

# **FOUR FUTURES FOR SUFFOLK SMALL BUSINESS – PATHS TOWARDS 2020.**

## **Project Briefing.**

### ***What is the primary purpose of the project?***

It is often the case that we career into the future without giving too much thought about what the future may look like. Normally, if we undertake any planning at all, our time horizon is rarely longer than a few years. It is generally the case that few small businesses undertake any business planning at all, and that those who do undertake a process of business planning have a time horizon of less than five years.

If, however, we look at the expectations of small business owners, we find that most are investing their own human capital, as well as their monetary capital, in a context of many years. Indeed, it is not unusual to hear the owner/managers of small business say that they see their business as the key component in their pension planning.

There is obviously a gap here between what people hope for and what they do. They hope that their business will provide sufficient capital for their retirement but they do not undertake the necessary planning for that retirement. The purpose of this project is to help to start the process to close the gap and to provide a tool in which the small business community can start to undertake long-term planning.

### ***Why is the scenario approach the most appropriate?***

It is intended that the project will develop a number of scenarios to help the Suffolk small business community undertake long-term planning. We need to introduce the concept of scenario planning by stating what they are not. Scenarios are not predictions of the future. Whilst forecasts are useful in scenario planning, they are not central to the process. Forecasts can be reasonably accurate up to about two years into the future. After that point, their predictive value falls significantly as the uncertain factors within any forecasts start to assume greater prominence. At this point, we start to move away from forecasting techniques and towards foresight techniques.

The starting point for foresight techniques is an analysis of current trends. By definition, we need to look at structural trends as they are going to predominate future outcomes. From this Trend Analysis, we can determine a number of critical uncertainties over the key drivers to the Suffolk small business community. These will give us a number of possible future outcomes for small business in Suffolk – a

number of scenarios for the future. All scenarios provide is a description of the possible futures that the small business community may face in Suffolk.

This approach is the most appropriate to this project because we are not attempting to provide a long-term forecast of what the future will hold. Instead, we are attempting to see what sorts of environment might prevail for small businesses in Suffolk. In truth, elements of all scenarios might actually happen simultaneously. The important point is to be able to consider why these have come about and how they might affect us on an individual level.

### ***What time horizon will scenarios cover?***

We have debated this issued a great deal internally. On the one hand, we need to take out the project sufficiently far in time to make it credible and worthwhile. On the other hand, this is a *pro bono* project that we cannot allow to absorb too many research resources. The further out you go in time, the more expensive the project becomes, as there are more key uncertainties that need to be considered. In the end, we opted for a time horizon of about half a generation because we felt that it provided a good balance between yielding useful results whilst not becoming too much of a drain on our corporate resources.

### ***What are the expected outcomes?***

The outcomes of the project really depend upon the processes that we undertake within the project. Our initial hypothesis is that the two key drivers for the small business community in Suffolk are demographic change and the impact of the New Economy.

In examining the impact of demographic change, we plan to undertake a demographic review of Suffolk in traditional terms. We also intend to extend the analysis to include the production of a MOSAIC cluster analysis and the production of a Spatial Integrals analysis through primary research. It is intended that the results of this research will be placed in the public domain.

An assessment of the impact of the New Economy will follow broadly similar lines. In undertaking this, we shall examine the trends in the small business sector of the economy in recent years. These results will then be applied to a number of generative economic models that have been developed to look at the possibilities for the future, given what has recently happened and what people would like to happen in the future. Once again, it is intended that the results of this research will be placed in the public domain.

From these two research projects, we shall generate a set of four scenarios outlining the possible futures that the small business sector faces over the next few years. These scenarios will be produced in report format. It is intended that the scenarios will be placed in the public domain.

From this, we can see that we intend to produce two pieces of primary research and one set of scenarios. It is likely that we shall launch each of the pieces of research and the resulting scenarios using the format of one-day workshops.

### ***How long will it take to report the scenarios?***

The project is scheduled to deliver the final report in October 2004. The main investigation into the demographic trends is scheduled to be completed at the end of January 2004. The main investigation into the demographic trends is scheduled to be completed at the end of May 2004. A process of scenario building that will construct the initial scenarios by July 2004, and will deliver the final cut by October 2004, will follow this.

It may be possible to shorten the reporting cycle if we can run the demographic research project and the New Economy research project concurrently rather than consecutively. Our ability to do this will be influenced by the amount of *pro bono* research resources we can obtain and the amount of managerial time we are able to commit to the project.

### ***Who will be involved?***

The Greenways Partnership has an existing infrastructure to conduct economic research and to undertake scenario building on a commercial basis. It is envisaged that the project will be managed internally within the Greenways Partnership. We plan for the base research to be undertaken by a group of Intern student futurists and economists, under internal management and direction from the Greenways Partnership staff.

The preliminary results from the research will be put before a network of small business owner/managers to provide a feel for their direction and validity. This network meets on a monthly basis. We currently plan ten meetings of this key focus group. We also intend to invite other focus groups to provide input into the research process on a less frequent basis (say, on a quarterly basis).

Beyond that, we shall recruit a team to generate the base scenarios and use the focus groups to provide feedback on those scenarios. The scenario writing team will include a mixture of Interns and independent consultants who would like the experience of actually writing scenarios, under the supervision and management of the Greenways Partnership staff.

### ***Who will use the scenarios?***

It is envisaged that three key constituencies will use the scenarios. The first, and by far the most important constituency, is the small business community itself. In disseminating the results of the project, it will be important to outline important milestones in the future so that the small business community may assess which scenario may prevail in the future. This can act as an early warning mechanism to the small business community that the key decision makers can utilise in the allocation of resources in their investment decisions.

The second key constituency are the advisors to small business. In the forward planning of the development of their services, those who advise and support the small business community need to have a view on the future direction of the small business community if they are to plan and prepare a service offering that is relevant to the small business community. Members of the second constituency are likely to be located both in the private sector and the public sector, and are likely to be parts of large organisations and to be smaller organisations.

The third key constituency are the public bodies that are charged with providing the infrastructure that the small business community uses. These are likely to include agencies at the local and national level, and, to a lesser degree, at the supra-national level.

### ***How will the scenarios be applied?***

Each of the target audiences has their own set of needs and objectives. The overall intention is that the project will provide sufficient information for that audience to use in furthering their needs and objectives. However, having said this, we would hope that the scenarios could be used as described below.

We would hope that small business owner/managers would use the scenarios to finesse their investment decisions over which commercial opportunities are likely to be worth pursuing. Likewise, we would expect the advisors to small business to be able to use the scenarios to gauge the direction in which their key market was likely to move. And finally, we would hope that the scenarios would have use in a policy context for the providers of infrastructure for small business by pointing to where some of the future needs of the small business sector might be.

### ***Who is sponsoring the project?***

There are varying levels of involvement with the project, depending upon the stage that the project has reached. Initially, the project will be fully funded by The Greenways Partnership, but needs the endorsement of a number of agencies. At this level, all endorsement means is that the endorser feels that this project is worthy of being undertaken and expresses an interest in the results of the project. Endorsement does not commit the endorser to any resources consequences. Please see Appendix I for a list of organisations who have endorsed the project.

Once the research is underway, the question of resources will arise as an issue. The Greenways Partnership will meet the basic research costs during the research phase. However, they may need the facilitative assistance of a number of key partners in doing so. For example, in order to generate the base data to undertake the Spatial Integrals analysis, they may need to undertake a telephone canvass of the memberships of a number of Small Business organisations.

However, we must not presume that we can proceed on this basis, and we shall need the co-operation of those organisations if we are to proceed. As the research progresses, the results will be synthesised by locally based focus groups of small businesses. It is important that these local groups are willing to assist in this way.

The question of sponsorship starts to arise as an issue once the research has been completed. We shall need to seek sponsorship of the one-day workshops to present the research findings and to introduce the scenarios. To a certain extent, this can be defrayed through user charges, but we need to make the presentations as accessible as possible, which argues through the use of sponsorship as a means to cover the cost of the workshops.

The Greenways Partnership will cover the cost of publishing the research and the scenarios in electronic form, but sponsorship will be required to publish the material in hard copy form. Part of the charge could be defrayed by a cover price for the material, but we are not too keen to price the results such that they are not disseminated as widely as they could be. Once the project is under way, we shall start to talk to potential sponsors who might like to be involved in the project.

### ***How much will it cost?***

The main cost items are likely to be three one-day workshops and three reports. Our initial planning estimates are that we would need a budget of £1,000 for each of the one-day workshops and £2,000 for each of the reports. Allowing for contingencies, we would be seeking sponsorship of £10,000. Of course, a number of organisations may contribute towards this total cost, either in cash or in kind, and we shall seek sponsorship for the various parts of the project rather than for the project as a whole. However, should a benefactor wish to be the project sponsor, then we are unlikely to turn them away!

### ***Conclusions.***

It is generally true that we get the future that we deserve. If we want a future that works for us rather than against us, then we need to act proactively in the present to ensure that we can enjoy our preferred outcome in the future. We can influence the future if we plan for it, and this project is one of many steps to ensuring that Suffolk has the small business community it deserves in 2020.

Stephen Aguilar-Millan  
The Greenways Partnership  
September 2003.