



Effective start-up, small and medium enterprise (SME) business support: facilitated peer-learning at work

CRATE is a network of entrepreneurial business communities, where collaboration promotes growth and success. We provide flexible mixed-sector commercial premises, vibrant publicly accessible communal facilities and business support services.

This note contains an overview of the literature on business support, learning and development that informs the development of CRATE's business support offering for start-up and SME entrepreneurs: CRATE Boost.

The goal of Boost is to enable entrepreneurs to build businesses that survive and thrive. Building a business is complex and multi-faceted. It is hard work, requires grit, diverse knowledge and skills, and can often be very lonely. Boost supports entrepreneurs on this journey by facilitating peer-learning between tenant entrepreneurs in CRATE schemes. It is demand-driven, delivered in-situ (at the scheme), and supports the entrepreneur over the long-term.

Entrepreneurs and their peers

The entrepreneurs at CRATE schemes are "choice" entrepreneurs coming from diverse sectors and business life stages (pre-revenue to established SME). This is important for a number of reasons. First, it is well documented that some entrepreneurs have higher ambition than others and these ambitions are an important driver of business success.¹ Second, peer group effects (the influence on your decision making and behaviour of being around others who share similar social or demographic characteristics) significantly influence outcomes in a number of educational and health interventions² and there is emerging evidence for it in entrepreneurship training.^{3,4} Finally, there is evidence to suggest that if participants in business incubators and accelerators share a similar knowledge base, cross-fertilisation with other business fields is less likely to occur – i.e. diversity of sector and life stage is important.⁵

¹ "Ambitious Entrepreneurship: Antecedents and Consequences" Hermans et al 2012; Global Entrepreneurship Monitor Global Report – 2016/17 and 2012

² E.g. Morton & Montgomery (2011) Youth empowerment programs for improving self-efficacy and self-esteem of adolescents, Campbell Systematic Reviews 2011/5; Webel et al (2010) A Systematic Review of the Effectiveness of Peer-Based Interventions on Health-Related Behaviors in Adults

³ in Hausberg and Korreck (2018) Business incubators and accelerators: a co-citation analysis-based, systematic literature review. Journal of Technology Transfer

⁴ Mills et al (2012) Impact of mentoring and peer-learning within a global entrepreneurship programme. Conference paper.

⁵ Schwartz and Hornych 2008 as cited in Hausberg and Korreck (2018) Business incubators and accelerators: a co-citation analysis-based, systematic literature review. Journal of Technology Transfer. P.15

Peer learning

Peer learning is what happens when entrepreneurs learn from other entrepreneurs. It is a different type of learning experience than mentoring (when a mentor is usually someone more senior than a mentee), coaching (when the coach helps a coachee to come to their own conclusions) or advising.

Peer learning is a highly social and interactive process that requires participants to establish successful relationships based on trust.⁶ Topics covered can range from hard business challenges through to more personal issues – and often it is impossible for an entrepreneur to separate the two.⁷ Peer learning “offer(s) fledgling CEOs a forum for testing ideas and exchanging advice. And because members have no stake in one another’s business, there’s an unbuttoned openness that’s often lacking in the meetings of senior management teams and boards of directors” (Harvard Business Review).⁸

Peer learning works through a number of different mechanisms. From a psychological perspective, it provides reflection, reassurance, motivation and a confidant. It supports the personal development through integration (bringing different ideas, perspectives and experiences together), new information, confrontation and guidance. Finally, entrepreneurs find role models in their direct peers as well as in those that are a “step ahead” or in different sectors⁹.

Facilitation

Facilitated peer learning harnesses the best of these mechanisms by providing structure to the learning experience of tenant businesses. Close and frequent interaction between facilitators in business incubators and incubatees has been shown to be fundamental to success.¹⁰ We embed a dedicated “curator” (responsible for tenant selection and business support) at each CRATE scheme to listen to the needs of tenant businesses, connect to the broader local business community and to create structure that allows for valuable challenge and feedback.

Applied in situ over time

Efficacy comes from business support applied in context on your current business challenge (at work, not away in a classroom). McKinsey & Company explain, “experiential learning is a preferred approach for building the skills of adults, who are accustomed to learn through action and experience. They

⁶ Mills et al (2012) Impact of mentoring and peer-learning within a global entrepreneurship programme. Conference paper.

⁷ Powell, J. A., Houghton, J. (2008). Action learning as a core process for SME business support. *Action Learning: Research and Practice*, 5 (2) 173-184

⁸ <https://hbr.org/2000/09/peer-to-peer>

⁹ Mills et al (2012) Impact of mentoring and peer-learning within a global entrepreneurship programme. Conference paper.

¹⁰ Scillitoe and Chakrabarti 2010 as cited in Hausberg and Korreck (2018) Business incubators and accelerators: a co-citation analysis-based, systematic literature review. *Journal of Technology Transfer*.

especially learn by interacting with peers to acquire new knowledge and skills.”¹¹ This helps overcome issues of uptake, adherence¹² and ensures focus on directly applicable content.

Furthermore, nurturing peer-learning ensures regular, on-going interventions over time (the “dose effect”) which has been shown to increase the effectiveness of training in entrepreneurial businesses.¹³ We relate this back to the principles of feedback and structure to create meaning and understanding. As your peer checks in with how you are progressing with your new approach to marketing your product, you get the chance to reflect, analyse and adjust.

Business impact

We are interested in four primary business outcomes: survival, sales growth, profit growth and employment growth over the long term. We are also interested in the business practices that entrepreneurs successfully implement.

In a systematic review of business training initiatives in the developing world, McKenzie & Woodruff (2004) discuss the challenges of measuring these outcomes. First, these effects are likely to be quite different in the short term and the long-term whereas most studies in their review only looked at the short term. Second, it is difficult to get statistical power for evaluation due to attrition in the control group. Finally, measuring these outcomes is challenging. Whilst survival is an objective measure (you either exist or you don’t), the remaining is usually by self-reported surveys in which respondents might be reticent to share confidential commercial information (sales, profits) or report certain behaviours because “the training told them this was important” rather than because they are actually doing it.

Learning from Business Bridge

Business Bridge is a micro-enterprise training initiative that members of the CRATE management team were heavily involved in. The World Bank sponsored a randomised control trial¹⁴ of 852 firms in South Africa to show the effects of our two training programs (Finance and Marketing) on firm performance (survival, sales, profits and employment). The training programs were seen to be effective on increasing profits and applying business practices – although the mechanisms to growth differed depending on the course attended with marketing participants growing through increased sales and finance participants through better business controls. Our work with Business Bridge has informed much of how we articulate and design CRATE Boost.

¹¹ <https://www.mckinsey.com/business-functions/operations/our-insights/experiential-learning-whats-missing-in-most-change-programs>

¹² See McKenzie & Woodruff 2018

¹³ Mills et al (2012) Impact of mentoring and peer-learning within a global entrepreneurship programme. Conference paper.

¹⁴ Anderson, Chandy & Zia (2016) Pathways to profits: The Impact of Marketing versus Finance Skills on Business Performance (not published yet)



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CRATE Boost – a facilitated peer learning framework

We bring the elements outlined above together in a facilitated peer-learning at CRATE. We are committed to the design and implementation of an evidence-based business support program that drives impact. We bring together a facilitator (“curator” at CRATE), a business skills curriculum and resource sign-posting, and intentional peer-learning in situ over time. We will ensure baseline and regular measurement through objective measures (such as survival), self-reported measures (revenues, profits, employment) and seek to triangulate these where possible with other objective proxies of success.