteristics for mentors – by whether used a mentor before or not**



The characteristics most likely to be considered essential differed according to whether an SME had used a mentor before or not. Those with experience of mentors were more likely to cite specific skills for running a business e.g. knowledge of regulations and taxation as essential (45 per cent, compared to 28 per cent of those that had never used a mentor). They were also more likely to cite experience of mentoring others (27 per cent, compared to 15 per cent), being based within 25 miles (20 per cent compared to 13 per cent), and having mentoring qualifications (18 per cent, compared to ten per cent). On the other hand, those with no experience were much more likely to mention not charging fees (37 per cent, compared to 11 per cent of those with experience of mentors).

There are some implications here: mentoring organisations are often organised on a local basis, but this may be for mainly practical reasons, as being located nearby was low on the list of essential criteria for a mentor. Having experience of the same sector was considered more important, and perhaps this indicates that mentoring organisations based around sectors would be more appealing. This may also help to improve the matching of suitable mentors to mentees.

The cost of mentoring would appear to be a barrier to those with no experience of mentoring, as 37 per cent said it was essential that there were no fees. However, those with experience of mentoring were much less likely to consider this essential, perhaps because they recognise the benefits of good mentoring and would be prepared to pay for it. This indicates that the perceived cost of mentoring is a barrier to the uninitiated, and that in order to stimulate demand it should be provided free in the first instance, but that perhaps later in time businesses will be willing to pay for the service. Indeed, many mentoring organisation practice this model already, with mentoring being free for the first sessions.

The qualitative research echoed the findings of the quantitative in that SMEs felt that the most important characteristic for a mentor to have was actual business experience, and if the mentor was providing advice on how to grow a business they should have experience of leading and growing a successful business. In the qualitative (but not the quantitative) location was seen as very important in order to aid face-to-face meetings between mentors and mentees, but this may have been cited as most of the qualitative respondents using mentors were recruited via local mentoring organisations.

Some businesses (particularly from less common sectors) also felt that sector specific knowledge was important. However, this varied depending on the type of advice the mentor would be providing e.g. most businesses seeking HR or finance advice felt sector was not a key factor, whilst those interested in growing their businesses felt this was important.

Demographic factors were not seen as important. However, it was noted that in most cases mentors would be older than thirty in order to have sufficient practical experience in business.

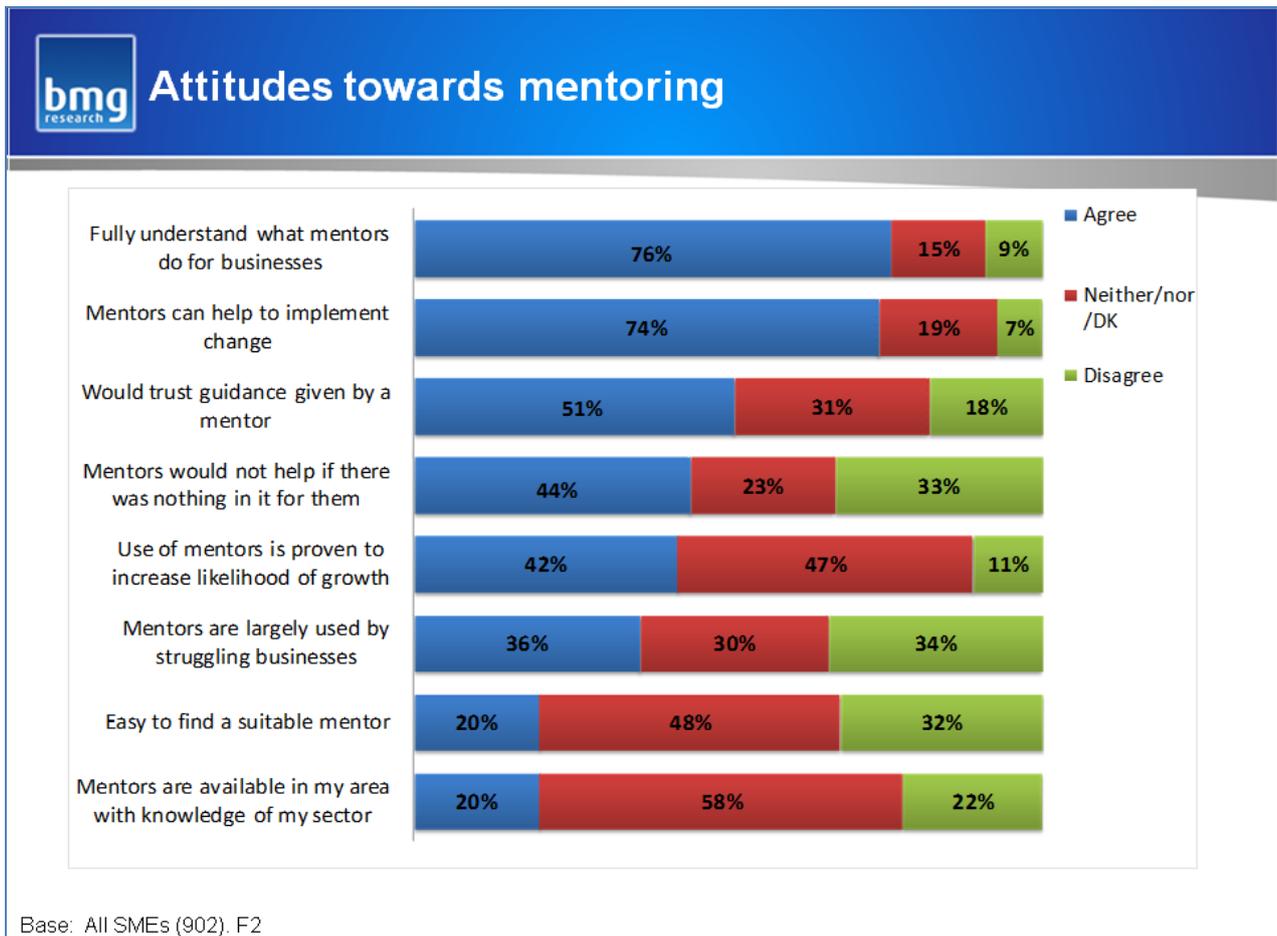
## 6. Attitudes towards mentors

This section explores the perceptions and attitudes of those that do and do not use mentors.

### Attitudes towards mentors

Respondents were read out a series of statements about mentoring and mentors, and asked to what extent they agreed or disagreed with the statements.

**Figure I: Attitudes towards mentoring**



**“I fully understand what mentors do for the businesses that use them”.** Seventy-six per cent of all SMEs agreed with this statement (a proportion higher than that aware of mentors), with nine per cent disagreeing. Most likely to agree were those that had ever used mentors (89 per cent).

**“Mentors can help to implement change”.** Seventy-four per cent per cent of all SMEs agreed with this statement, with seven per cent disagreeing. Eighty-seven per cent of those that had ever used mentors agreed with this statement, with six per cent disagreeing. Seventy-one per cent of those who have never used a mentor agreed with the statement.

***“I would trust the guidance given by a mentor”***. Fifty-one per cent of all SMEs agreed with this statement, with eighteen per cent disagreeing. Most likely to agree were those that had ever used mentors (67 per cent), with 74 per cent of those using mentors in the last 12 months agreeing. Forty-eight per cent of those who have never used a mentor agreed with the statement.

This result is perhaps one that could be used in communications, to overcome any doubts that those who have never used mentors might have.

***“Mentors would not be helping me if there was nothing in it for them”***. Forty-four per cent of all SMEs agreed with this statement, with 33 per cent disagreeing. Most likely to agree were those that had ever used mentors (51 per cent), especially those that used mentors in the past 12 months (58 per cent). Forty-one per cent of those interested in using mentors agreed, with 30 per cent disagreeing.

Any communications to promote mentoring should stress that many mentors are volunteers that want to give something back to the community.

***“The use of mentors is proven to increase the likelihood of business growth”***. Forty-two per cent per cent of all SMEs agreed with this statement, with 11 per cent disagreeing. Fifty-eight per cent of those that had ever used mentors agreed with this statement (67 per cent of those using in the last year), with 12 per cent disagreeing. Thirty-nine per cent of those who have never used a mentor agreed with the statement, with 11 per cent disagreeing.

That there is a clear relationship between the use of mentors and growth should also be promoted in communications. For example, in the 2012 Small Business Survey, 26 per cent of those that used mentors in the previous 12 months fell into the growth segment, compared to 11 per cent of those that did not use them.

***“Mentors are largely used by businesses that are struggling”***. Thirty-six per cent per cent of all SMEs agreed with this statement, with an equal number (34 per cent) disagreeing. Twenty-eight per cent of those that had ever used mentors agreed with this statement, with fifty-two per cent disagreeing. Among those who had never used mentors, a greater proportion agreed with the statement (38 per cent) than disagreed (31 per cent).

Evidence suggests that those businesses that do use mentors perform better than those that do not, yet this message is not clear to a third of all SMEs. In future promotion of mentoring, this is something that might be stressed.

***“It is easy to find a suitable mentor”***. Only 20 per cent of all SMEs agreed with this statement, with 32 per cent disagreeing. Thirty-seven per cent of those that had ever used mentors agreed with this statement, although 28 per cent disagreed. Seventeen per cent of those who have never used a mentor agreed with the statement, with 32 per cent disagreeing.

Again, the perceived difficulty of finding a mentor is a barrier to uptake. Any future promotion of mentoring should inform SMEs of how they might find one.

**“Mentors are available in my area with knowledge of my sector”.** Only 20 per cent of all SMEs agreed with this statement, with 22 per cent disagreeing. Most likely to agree were those that had ever used mentors (28 per cent agreed, 20 per cent disagreed), with 49 per cent of those using mentors in the last 12 months agreeing (12 per cent disagreeing). Fifteen per cent of those who have never used a mentor agreed with the statement, with 22 per cent disagreeing.

In summary, the majority of SMEs claim to understand what mentors do and would trust their guidance. Of those expressing an opinion, the larger part perceive that the use of mentoring will lead to business growth.

However, among those not using mentors, a greater proportion agree than disagree that mentors help because it is in their own interests, are largely used by struggling businesses, and that it is difficult to find the right mentor. These are attitudes that need to be dispelled in order to increase demand for mentoring.

**Table 6.1: Attitudes towards mentoring – % agreeing with statement - by whether used a mentor**

	All SMEs	Never used - interested	Never used – not interested
n=	902	219	444
	%	%	%
I fully understand what mentors do for the businesses that use them	76	<b>62</b>	78
Mentors can help to implement change	74	<b>85</b>	<b>67</b>
I would trust the guidance given by a mentor	51	<b>61</b>	<b>41</b>
Mentors would not be helping me if there was nothing in it for them	44	38	49
The use of mentors is proven to increase the likelihood of business growth	42	49	<b>35</b>
Mentors are largely used by businesses that are struggling	36	<b>26</b>	<b>43</b>
It is easy to find a suitable mentor	20	<b>13</b>	20
Mentors are available in my area with knowledge of my sector	20	23	<b>14</b>

Base = all SMEs

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). F2. Multiple answers allowed at this question.

Further analysis of attitudes among those with no experience of mentors, according to whether they would be interested in using them in future, shows some interesting differences. Those that were interested in using them in future were more likely than average to trust them, believe they can implement change, and were less inclined to think they are largely used by struggling businesses. However, this group had less understanding of what mentors do, and were less inclined to agree that it is easy to find a suitable mentor. Instilling an understanding of the role of mentors, and informing SMEs as to how they might be found, is essential to convert those most likely to consider mentoring.

## Other businesses that use mentors

Of those aware of mentors, 22 per cent knew of other businesses that used mentors. This was most likely to be the case for medium-sized businesses (33 per cent), those in the manufacturing (42 per cent), business services (34 per cent) and administrative services sector (37 per cent), and businesses aged 0-3 years (34 per cent). Forty-one per cent of those that used mentors in the last 12 months knew other businesses with mentors.

Of those that knew other businesses with mentors, 32 per cent thought that they generally performed better than others in their sector, 31 per cent thought they performed about the same, and four per cent thought they performed worse (31 per cent did not know)

## 7. Barriers to using mentors

This section explores why mentors are not used more commonly, and why some SMEs do not want to use them.

### Reasons why a mentor is not currently used

Those that were not using mentors at the time of interview, but who are interested in doing so in future, were asked whether there were any reasons why they were not using one at the moment. This was a spontaneous (unprompted) question.

**Table 7.1: Reasons for not using a business mentor at the moment – those not currently using, but interested in mentoring (spontaneous)**

	All	Used a mentor before	Never used
n=	293	74	219
	%	%	%
Do not need one right now	29	<b>59</b>	18
Haven't thought about it before	20	<b>5</b>	26
Too expensive	17	14	18
Do not know how to find one	17	<b>1</b>	23
Lack of time	10	4	12
Unaware of mentoring schemes	9	4	11
Do not believe the appropriate assistance exists	5	1	6
Don't understand what they do	5	0	7
Had previous bad experience with a mentor	2	<b>6</b>	0
Other reasons	4	2	5
Don't know why	7	9	6

Base = all who are not currently using a business mentor, but would be interested in doing so in future

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). E2. Multiple answers allowed at this question.

The main reason given spontaneously (by 29 per cent) was that there was no need for one at the present time. This reason was given by 59 per cent of those who had used a mentor in the past, and by only 18 per cent of those that had never used a mentor.

Twenty per cent said that they had not thought about it before. This was the reason for 26 per cent of those that had never used a mentor. A further 17 per cent perceived that it would be expensive (14 per cent of those that had previously used a mentor, 18 per cent of those never using a mentor).

Seventeen per cent said they did not know where to find one (one per cent of those that had previously used a mentor, 23 per cent of those never using a mentor).

For ten per cent the reason was a lack of time (four per cent of those that had previously used a mentor, 12 per cent of those never using a mentor).

Other reasons given were that SMEs were not aware of mentoring schemes being available (nine per cent), a view that the appropriate type of assistance is not available (five per cent), a lack of understanding of what mentors do (five per cent), and previous unsatisfactory experiences (two per cent – six per cent of those that had previously used a mentor).

The reasons given by those with experience of mentoring, and those without, are very different. For those with experience, not needing a mentor at the moment was the main reason. This again provides evidence that previous usage of mentoring was, on the whole, not part of a continuous relationship, but a mentor was used when there was a specific need.

For those who have never used a mentor, the main reason why they do not currently have one was that they had not thought about it before. Respondents in this survey were, earlier in the questionnaire, told about mentoring as part of the behavioural science exercise (see annexe). This may have had the effect of overstating the interest in mentoring, but if so the implication is clear: explain mentoring to SMEs, and a good proportion of them will become interested. They may not have thought about it before, but they will be interested if they are made aware of it, and if they understand the benefits that mentoring can bring.

Twenty-three per cent of those that had never used a mentor gave their reason for not currently having one as not knowing where to find one. This seems to be a problem that the current mentorsme website has not been able to address, perhaps mainly because so few SMEs are aware of it. More needs to be done to inform businesses as to how and where to find a mentor.

Affordability was also given as a reason for not having a mentor currently, both by those that had used one in the past, and those that had never used one. For those with experience of a mentor, the proportion stating this did not vary according to whether they had previously paid for their mentor or not. This indicates that a proportion of those no longer using a mentor, but who would consider using one in future, perceived that they would no longer receive free mentoring. This had not proved a barrier to future usage (as they were still interested in using in the future), but perceived costs may have affected the frequency of usage.

In the qualitative stage some of the younger SMEs reported that they did not feel they were currently in a position to best utilise a mentor, as they were not in a financial position where they could action expected suggestions for growth (such as increased marketing etc). However, they were still interested in using one in the future.

In summary, among those interested in using a mentor, those that had previous experience were, in general, not currently using one because their previous mentor had already satisfied a particular need. Those with no experience had either not considered using a mentor sufficiently, or did not know how to find one. The cost of a mentor was also a potential barrier for both groups.

## Unmet demand for mentors

Those that had never used a mentor were asked whether there had ever been a particular stage or point in the life of their business, or a particular challenge, when they felt they could have benefitted from a mentor's experience.

Thirty-nine per cent of this group agreed that this was the case. This was most likely to be the case for medium-sized businesses (53 per cent), those aged four to ten years (45 per cent), and those in business services (51 per cent). Sixty-five per cent of those interested in mentors agreed with this, as did 27 per cent of those not interested in mentoring.

As a proportion of all SMEs, 33 per cent had this unmet demand.

Those with this unmet demand were asked at what stage of their business's life they could have benefited from the advice of a mentor. The responses were similar to those that had used mentors that experienced these same difficulties: 32 per cent cited at the business's start, 16 per cent a decline in sales, 12 per cent when they had specific needs for advice, eight per cent the expansion/growth of their business, eight per cent their early stages, six per cent the introduction of new regulations, and five per cent finance issues.

The implication is that many businesses would have benefited from mentoring at their start. The survey does not tell us how many of those that used mentors did so from start-up, but an analysis of age of business against when a mentor was last used indicates that a mentor was more likely to have been secured in the first two years of trading. The problem is that pre-starts are very hard to target, as the individual entrepreneurs are hidden within the general population and are rarely found on business registers. However, rather than aiming an expensive national campaign at the general public to promote mentoring, there are sub-sets that can be targeted, such as subscribers to the Business in You website, participants in the Global Entrepreneurship Week, and applicants for start-up loans. Any communication should emphasise how mentors can help at the start-up stage. It may also be that more focus should be given to mentoring in entrepreneurship education at school and university.

## Reasons for not wanting a mentor

Those who had never used a mentor and were not interested in using one in future (54 per cent of all SMEs) were asked why this was. This was an unprompted question.

**Table 7.2: Reasons for not wanting a mentor – by age of business**

	All not wanting a mentor	0-3 yrs. old	4-10 yrs. old	Over 10 yrs. old
n=	444	60	121	258
	%	%	%	%
Don't need help/advice	56	59	<b>43</b>	<b>60</b>
Will retire/close business	12	<b>1</b>	10	14
Don't want anyone telling me what to do	10	15	<b>16</b>	<b>8</b>
Unsuitable for my business	9	12	12	8
Unable to implement change	4	1	8	4
Too expensive	4	*	<b>11</b>	<b>2</b>
Lack of time	3	4	4	3
Other	8	5	8	8
Don't know	4	8	<b>1</b>	5

Base = all SMEs that have never used a business mentor, and are not interested in doing so in future. \* = a figure of less than 0.5% but greater than zero. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). E7. Multiple answers allowed at this question.

The main reason for 56 per cent of those not interested in mentors was that they did not want external help or advice. Businesses aged over ten years old were the most likely to say this (60 per cent), but there was no correlation with the age of the respondent. This reason was most likely to be given by small businesses (73 per cent), and those in retail/wholesale (67 per cent).

As we have seen, interest in mentoring is highest among younger businesses. Of the older ones aged ten years or more, the proportion ruling out mentoring on the grounds of not wanting help or advice was high. Even though a proportion of these (22 per cent) claimed that there had been stages in the life of their business when they could have benefitted from a mentor's advice, this does not seem to be the case now. This group appears to have made up its mind about mentoring, and would be the least responsive to any mentoring promotion.

Other reasons given for not wanting a mentor include retirement/closure of the business (12 per cent), not wanting anybody to tell them what to do (ten per cent) and a feeling that mentors were unsuitable for their business (nine per cent).

The qualitative stage found that some SMEs were not interested in using a mentor because they did not want an '*outsider*' coming in and making suggestions. They felt that the mentor would not be fully aware of their context. Further to this some SMEs were uncertain what the motives of mentors would be to provide this support, particularly if they were not being paid. This seems to point to mistrust of mentors and their motives.

## Segmentation of non-users of mentors

By combining the answers for being aware of mentors, whether they are interested in using a mentor in future and the reasons for not using a mentor at the moment/not wanting to use a mentor at all, it is possible to devise a segmentation of non-users. This is based on those who have never used a mentor.

**Table 7.3: Size of segments – all those who have never used a mentor**

Segment	Aware of mentors	Interested in using in future	Main reasons for not using	Size of segment
				n = 720
				%
(a) Aware, not interested, don't want a mentor	Yes	No	Don't want one	37
(b) Unaware, not interested	No	No	Don't want one	22
(c) Unaware, interested	No	Yes	Have not thought about it before	12
(d) Aware, not sure if interested	Yes	Not sure	Have not thought about it before	9
(e) Aware, not interested, perceived barriers	Yes	No	Time/money/lack of understanding	8
(f) Aware, interested, but have not looked for one	Yes	Yes	Have not thought about it before	7
(g) Aware, interested, perceived barriers	Yes	Yes	Time/money/not sure the right mentor exists	4
(h) Aware, interested, don't know how to find one	Yes	Yes	Don't know how to find one	2

Base = all SMEs that have never used a mentor. A3/A5/E1/E4/E5/E7. Single answer only at this question.

- (a) The largest segment among those who have never used a mentor (37 per cent) consisted of those aware of mentors, not interested in using in future, and giving reasons for not wanting to use them. These reasons were mainly that they did not want help/advice or somebody telling them what to do. Those with no employees were more likely than average to fall into this segment, as were businesses aged over ten years, male business owners and business owners aged over 50.
- (b) The second segment (22 per cent) had not been aware of mentors before the interview, were not interested in having one in future, and gave not wanting help/advice as their main reason for this. Business aged over ten years were more likely than average to fall into this segment, as were female business owners and business owners aged over 50.
- (c) Segment C (12 per cent) consisted of those that had not been aware of mentors before the interview, but were interested on hearing about them. Most of these had not thought about mentoring before, and many would not know how to find one. Younger businesses aged 0-3 years, and business owners aged under 35 were more likely than average to be in this segment.

- (d) Segment D (nine per cent) were aware of mentors, but not sure if they wanted one in future. The main reason for this was that they had not thought about it before. Male business owners were more likely than average to be in this segment.
- (e) Segment E (eight per cent) were aware of mentors, but not interested in using them in future. The reasons they gave were perceptions that mentors were too expensive, that they did not have enough time to meet with them, or they did not understand what they did. Businesses aged four to ten years were more likely than average to be in this segment.
- (f) Segment F (seven per cent) were aware of mentors, interested in using them, but did not have them because they have not properly thought about it yet. Businesses aged 0-3 years, larger SMEs (10+ employees) and business owners aged under 35 were more likely than average to be in this segment.
- (g) Segment G (four per cent) were aware of mentors, interested in using them, but did not have them because there were perceived barriers such as cost, time, or not being sure that the right mentor existed. Those with no employees were more likely than average to be in this segment.
- (h) Segment H (two per cent) were aware, interested, but would not know how to find a mentor. Note that this segment would be larger if those who were previously unaware of mentors were included. No sub-group was more or less likely than average to be in this segment.

In terms of targeting of a promotional campaign, e.g. with differing messages for each group, all segments could potentially be covered to try mentoring, although some are likely to be more difficult to persuade than others.

For segments A and B, basic attitudes need to be addressed. Some of these SMEs have genuine reasons for not wanting a mentor, such as their planned retirement or the closure of their business, but the majority dismiss mentoring, and perhaps external advice and guidance generally, mainly on the grounds that they do not want a mentor (full stop) or outsiders interfering in their business. It will be very difficult to persuade this group on the benefits of mentoring. Unfortunately, they are the most populous segments, making up 59 per cent of those who have never tried mentoring, or 49 per cent of all SMEs. Fifty-eight per cent of SMEs aged 10 years or more fall into these segments.

For segments B and C the basic challenge is to make them aware of mentoring and, in the case of segment C, help them understand the benefits, and how to find a mentor. A relatively high proportion of businesses aged under three years fell into segment C (17 per cent), and online campaigns may be an effective way of reaching this segment.

Segments D, F and H are interested (or not sure) in future mentoring, but have yet to do anything about it. This is mainly because they have not thought about it before, indicating that they could do with a greater understanding and awareness of mentoring. A relatively high proportion of businesses aged under three years fell into segment D (11 per cent).

Segments E and G gave reasons such as time, money and understanding for not currently having a mentor. Even though segment E is not interested in mentoring, these barriers to taking on a mentor are not insurmountable, and a campaign could emphasise that some of the myths surrounding mentoring are not true.

Overall, the main barriers are a lack of awareness and understanding of the benefits of mentoring. Some form of promotional campaign is essential if demand for mentors is to be stimulated further.

## 8. Users of business mentors

This section looks at the characteristics of those that use mentors, and the ways in which mentors are used.

### Characteristics of those that use mentors/do not use mentors

Those using mentors in the last 12 months were significantly more likely to have introduced new or significantly improved products, provide off the job training for managers and other employees, have a formal written business plan, and were also more likely to have sought finance.

**Table 8.1: Characteristics of those using/not using mentors**

	All SMEs	Used in last year	Used longer ago	Never used
n=	902	80	102	720
	%	%	%	%
Introduced new/significantly improved product/service in last 12m	40	<b>61</b>	<b>59</b>	36
Introduced new/significantly improved processes in last 12m	35	43	<b>54</b>	32
Provided formal off the job training for employees in last 12m (based on employers only)	33	<b>51</b>	<b>48</b>	29
Formal written business plan	31	<b>51</b>	<b>50</b>	28
Provided formal off the job training for managers in the last 12m (based on employers only)	19	<b>26</b>	<b>27</b>	17
Exporter	18	25	24	17
Sought finance in last 12m	14	<b>25</b>	<b>22</b>	12
None of these	36	<b>15</b>	<b>24</b>	39

Base = all SMEs

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). G1. Multiple answers allowed at this question.

It should be noted that the fact that those who have used business mentors were more likely to be innovative, provide training etc. does not necessarily mean that these actions have been brought about because of use of the mentor. Large SMEs are more likely to have a mentor, and they also exhibit a greater propensity to advance their businesses generally, and the two are not necessarily related.

**Table 8.2: Ownership of SMEs using/not using mentors**

	All SMEs	Used in last year	Used longer ago	Never used
n=	902	80	102	720
	%	%	%	%
Family-owned business	68	67	66	68
Women-led business	15	22	17	15
Social enterprise	11	10	11	12
MEG-led business	5	6	5	5
None of these	20	17	19	20

Base = all SMEs

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). G3. Multiple answers allowed at this question.

There were no significant differences in terms of the ownership composition between SMEs that used mentors and those that did not.

**Table 8.3 Membership of organisations – by whether using/not using mentors**

	All SMEs	Used in last year	Used longer ago	Never used
n=	902	80	102	720
	%	%	%	%
A business network	25	30	<b>40</b>	23
A sector trade association	19	18	<b>27</b>	18
Federation of Small Businesses	16	22	13	16
Other business representation organisation	13	17	16	13
Local business enterprise or networking organisation	11	12	<b>19</b>	10
A Chamber of Commerce	6	8	<b>17</b>	5
Institute of Directors	1	3	2	1
None of these	46	43	<b>33</b>	48

Base = all SMEs

Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). G4. Multiple answers allowed at this question.

Those that have used mentors longer than 12 months ago were significantly more likely to be members of business networks, sector trade associations, local business enterprise or networking organisations and Chambers of Commerce.

These business organisations can potentially match SMEs with mentors. However, it is larger SMEs that are most likely to be members of these organisations (for example, 53 per cent of medium-sized businesses were members of Chambers of Commerce, compared to five per cent of those with no employees), and this is likely to explain why those that used mentors were also more likely to be members of business organisations.

## Usage of multiple mentors

Of those who have used a business mentor in the last year, 63 per cent used just the one. Eighteen per cent had used two, 12 per cent had used three, three per cent had used four, and four per cent had used five or more.

The main reason for using more than one mentor was that they helped with different aspects of the business (72 per cent). One in five (20 per cent) of those using multiple mentors stopped working with one and switched to another instead.

Of those using multiple mentors, 57 per cent had worked with more than one mentor at the same time.

In the qualitative stage, most SMEs that used mentors only used one individual. However, in a few instances older businesses used a combination of mentors utilising different experiences and expertise in order to meet their needs. These relationships tended to have been developed over time and they would approach different individuals as needed:

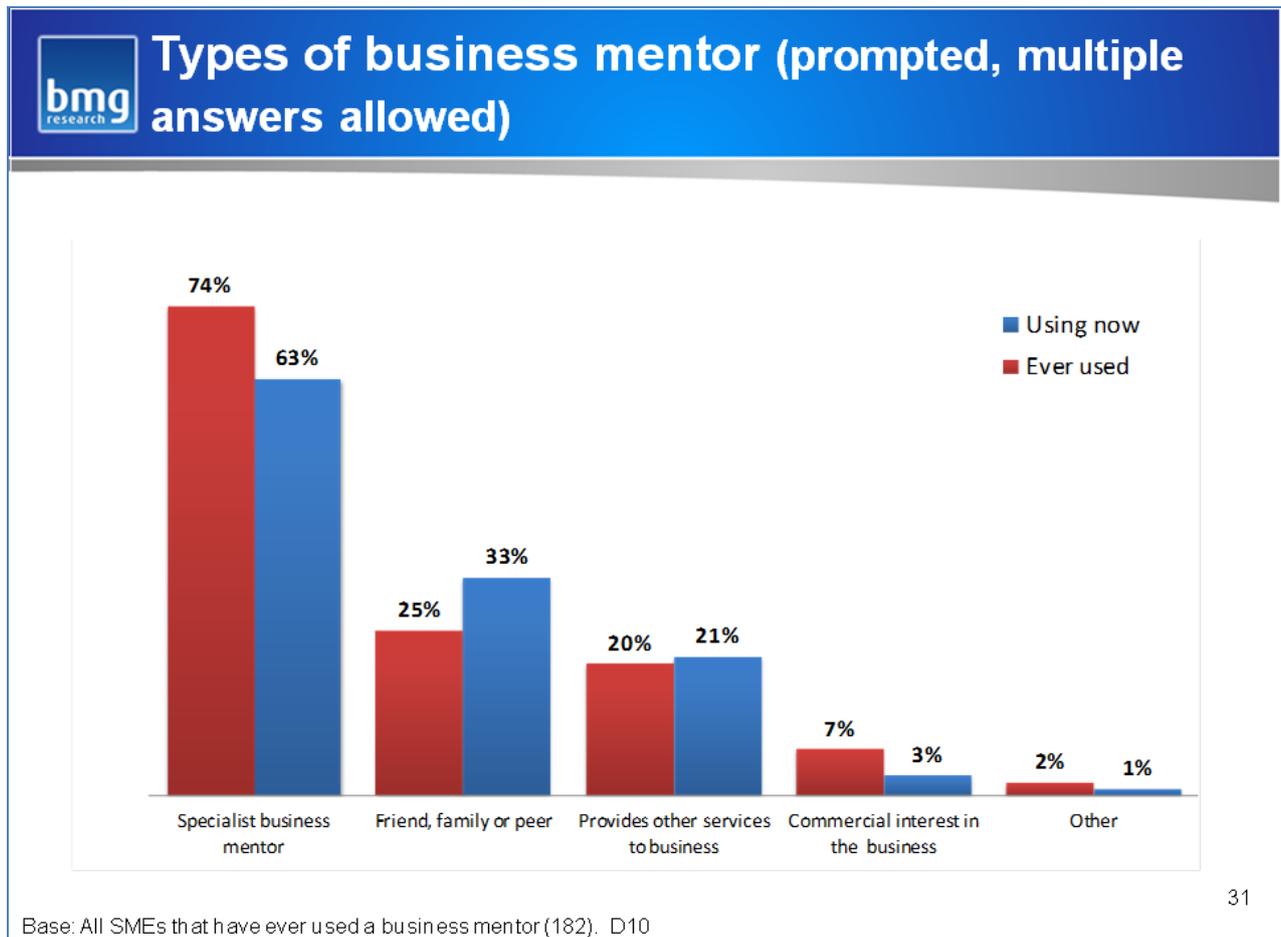
*'I can pick up the phone to, say, David if I needed something quickly, I have regular meetings with the business consultant and I have regular meetings as well with the lawyer that I'm in touch with just so that we can talk about issues we've had, things that are coming up, maybe areas they might be able to help.'*

A minority of SMEs identified that they had used more than one mentor as they had stopped working with their initial mentor as a result of a communications breakdown (e.g. they did not feel their initial mentor sufficiently understood their context or the mentor had not kept in regular contact with them).

## Types of mentors used

Of those that have ever used mentors, 74 per cent would describe them as a specialist business mentor. Twenty-five per cent said they were friends, family members or peers, 20 per cent that they were people that provided other services to their business such as accountants or lawyers, and seven per cent said they were people with commercial interests in their business, such as an investor.

Figure J: Types of mentor used



Those currently using mentors were more likely than those who used mentors in the past to have mentors who are friends, family or peers. Those no longer using a mentor were more likely to describe them as specialist business mentors.

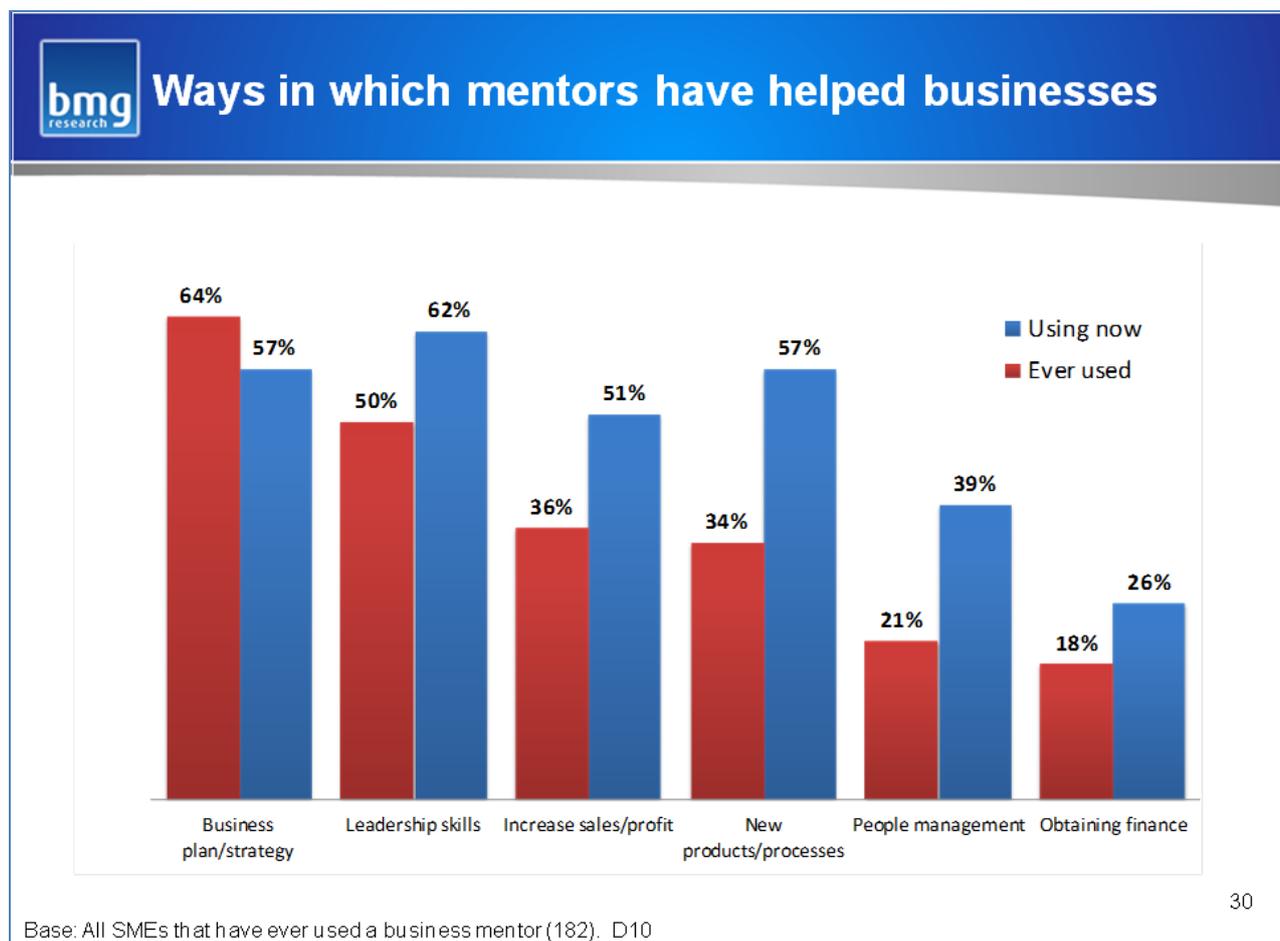
We know that those currently using mentors have longer relationships with them, than those that previously used mentors had. We may conjecture that this could be because mentors have become friends over time, or otherwise that if they were friends or family to begin with, it would be harder to end the relationship.

By employment size, small businesses (with 10-49 employees) were less likely than average to use friends or family members (ten per cent), and were more likely than average to use people with commercial interests in their business (16 per cent)

## Ways in which mentors have helped

Those that had ever used mentors were read a list of ways in which mentors may have helped their businesses. Mentors were most likely to have helped in developing business plans and strategy (64 per cent), followed by enhancement of leadership or management skills, such as improving decision making or building confidence (50 per cent), increasing sales or profit (36 per cent) and developing new products or processes (34 per cent). Mentors helped with people management for 21 per cent, and in obtaining finance for 18 per cent. Ten per cent said that their mentors had not helped in any way.

**Figure K: Ways in which mentors have helped businesses**



Those currently using mentors in the previous 12 months were more likely than average to have received help with the development of new products/processes (57 per cent), increasing sales/profit (51 per cent), people management (39 per cent) and obtaining finance (26 per cent).

In understanding why this should be, it should be remembered that those currently using mentors actually have a longer relationship with their mentor, than those that previously used them had. Thus, it may be inferred, there is more time for the mentor to have an impact. From this, it would seem to be beneficial to encourage long term usage of mentors, rather than mentors being used to help with specific issues.

Qualitative interviews identified that SMEs used their mentors in a range of ways specific to their business. These could be divided into two categories: general business advice (e.g. support with HR or financial issues); and business growth advice.

SMEs that used mentors for general advice tended to be younger businesses (especially new start-ups) that were more uncertain of general business processes and procedures and wanted more reassurance as they were progressing. These businesses reported that having a more experienced mentor was helpful for building their confidence, whilst allowing them a 'safety net' that they could go to for advice.

SMEs that used mentors for business growth tended to be at least five years old. It was noted that in order to make the best use of the mentor's advice for this the SME needed to be in a position in which they could implement the mentors advice (e.g. have sufficient available funds and resources).

## Whether pay for mentor

Overall, 38 per cent of those that ever used a mentor paid for them. This figure increases to 52 per cent of those currently using them.

Businesses aged 0-3 years were less likely to have paid for a mentor (12 per cent), whereas 49 per cent of those aged 10 years plus had ever paid. Larger SMEs were more likely than average to have paid (61 per cent of small and mediums combined).

About a quarter of those that paid mentors did not know how much they paid. Of those that did, half did so per visit, with 36 per cent paying on an hourly basis. The remainder paid a monthly, six monthly or annual fee.

The amount paid for mentors varied considerably. For those paying per visit this ranged from £30 to £2000 (with a mean average of £475 and a median of £350). For those paying hourly the fee varied from £50 to £250 (with a mean and median average of £100). Those paying an annual fee paid up to £6000. Those paying the most for a mentor tended to have specialist mentors, and spent at least a half day with them per session.

Although those that paid for mentors in the past (and no longer use them) were slightly less likely to want to use a mentor in future (48 per cent, compared to 59 per cent of those that did not pay), the finding is not statistically significant at the 95 per cent level.

## Contact with mentors

The vast majority of contact with mentors involves face to face meetings. Ninety-four per cent of those that have ever used a mentor had some form of face to face contract, with six per cent only communicating by telephone or email. However, of those using mentors in the last 12 months, 17 per cent only had telephone/email contact..

Of those that had any face to face contact, two-thirds (66 per cent) had regular scheduled meetings. This was most likely to be the case for micro businesses (80 per cent). Scheduled meetings were less common for those using mentors in the last 12 months (and who also had any face to face contact) – 57 per cent.

Of those having regular meetings, 18 per cent had these weekly, a further 18 per cent fortnightly, 44 per cent monthly, 14 per cent every 6-8 weeks, and two per cent less often (five per cent could not remember). The median average was monthly. Only 13 per cent of those who used mentors in the last 12 months had meetings every one to two weeks, compared to 42 per cent of those using mentors previously.

Of those having regular meetings, these typically lasted a whole day for two per cent, half a day for 22 per cent, about two hours for 24 per cent, about one hour for 41 per cent, and less than one hour for seven per cent. The media average length for a meeting was about one and a half hours. Those that used mentors in the last 12 months typically had longer meetings (58 per cent half a day or longer, compared to 14 per cent of those who used mentors longer ago).

It would appear that the nature of meeting mentors is different for those that currently use mentors, compared to those using mentors previously. Those that used mentors in the last 12 months were more likely to have remote contact, were less likely to have scheduled meetings, had these less frequently, but if they did meet the meetings lasted longer.

The reason for this would seem to be due to the nature of the relationship with the mentor. A proportion of those currently using mentors have long term relationship with them, and for these frequent face to face contact would seem to be less necessary. There is no evidence to suggest that less frequent face to face contact with a mentor is due to better technology availability (e.g. the rolling out of broadband), or increased uptake of this technology.

In the qualitative interviews, the majority of those using mentors met with them face-to-face on a regular basis. Frequency and duration of face-to-face contact with mentors varied, although typically respondents met with them once a month and meetings lasted 2 hours or more. Respondents who had worked with their mentors for longer tended to meet with them less frequently as time progressed.

The face-to-face element was important to many as they felt that it was important to know their mentor personally and for them to see their business context to gain more insights from them:

*'Face to face suits us better. I definitely think it is useful for the person to be here and see the shop because we are in quite a unique position.'*

A few SMEs also noted that meeting face-to-face was beneficial for them as they were able to allocate a set period of time which was dedicated to business development activity, which may be compromised if communication was by phone or email. However, other SMEs felt that a combination of face-to-face, telephone and email contact was best as it allowed them to deal with different issues as they occurred.

## Satisfaction with/recommendation of mentors

Seventy-five per cent of those who have ever used mentors were satisfied with them (54 per cent very satisfied, 21 per cent fairly satisfied). Eighteen per cent were dissatisfied, and six per cent neither satisfied nor dissatisfied.

This compares with 87 per cent of SMEs being satisfied with the information or advice they received in the past 12 months, and seven per cent being dissatisfied, according to the Small Business Survey 2012. Therefore, dissatisfaction with mentors is higher than dissatisfaction with general business information and advice. We do not know the exact reason for this, but perhaps it is to do with expectation. Mentors may be expected to bring change to a business and improve profitability. If this does not occur, and particularly if sizeable fees are paid to mentors, then businesses will be dissatisfied with the results.

Eighty seven per cent of those currently using mentors were satisfied, and none were dissatisfied. This compares to 73 per cent of those who no longer use a mentor being satisfied, and 23 per cent being dissatisfied.

Therefore, nearly a quarter of those no longer using a mentor were not satisfied with the advice or service they gained, suggesting that this was the reason for no longer using a mentor.

Forty-two per cent of those who have ever used a mentor would actively advocate the use of mentors to other business owners and managers. Thirty-nine per cent would recommend it if asked. Thus, 81 per cent of those who used a mentor would recommend it. Perhaps surprisingly, this proportion was not significantly different between those currently using a mentor, and those that did so longer ago.

Just one per cent said that they preferred not to mention that they had a mentor, as people might think their business needed help. A further 13 per cent said they tended not to talk about mentors to others. This proportion was actually higher among those currently using mentors (22 per cent). This may be because they have used mentors for longer, and therefore no longer feel the need to talk about them to others.

In the qualitative stage, SMEs interviewed were largely very satisfied with the advice and support they had received from their mentors. The few SMEs that were not happy had personality clashes with their mentors, or did not see their mentor often enough.

*'It's just unfortunate that we haven't been able to meet over the last couple of months, but I know that he's a very busy man and I think that I was working on the first session and he couldn't make it, and then trying to reschedule is difficult. He's got his day job to do as well.'*

## Impact of mentors

Of those whose businesses have ever been helped by a mentor, 43 per cent agreed that their mentor helped achieve a better outcome than would have occurred otherwise, and 33 per cent agreed that their mentor helped achieve outcomes faster than would have occurred otherwise. Twenty-two per cent did not agree that their mentor helped either of these.

Among those still using mentors, 49 per cent agreed that their mentor helped achieve a better outcome, 36 per cent a fast outcome, and only seven per cent did not agree that their mentor helped with either of these.

Younger businesses aged 0-3 years were more likely than average to claim that mentors helped to achieve a faster outcome (65 per cent), whilst those aged over 10 years were the most likely to believe that mentors helped to achieve a better outcome (60 per cent).

Those using mentors in the last 12 months were more likely than average to claim that mentors had achieved any outcome (88 per cent), particularly a better outcome than would have occurred otherwise (55 per cent).

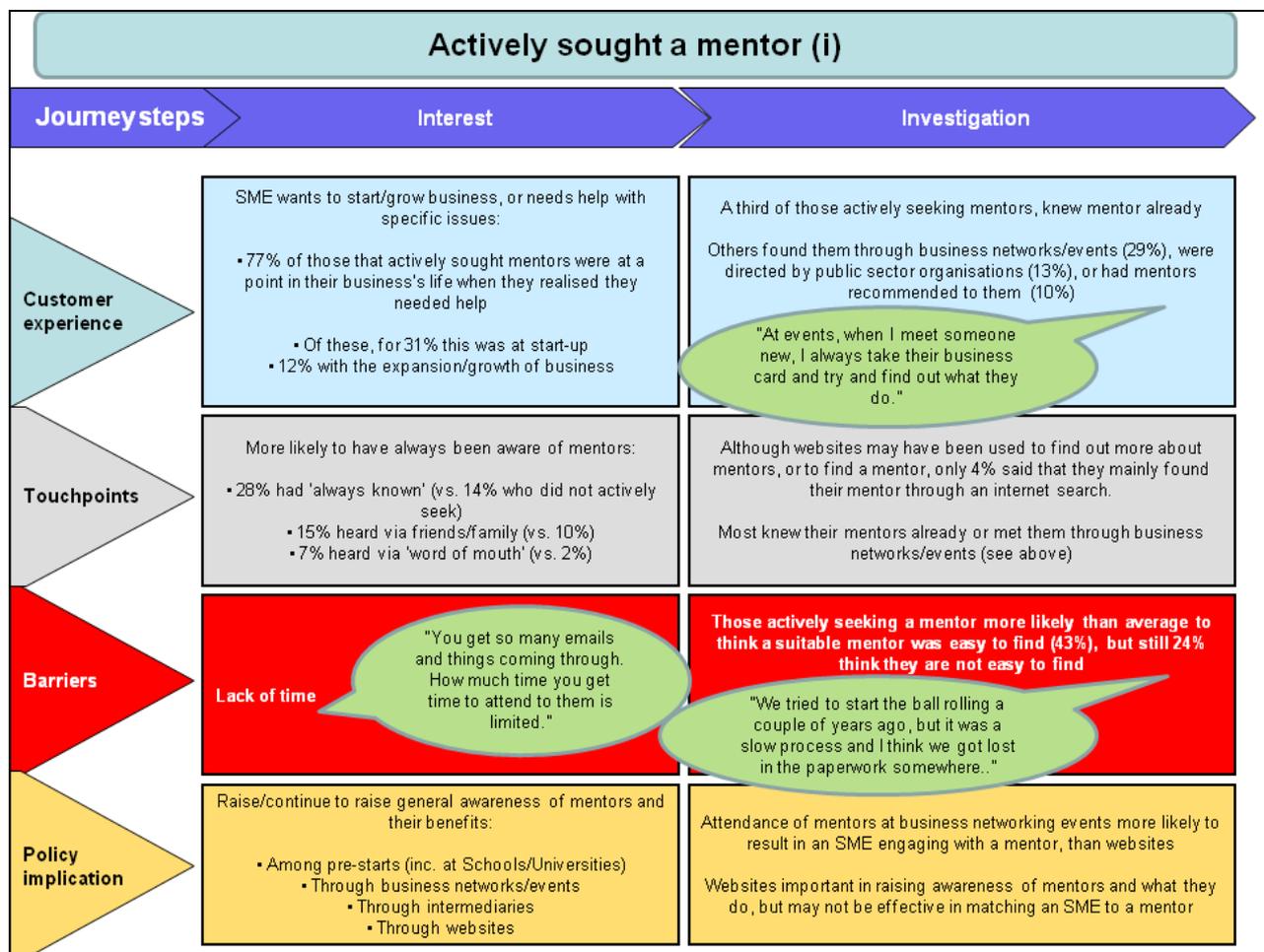
# Annex 1: Customer journey maps

## Those that actively sought a mentor

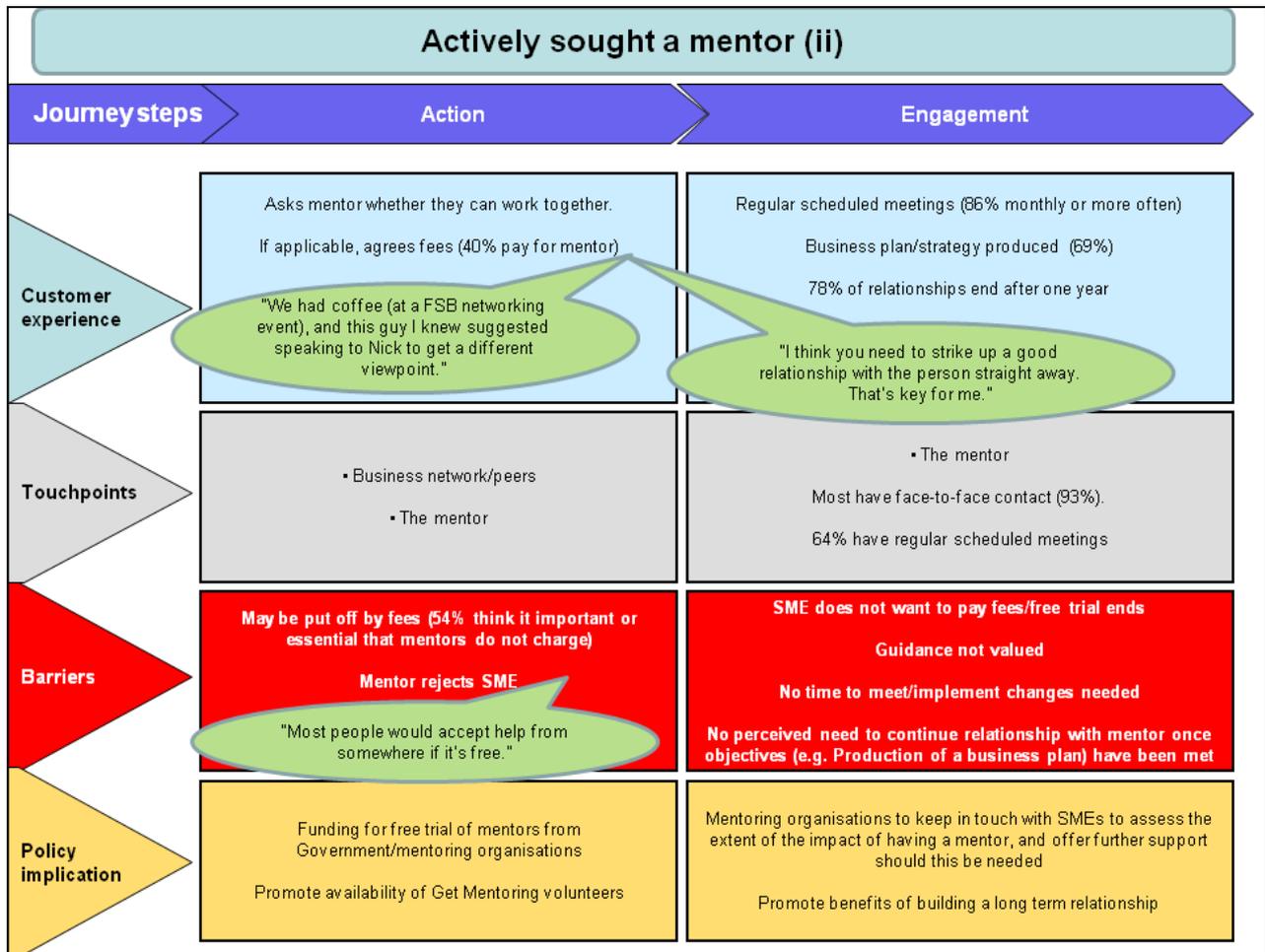
The following illustrates a possible customer journey for those SMEs that realised they had a need for a mentor and the steps they went through to obtain one. It also shows barriers to progression, and policy implications. The customer journey spans two figures.

Please note that unless specified otherwise the percentages referred to in the figures are findings in this survey, based on all that actively sought a mentor.

**Figure L: Customer journey map: those that actively sought a mentor (i)**



**Figure M: Customer journey map: those that actively sought a mentor (ii)**



## Those that did not seek a mentor

The following illustrates a possible customer journey for those SMEs that had a mentor, but did not actively seek one in the first place.

Please note that unless specified otherwise the percentages referred to in the figures are findings in this survey, based on all that did not actively seek a mentor.

**Figure N: Customer journey map: those that did not actively seek a mentor (i)**

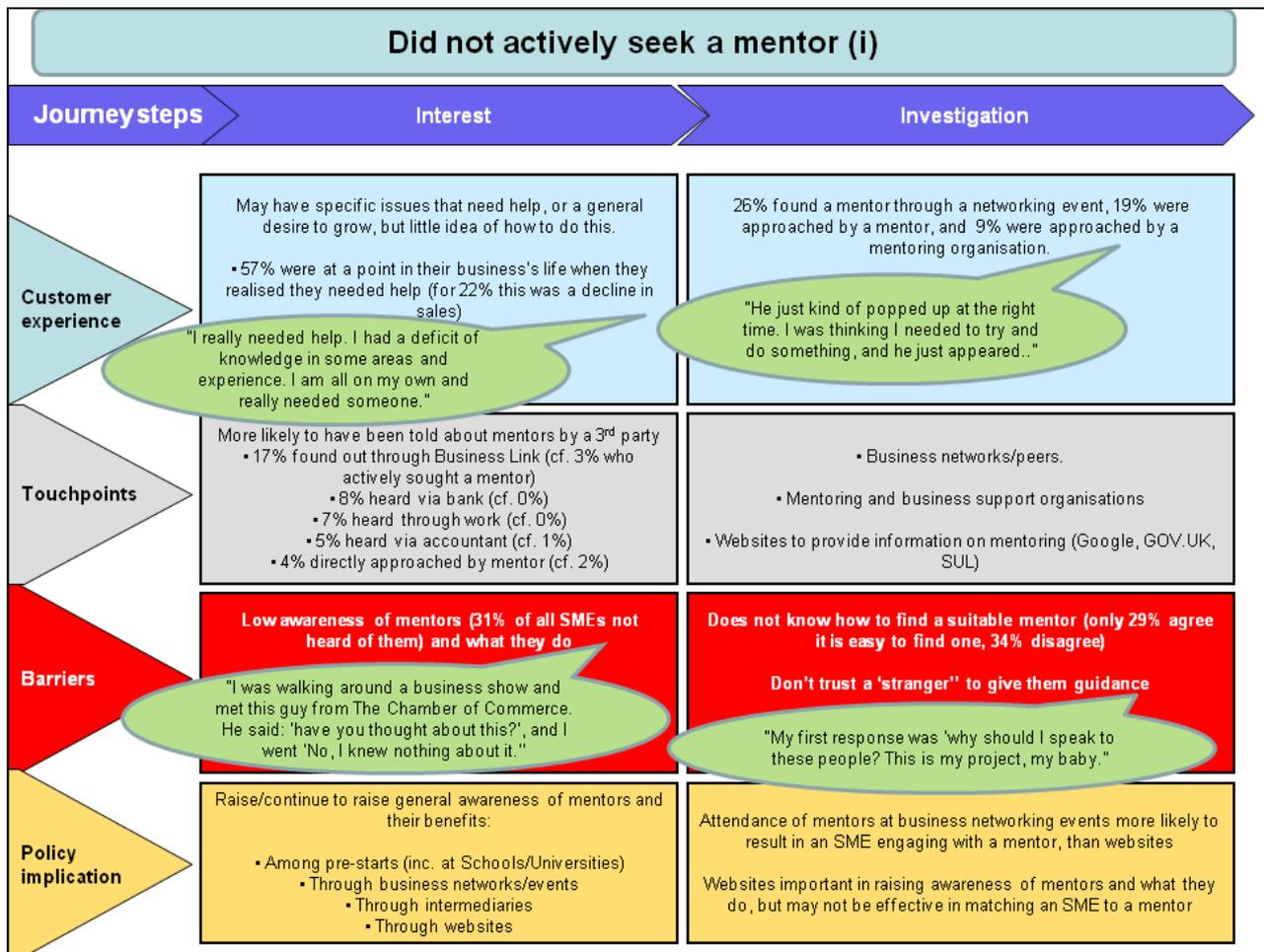
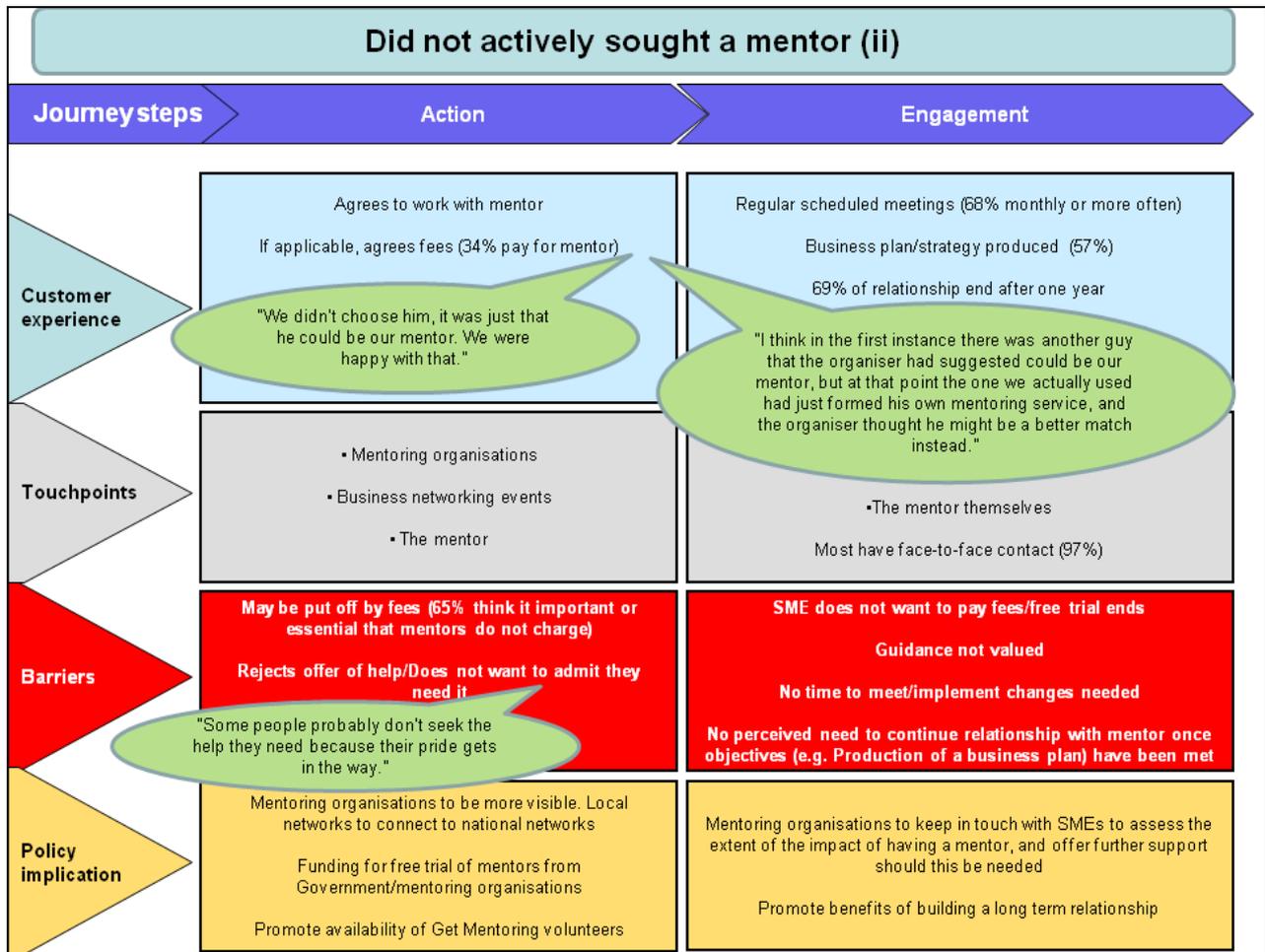


Figure O: Customer journey map: those that did not actively seek a mentor (ii)



# Annex 2: Summary analysis of demand for mentoring – a behavioural insights trial (by Leandro Galli of Warwick Business School)

## Summary

The following report provides evidence of the type of communication efforts that might be able to increase the uptake of mentoring among the UK SME population as whole, and among specific segments, in the case of more tailored approaches. By employing the right combination of priming and messaging, it is possible to improve SME owners' reported perceptions of and attitude towards mentoring, as well as their reported desire to succeed as entrepreneurs. The effects of varying primes and messaging were tested on the demand for mentoring survey respondents. The outcome measures were their survey responses to questions on attitude to mentoring and motivation.

The main findings indicate that **at the aggregate level**, the following two interventions are equally effective at creating positive reported **attitudes** towards mentoring and score almost identically on the attitude scale:

- **Promotion Priming + Prevention Messaging.**<sup>26</sup>
- **Promotion Priming + Promotion Messaging.**

When the goal is to **motivate** entrepreneurs, practitioners might like to consider the following two interventions:

- **Prevention Priming + Promotion Message.**
- **Promotion Priming + Promotion Message.**

A preference might be shown for the **prevention priming + promotion message** combination which outperforms the promotion priming + promotion message combination on an additional two key outcomes:

- Interest in receiving further information about mentoring and
- Willingness to take up mentoring in the future.

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<sup>26</sup> **The promotion prime** was asking what business owners aspire and hope to achieve for their business. **The prevention prime** was asking what business owners see as the major risks and threats to their business. For a more detailed description of promotion and prevention priming please see the end of the document.

However, these findings were not statistically significant at the 5% level, but as they make theoretical sense and are consistent with each other this would be an area to investigate in more detail as they may have been significant with a larger sample size.

Furthermore, if the intention is to **both motivate entrepreneurs and to create a positive attitude towards mentoring**, the intervention which strikes the best balance is likely to be:

- **Prevention Priming + Promotion Message.**

If at all possible, policy makers should consider an approach of SME segmentation and of tailored communication, as evidence suggests that more tailored approaches result in higher reported levels of motivation. As shown later, recent financial performance and firm turnover emerge as two important variables for segmentation when looking to maximise motivation.

When segmenting on the basis of **past financial performance**, the recommended interventions are, in the case of a:

- **Revenue increase: Prevention Priming + Prevention Message.**
- **Unchanged revenue: Prevention Priming + Promotion Message.**
- **Revenue decrease: Promotion Priming + Promotion Message OR Prevention Priming + Promotion Message.**

If segmentation occurs with respect to **SME turnover**; in the case of SMEs with yearly revenue of:

- **Above £73,000: Prevention Priming + Prevention Message.**
- **Less than £73,000: Promotion priming + Promotion Message OR Prevention Priming + Promotion Message.**

Finally, because of limited resources, Government and mentoring agencies may wish to exercise selection in which SMEs they target. The report also provides preliminary insights into which categories of SME owners on average manifest more favourable attitudes towards mentoring and report a greater motivation to succeed in business.

## Introduction

The mentoring action plan<sup>27</sup> set out Government's ambition to increase the supply of and demand for mentors.

The Get Mentoring campaign aimed to increase the supply of trained mentors. Behavioural insights were applied to the emails sent to a) volunteer mentors who had signed up to the Get Mentoring campaign to encourage them to complete their training, and b) volunteer mentors who had completed their training to encourage them to join the national mentoring network by registering with the Institute of Enterprise and Entrepreneurs. As a result of the campaign an additional 1855 mentors were made accessible through mentorsme.co.uk.

Since then work has tested the application of behavioural insights to stimulate the demand for mentoring as part of the 'Demand for Mentoring among SMEs' research conducted by BMG. The behavioural insights trial was conducted as a section within BMG's telephone survey and tested the effect of regulatory focus priming and messaging, and need for closure. Need for closure was measured and the trial was a 2 x 2 design, with 4 comparisons groups, to determine effect of combining priming (prevention or promotion focused) with messaging (prevention or promotion focused).<sup>28</sup> Survey respondents were randomly assigned to the 4 groups and the effects on their responses to questions on attitudes to mentoring and motivation were analysed.

The findings provide evidence of what interventions are most effective at:

1. Encouraging a positive attitude towards mentoring – as measured by the person's overall reported opinion of mentoring<sup>29</sup> and how good an idea they think mentoring is<sup>30</sup>. This was measured on a 1 to 5 scale, with 1 being "not at all good" and 5 being "extremely good".
2. Increasing entrepreneurs' reported motivation scores – as measured by the person's desire to succeed as an entrepreneur<sup>31</sup> and determination to progress as an entrepreneur<sup>32</sup>. Responses to both questions were again measured on a 1 to 5 scale.

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<sup>27</sup>Mentoring Policy – the action plan, BIS, (September 2012).

<sup>28</sup> See end of document for the survey details of the interventions and term definitions.

<sup>29</sup> The question used was "Again, based on what you have just heard about mentoring, what is your overall opinion of mentoring?"

<sup>30</sup> The question was : "How good an idea do you think mentoring is?". Both questions on attitudes were based on Cesario and Higgins "Making message recipients feel right. How non-verbal cues can increase persuasion", Psychological science, 2008.

<sup>31</sup> The question was: "To what extent do you agree with the following statement: 'I have a strong desire to be a successful entrepreneur?'". The responses were measured on a 1 to 5 scale, where 1 corresponds to "do not agree at all" and 5 corresponds to "agree very strongly".

<sup>32</sup> Question was "How determined are you to progress as an entrepreneur?", 1 meaning "not at all determined" and 5 "extremely determined". Both for motivation to succeed and attitudes, Cronbach's Alpha –

## Limitations

The trial was looking at how priming and messaging changed survey responses and we do not know how these would relate to longer term attitude changes or to behaviour.

We found that the different approaches tested did not account for a large amount of the variance reported in the outcome measures, but, realistically, one would not expect this.

Due to sample size limitations the trial did not have a control group and with respect to certain outcome variables the trial lacked statistical power. We could only test which interventions were relatively more effective, but could not ascertain the effect relative to doing nothing or using neutrally framed messages (without a promotion or prevention focus). As the trial design was a 2 x 2, intended to evaluate the effect of combining a priming intervention (prevention or promotion) with a messaging intervention (prevention or promotion), we do not know what would be the effect of using only priming or only messaging.

The structure of the survey means the results of the behavioural insights trial are best interpreted with a degree of caution. In particular, the results may have been influenced by the fact that the trial was embedded in a larger survey, although the trial did feature very early on in the survey to reduce threats to its internal validity and to ensure the scientific rigour of the findings. Finally, it is theoretically possible that different interviewers may also have introduced some “noise”.

## The key results<sup>33</sup>

How to encourage a positive attitude towards mentoring?

Priming:

**Overall, promotion priming**, i.e. asking what business owners aspire and hope to achieve for their business, as opposed to prevention priming, i.e. asking what they see as the major risks and threats to their business, **leads to more positive perceptions of mentoring, regardless of the type of message it is used with<sup>34</sup>.**

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coefficient of consistency between two different questions – was above the minimum of 0.7, indicating the questions were measuring the same concepts i.e. motivation, attitude.

<sup>33</sup> All findings are statistically significant at the 5% significance level unless otherwise noted.

<sup>34</sup> The result is significant at the 10% level.

This result may be explained by the **link between promotion priming and opportunity recognition**. There is evidence to suggest that when promotion primed, people tend to concentrate on gains and think more broadly<sup>35</sup>. Since mentoring represents an opportunity to receive support and guidance that can make a difference in the attainment of an entrepreneur's<sup>36</sup> goals, it stands to reason that entrepreneurs are more likely to report positive attitudes towards mentoring when promotion focused. Furthermore, **getting people to think about their hopes and aspirations could result in positive thoughts**. This positive mood may then influence respondents' evaluation of mentoring. It has been argued in the literature that when in a promotion mind-set individuals are more inclined to focus on the positive outcomes of exchanges<sup>37</sup>, in this case it would be the quality of the mentoring support offered. While all viable explanations, the study did not directly measure any of these underlining processes.

Further analysis indicates that the observed difference between promotion and prevention priming is primarily down to SME owners who:

- Have been in business for longer periods of time (i.e. more than 20 years).

A possible reason for this is that with the passing of time the more experienced entrepreneurs may have gradually lost sight of their hopes and aspirations thereby accentuating the positive effect of a promotion prime.

- Have experienced an increase in their business revenue over the past year.<sup>38</sup>

Having recently experienced an increase in revenue could make the entrepreneur's hopes and aspirations more accessible, thereby rendering priming more effective.

- Have a low need for closure (scored below the median on the need for closure scale).

It is possible those entrepreneurs with a low need for closure could be naturally more attuned to being promotion primed, since they do not seek certitude to the same extent and therefore might be more easily able to think broadly and willing to explore opportunities.

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<sup>35</sup>Tumasjan and Braun (2012) "In the eye of the beholder: How regulatory focus and self-efficacy interact in influencing opportunity recognition" *Journal of Business Venturing*.

<sup>36</sup>Throughout the report the terms "entrepreneur" and "business owner" shall be used interchangeably.

<sup>37</sup>Matthews and Shook, (2013). "Promoting or preventing thanks: Regulatory focus and its effects on gratitude and indebtedness". *Journal of Research in Personality*.

<sup>38</sup>It is worth noting that in the case of businesses that experienced a decrease in revenue, prevention priming resulted in marginally higher attitude ratings than promotion priming. Although this difference was not statistically significant, the test was underpowered and one cannot exclude a priori, the possibility that prevention priming could work better than promotion priming under such specific conditions. After all, it is not inconceivable that a recent fall in revenue could make an individual more responsive to a prevention prime because they may be experiencing loss aversion.

In this trial need for closure was measured as a personal trait, yet it could be primed and form part of a communication effort to be used in conjunction with promotion priming to help shape more positive attitudes of mentoring.

Message framing:

For the SME population as a whole, those that received promotion messaging scored marginally higher on the attitude scale with regards to their attitudes towards mentoring than prevention messaging, yet the difference is not statistically significant. In other words, once primed, by and large, it does not appear to make a difference on entrepreneurs' perceptions of mentoring, if the benefits of having a mentor are framed in prevention or promotion terms.

Advice to policy makers

If the policy aim is purely to **encourage a positive attitude towards mentoring, it appears important that the priming component of the intervention is promotion focused. Promotion priming can then be combined with either, prevention or a promotion framed message, as follows:**

- **Promotion Priming + Prevention Messaging.**
- **Promotion Priming + Promotion Messaging.**

The two recommended interventions do not differ from each other in statistically significant terms, nor is the observed difference quantifiably meaningful. **For all intents and purposes the interventions may be regarded as interchangeable.**

Nevertheless, as previously noted, the effects of promotion priming (over prevention priming) on reported attitudes are significantly more likely to be observed on the following groups of SME owners, that:

- Have been in business for longer periods of time (i.e. more than 20 years).
- Have experienced an increase in their business revenue over the past year.
- Have a low need for closure.

In addition to the joint strategies of priming and message framing as a means of encouraging demand for mentoring, it is **worth bearing in mind given limited government resources, what type of SME owners are most likely to be receptive to mentoring**. The data suggests that regardless of the priming and message framing combination SME owners are exposed to, they tend to report more favourable attitudes towards mentoring when they:

- Operate in the service sector.<sup>39</sup>
- Have no employees.
- Report not to know their turnover.<sup>40</sup>

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<sup>39</sup>The service sector included the following: accommodation/food, information communication, bus service, administration service and other services.

- Are below the age of 50 and above the age of 64.
- Have experienced an increase (as opposed to a decrease) in their business revenue over the past year.<sup>41</sup>

The niche of SMEs that can jointly meet the following three criteria, seem to hold especially positive views of mentoring:

- Have experienced a recent increase in revenues.
- Operate in the service sector and
- Have no staff.

### How to motivate entrepreneurs?

Priming:

**Prevention priming can be more effective at increasing reported motivation to succeed as an entrepreneur** than promotion priming. This result may be explained by evidence that suggests that **if people “fantasise” about an ideal future** (akin to how promotion was primed in this trial), **it can reduce their motivation** and likelihood of attaining that goal<sup>42</sup>. This is because they may feel they have *already* attained their desired objective. **Whereas, it is understandable that getting entrepreneurs to reflect on upcoming challenges (how prevention was primed) might in fact motivate them to act, as this would highlight a discrepancy between their ideal and actual state.**

While there is not sufficiently robust evidence to support the claim that prevention priming is on average more effective than promotion priming for the UK SME population as a whole. The data suggests that **prevention priming is a better option in the specific cases of:**

- SMEs with employees.

One could conclude that it is the perceived responsibility for the welfare of others that makes such entrepreneurs more risk averse and thus particularly alert to prevention priming.

- SMEs that have recently experienced a rise in revenue.<sup>43</sup>

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<sup>40</sup> It is unclear why this should be the case; they nevertheless represented 6.8% of the SME sample. Such a response perhaps reflects other underlying characteristics, such as a lack of organisation, ‘know-how’ and rigour in running their business; the kind of benefits that a mentor could provide. At the other extreme, owners of companies with very high levels of turnover (+ £15m) express little to no interest in being mentored.

<sup>41</sup> Result only significant at the 10% level.

<sup>42</sup> Oettingen and Mayer (2002). ‘The motivating function of thinking about the future: Expectations versus fantasies’. *Journal of Personality and Social Psychology*.

<sup>43</sup> Result significant at the 10% level. Companies that witnessed a fall in their earnings appeared to respond better to a promotion prime. While the effect was not statistically significant, the test also lacked the

It is plausible that the prevention prime worked by making entrepreneurs temporarily more loss averse and this combined with the prospect of jeopardising recent hard earned gains could have acted as a strong motivating force.

- SME's with higher levels of turnover (above £ 73,000).

Evidently, the higher the turnover, the greater the potential losses and the more concerning these will appear when prevention primed.

### **Message framing:**

The data supports the view that by and large, the use of a **promotion message** (noting that a mentor can bring change, identify opportunities and advance the business) **increases entrepreneurs' reported motivation more than a prevention message).**

**This effect is highly significant (1% level).** According to regulatory fit theory, people experience increased motivation to pursue a goal, when the arguments contained in a message and/or its framing fit with the regulatory focus of the individual<sup>44</sup>. Therefore, such a finding suggests that entrepreneurs may be intrinsically promotion-focused individuals and therefore promotion-framed messages resonate best with them. A more fine-grained level of analysis shows that this specifically applies to entrepreneurs:

- With a high need for closure.
- Who run a business in the non-service sector.
- Whose business recently suffered a fall in revenue.
- Whose revenue appears to have stagnated.
- Who have been in business for less than a year.

It is conceivable that high need for closure individuals manifest a greater predisposition to messages that are congruent with their natural mind-set. In the latter three cases it is also clear why a message, which draws attention to a mentor's ability to bring change by identifying and exploiting opportunities might be more effective, since it implies the possibility of the business making turnaround or taking-off.

### Advice to policy makers

What is likely to be the most effective approach at motivating entrepreneurs in part depends on the degree of information available to policy makers with respect to SME demographics and the ability and/or desire to segment and target certain sections of the small business population with tailored communications.

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necessary power to render it conclusive. One cannot therefore categorically exclude the possibility that a promotion prime could work better under such specific circumstances. It makes intuitive sense that when people experience a disappointing outcome it can be demotivating and may benefit from being reminded about their goals and aspirations (promotion primed). Future research may wish to address this issue.

<sup>44</sup> Freitas and Higgins (2002); **Enjoying goal directed action: the role of regulatory fit. Psychological Science**

SME population as a whole:

When it is not feasible to embrace a strategy of segmentation and tailoring, and a standardised mass communication approach is adopted, the best option is to lead with **a promotion message, to be delivered in conjunction with either a prevention or promotion prime**<sup>45</sup>.

- **Prevention Priming + Promotion Message.**
- **Promotion Priming + Promotion Message.**

This is because at the aggregate level, promotion-messaging works better than prevention messaging regardless of the type of priming it is used with (and there is no statistically significant main effect of the type of priming used). The messaging component of the intervention also accounts for a higher percentage of variance and so it is important to use the “right” message framing.

Targeting groups of SMEs:

For certain subsections of the SME population a specific combination (interaction) of priming and messaging performs better than the rest and different combinations appear more effective for different categories of SMEs<sup>46</sup>. Two important factors for segmentation are recent financial performance and annual turnover.

If one segments on the basis of past financial performance, the recommended interventions are, in the case of a:

- Revenue increase: Prevention Priming + Prevention Message.
- Unchanged revenue: Prevention Priming + Promotion Message.
- Revenue decrease: Promotion Priming + Promotion Message **OR** Prevention Priming + Promotion Message.<sup>47</sup>

If segmentation occurs according to SME turnover; in the case of SME with yearly revenue of:

- Above £73,000: Prevention Priming + Prevention Message.

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<sup>45</sup> Although the combination of prevention priming + promotion message, results in the highest levels of reported motivation, the difference with the combination of promotion priming + promotion message is not statistically significant.

<sup>46</sup> Each of the reported intervention combinations is statistically significantly different from the other possible combinations, at least at the 10%.

<sup>47</sup>The two combinations do not differ from each other in statistically significant terms nor is the difference between the two means empirically meaningful.

- Less than £73,000: Promotion priming + Promotion Message **OR** Prevention Priming + Promotion Message.<sup>48</sup>

This would suggest that whenever possible it is advisable to segment and tailor communication accordingly as more tailored approaches would result in higher levels of motivation.

Engaging with the most motivated entrepreneurs:

The survey data also offers some preliminary insights into the type of characteristics that entrepreneurs with the highest reported motivation scores seem to possess. Irrespective of the priming and messaging received, entrepreneurs report a greater motivation to progress and succeed as entrepreneurs when:

- They run a business in the service sector.
- Their company's revenue has recently increased.
- The higher their businesses' turnover (i.e. above £73,000).
- The younger the entrepreneur (i.e. below the age of 45 and in particular below the age of 25).

Entrepreneurs between the age of 25 and 34 additionally report being the most interested in learning more about mentoring.

#### How to encourage entrepreneurs to look further into mentoring?

At the aggregate level, interventions that include a prevention-prime (in lieu of a promotion prime) result in higher levels of reported interest in mentoring, as measured by the percentage of interviewees willing to receive further information via e-mail. Similarly, interventions that contain a promotion message (vs. prevention message) also result in a marginally higher percentage of people wanting to receive further details of mentoring services. The intervention combination that results in the highest levels of interest is:

- Prevention priming + Promotion Message.

**While none of the effects reached the 5% level of statistical significance** this may be largely attributed to a lack of statistical power, due to only a subsample of the interviewees (those who previously expressed a medium/high level of interest in mentoring) being asked if they would be willing to receive further information. It is nevertheless encouraging to learn that the trends here reported, largely mirror the findings on motivation suggesting that increased reported motivation scores may be associated with greater levels of interest for mentoring. It is the same interventions that are effective at increasing motivation scores as well as engendering an interest in mentoring support.

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<sup>48</sup>Although the two groups do not differ in statistically significant terms the prevention priming and promotion message intervention recorded higher level of motivation.

Furthermore, although the result is not statistically significant, it is noteworthy that the prevention priming + promotion message interaction also results in the highest percentage of entrepreneurs stating they would actually use a mentor in the future, as reported in questions later in the survey. It would therefore be interesting to investigate this through a larger survey.

#### How to encourage a positive attitude towards mentoring *and* to motivate entrepreneurs?

The results show an apparent trade-off between encouraging a reported positive attitude towards mentoring, where promotion priming is more effective than the prevention priming, and reported motivation scores, where prevention priming can be more effective than promotion priming. **If the goal is to both motivate entrepreneurs *and* to create a positive attitude towards mentoring, the intervention which strikes the best balance, is likely to be:**

- **Prevention Priming + Promotion Message.**

It is also possible that this intervention would result in a greater number of entrepreneurs expressing a more active interest in mentoring.

#### Other findings and recommendations

Messages:

A promotion message increases scores on responses to the following questions compared to a prevention message:

- Making people feel mentoring is right for them and their business.
- Increasing entrepreneurs' willingness to recommend mentoring to other SME owners.
- Reinforcing the belief that mentors with sector specific knowledge are available in one's geographic area.

Priming:

Promotion priming is more effective (than prevention priming) at strengthening a potential mentee's scores on the following scales:

- Trust in a mentor.
- Mentors are available in one's area with the relevant knowledge.
- Belief that it is easy to find a mentor.<sup>49</sup>
- Belief that mentors can help bring growth.
- Acceptance of having to pay for mentoring services.

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<sup>49</sup>This effect largely applies to those entrepreneurs who report no prior concept of mentoring

Moreover, a **promotion prime results in entrepreneurs reporting being more optimistic regarding their company's future performance**. A statistically significantly higher percentage of entrepreneurs reported that they expected their company's revenue to improve over the next year when promotion (vs. prevention) primed.

All in all, such findings are in line with the positive effect that promotion-priming looks to have on reported attitudes and the more general effect that priming a positive, open mind-set can have on one's outlook.

Need for closure:

Individuals with a higher need for closure are seemingly more likely to give in to pre-existing prejudices about mentoring, perhaps as a reflection of the fact that a high need for closure is associated with closed mindedness. They in fact believe more strongly that:

- It is largely struggling businesses that use mentors.
- Mentors would not be helping them if there were nothing in it for them.

Past financial performance:

Irrespective of the combination of priming and message interventions delivered, there is initial evidence to indicate that a company's recent financial performance (over the past year) is related to the owner's attitudinal response to mentoring messages and priming. In particular, owners of SMEs that experienced a recent rise in revenue (even including those who have never used a mentor) report greater:

- Trust in a mentor.
- Belief in the notion that mentors can implement change and help bring growth.
- Credence in the fact that suitable mentors are available in their area.

Moreover, owners of companies that experienced any change (increase or decrease) in their financial earnings are more inclined to inform others of the value of having a mentor. All in all, such findings are a testament to the importance of salience- contacting entrepreneurs at the "right" time.

To be noted is that in the survey respondents were directly asked about their previous year's turnover, this in itself would have acted as a prime. Therefore, if similar results to the above are to be expected, any future communications are likely to have to "prime" entrepreneurs' awareness/perception of their recent (good) performance.

Finally, as possible strategies to increase the uptake of mentors, data from the main study suggests that future campaigns should focus on communicating that mentors:

- Are available
- Can bring about change
- Are not just used by struggling businesses
- Are not purely motivated by self-interest
- Can be trusted and
- Generally do not charge

Based on this trial's results, policy makers may wish to consider that by using promotion framed messages, priming a promotion mind-set and a low need for closure, communication efforts intended to address the aforementioned issues, may be rendered more persuasive.

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## **Annex:**

### Definition of key terms:

Need for closure:

The extent to which someone is comfortable dealing with uncertainty and ambiguity- it reflects a desire for knowledge that can provide a firm solution.

Regulatory focus:

Regulatory focus theory posits that individuals are goal driven but they differ in the strategies they use to attain those goals. Individuals broadly fall into one of two categories; they either look to maximise their gains (promotion focused) or they seek to avoid risk and losses (prevention focused). Promotion focused individuals tend to favour idea generation, creativity eagerness and change. As well as being susceptible to gains they have grown and advancement needs. Prevention orientated people tend to have security and safety needs and are sensitive to potential losses. They prefer stability and to avoid making mistakes.<sup>50</sup>

Priming:

Involves creating (sub-conscious) cues, which can influence behaviour and decisions.

### Survey details of the interventions

#### *Prevention priming:*

What do you see as the major risks and threats to the smooth running of your business over the next two to three years?

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<sup>50</sup>Higgins (1998) "Promotion and prevention: regulatory focus as a motivational principle. In Zanna."Advances in experimental social psychology". Academic press, New York.

*Promotion priming:*

Over the next two to three years what do you aspire and hope to achieve for your business?

*Prevention message:*

Mentors bring a fresh pair of eyes and can provide friendly, tailored and impartial support to help identify the specific areas of weakness and threats to your business and can help you to tackle potential problems and pitfalls in advance, reducing your business's exposure to risks.

A mentor can help to bring control and focus to the running of your business and can help you to make fewer mistakes...

*Promotion message:*

Mentors bring a fresh pair of eyes and can provide friendly tailored and impartial support to help you advance your business, by helping you to identify opportunities and to make the most of your business's specific areas of strength.

A mentor can be a sounding board for new ideas and out of the box thinking; and can help you to transform your business.

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