



A Competence Based Model for Business Advisors Development

Summary Assessment Report

PROJECT RATIONALE AND OBJECTIVES

The Summary Assessment Report presents selected conclusions from the study undertaken within VETBA project with the aim to develop a training course to improve the quality of business advisor training and thus to increase the uptake of such training. The overall objective is to boost the ability of business advisory staff to provide flexible, tailor made support, and thus be more effective in influencing the uptake of positive growth patterns and innovation within their small business clients.

Therefore the aim of research study undertaken was to define and analyze the training needs of Business Advisors (BAs) within European countries (England, Ireland, Poland, Portugal, Belgium, Romania) in order to create competence-based model for Business Advisors' development. An attempt has been made in order to recognize how Business Advisors affect strategic decisions and their execution in small firms related to new venture creation and development and what kind and level of competences are required for Business Advisors to best support small firms' activities.

BUSINESS ADVISORS IN EUROPE

As the use of business advice has increased considerably in recent years, the dynamics of the consulting and training sector in Europe is very high. Demand for services provided by professional service firms, government agencies or research and educational organisations, has raised in SME's sector as well.

Advisory services are not equally developed in all European countries (referring to 6 countries considered). They seem to be weaker in developing countries like Poland and Romania, while practices in most developed European regions, like UK may serve as an excellence model with only several areas to be improved. The differentiated situation of Business Advisors within counties determines:

- different level of market development – different perception of business, innovation awareness of SMEs and - as a consequence - different advisory services requirements / expectations;
- different level of infrastructure development (i.e. locally accessible high quality research centres, communication infrastructure) – while infrastructure for business activity seems to be quite well developed in well developed countries like UK and Belgium, Poland and Romania suffers difficulties and significant

inconvenience in required resources acquisition, which has significant impact on business development.

Among business advisory services providers, the private sector dominates over public, however, the proportion changes due to availability of public sources (mostly from the EU programmes on the regional, national or international level). While narrowly focused BAs represent private sector, public BAs combine several areas. Many BAs operate in-between private and public areas, e.g. providing support as both academic staff and consultancy small firms or as private firms providing different kinds of support commercially and financed from private sources.

As advisory services are very dispersed in response to differentiated market needs, both generalist and specialists have an important role to enhance business activity through different kinds of support provided. SMEs require both kinds of support only it is provided properly and high quality of service is assured. Generalists represent shallow and broad knowledge, whereas specialists tend to have very deep understanding of specialized area.

BAs perform best in areas where a narrow range of services are sought in order to meet narrowly perceived needs and increase probability to properly assure the quality. Consequently demand for specialized advice is higher than for general support, however assistance in starting-up or managing a new business is the most commonly used service.



Business Advisors as generalists work with early-stage micro businesses (sometimes playing the role of front line advisors), whereas specialists' support is directed more for larger firms. Public institutions employ more often generalists, but the greater size of the institution, the more specialist expertise that is available in-house. As business advisors are drawn from nearby locations, the high quality of generalist BAs is very important.

**Training Needs Analysis. Competence Based Model for Business Advisors Development**

There are some requirements and qualification criteria for Business Advisors in several countries (UK, Romania), however, they are not respected everywhere. There are no accreditation requirements nor are there Quality Insurance Policy for Business Advisors providing support for SMEs, but some activities have to be approved, e.g. process planning according to ISO rules, introduction of firms on the stock exchange, accounting, legal advice (i.e. intellectual property protection).

ADVISORY SERVICES - SUPPORT REQUIREMENTS

Support needs of SMEs in Europe, especially those regarding the commercialization of an innovation differ if consider the type of a company, its development stage, competences and personality of the person who manages it, past experiences and the perception of the innovation the firm is willing to implement. Therefore, in performing BA's profession it remains considerably important to recognize current situation of the firm and profile of person who turn for advice. Equally important is an understanding of behavior expectations in order to gain confidence and credibility ensuring application of solution proposed.

Type of advisory services preferred by SMEs seems to be independent of experience of firms in innovation implementation. Though the willingness to cover areas where firms lack competencies increase along with experience in innovation. Entrepreneurs/Managers who claimed the protection of the intellectual property upon which the innovation was based as very important factor of its success, declared significant impact of BA in preparation of documents required by different parties, working on improvement of rent profile of innovation prior to investment and increase short term profitability. In contrast, the more the influence of government regulations or compliance costs is an important factor, the slighter influence of BA in preparation of documents required by different parties.

Whenever the level of competition within the targeted market (successful innovation) and the bargaining power within the targeted market of leading customers (unsuccessful innovation) were of great importance, BAs involvement in reassuring decisions made is influential. In contrast, the impact in reassuring decisions made is minor the more the bargaining power within the targeted market of other firms with complementary products or services, and, the influence of government regulations or compliance costs negatively impacted past innovation activities. The more the general attitude of the targeted customers toward new innovations influenced failure in its implementation the greater the need for business advise.

The requirements of entrepreneurs differ depending on their location. Firms operating within business incubators expect from BAs most of all to cover the areas where firms

lack competencies as well as work on improvement of rent profile of innovation prior to investment, whereas firm with academic background except of ensuring of competences they lack, expect to reassure decisions made. Firms from outside any support organisation, who used private sector BAs claim to cover the areas where firms lack competencies and prepare documents required by different parties.



The more risky the innovation the firm is willing to implement (in perception of people employed) the weaker need to reassure decisions made, but the need is stronger to prepare the documents required by different parties. The safer the innovation in firm's perception the higher expectation to increase short term profitability. While the delivery of documents required by different parties is important benefit a firm wishes to achieve through work with BA if it perceives the innovation as difficult, if implementation is perceived as easy, the highest expectation is to work on improvement of rent profile of innovation prior to investment and increase short term profitability.

COMPETENCES FOR PERFORMANCE

Competences requirements for BAs, as regards knowledge, experience, skills and behaviors, are very similar in the European countries. Competences related to management abilities (setting goals and priorities, action planning, time management) were indicated as very important by BAs from all countries. Using computers and Internet was also regarded as very important. A third group of significant importance for BAs from all countries combined social skills, e.g. working with firm to enable identification of critical issues, identifying problems and working with change resistance, stimulating team creativity, understanding the psychological profile of an entrepreneur.

**Training Needs Analysis. Competence Based Model for Business Advisors Development**

While generalists operate on similar level everywhere, specialists have precise defined areas of competences, but general knowledge helps them put specialized knowledge into practice. BAs who start their work focus on specialized areas (finances, IT systems and e-business) as well as general business issues (strategy and processes). Growing of experience impacts a more strategic and business modeling focus. Similarly, public sector BAs declare more than 3 areas of services provided, whereas private BAs are more often focused on 1-3 areas.

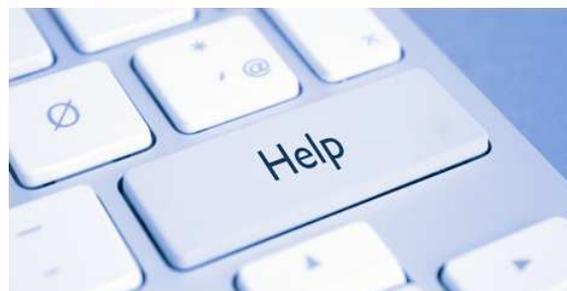
Though, skills and their importance seems to be very profiles-specific. For strategy focused BAs managerial skills (setting goals and priorities, action planning, working with firm to enable identification of critical issues) are very important as are social skills (identifying problems and working with change resistance, understand psychological profile of an entrepreneur), team work management (team building, use heuristics for creative solutions, working with firm to enable identification of critical issues), mentoring. Finance focused BAs pay a lot of attention to computer-related skills (using internet, using of computer-related devices, using of mobile communication devices, computer handling), skills enabling effective work with a firm (working with firm to enable identification of critical issues, preparing and conducting an effective consulting session, setting goals and priorities) and mentoring in order to provide effective resources consumption. Using Internet and utilization of proper sources of information on the basis of specialized software systems, if accessible, along with managerial skills were of great importance for R&D focused BAs as well as e-business and IT specialists. A combination of stimulating team creativity, coaching and ability to set goals and priorities was stated as crucial for BAs focused on export/import activities.

COMPETENCES STRENGTHEN AND TRAINING

Operating as business advisor requires constant learning to be up to date with available knowledge and market trends. Therefore, people performing this profession declare high willingness to uptake training. However they find it difficult to chose from the training programmes on offer and decide which ones they can really take advantage of, because there are no training programmes specifically made for satisfying their needs. They also describe available training programmes as not deep enough to strengthen their knowledge and improve their ability to support business activity.

There is a need for a special training programme only for Business Advisors which should be different to regular business training, especially regarding soft skills and a broad market focus. The perception of value adding actions of BAs does not fully correspond with the evaluation of entrepreneurs. This means there is a room for improvement for BAs who already provide advice professionally.

Training methods preferences are differentiated among different groups. Generally, less experienced BAs and BAs from counties where the market is less developed preferre many different forms of training, whereas more experienced and from more developed countries have more specific preferences. First group indicated basic form of training, e.g. lectures and forms enabling to gain experience necessary to work with real-life cases (case studies, business games, business theatre). Usefulness of e-learning and interactive discussions is highly rated by group of inexperienced BAs.



According to Competency Framework a homogeneous-principled basic training course, as well as further education opportunities (specialized training areas addressed for specific groups) must be carried out on national level with EU recommendations. As business advising covers a wide range of specific fields, the training programmes must be worked out in modules, so that an opportunity is assured to create individual education paths dependent on education background, experience level, fields of activity and change of specialization. This training programme should be an e-learning based programme combined with lots of interactive consultations and business games, and a great number of case studies, specific analytical methods and tools. To be relevant, a training programme must be reliable, with lots of references (books, on-line based materials) for in depth studies. It should provide a manual comprising a kind of framework with logically interrelated themes.

On the basis of analysis of groups distinguished among BAs considering background education, experience, areas of activity and profiles and national factors it is recommended to design development paths for BAs to serve as basis to create relations between modules.