

# Firing the engines of growth: the opportunities for consulting firms in helping medium-sized businesses to fulfil their potential

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## Foreword

Mid-sized businesses have it harder than most – facing many of the same challenges of larger organisations, but often with resources closer to those of smaller enterprises. The research undertaken for the following report asks how mid-sized businesses can move forward when so many factors seem stacked against them. Many of these companies are well aware of the challenges they face, and have more than an inkling of what they must do to make progress. Yet the majority feel their hands are tied both financially and because they lack the resources to make transformative change and positive growth a priority.



One important finding that emerges is that restrictive technologies and processes present even more of an issue for these companies than money. These factors prevent progress because they have not been developed and adapted in line with the way the business has grown and changed. Poor integration between now disparate and often overlapping systems means a lack of data integrity, an absence of shared knowledge, and stunted business opportunities. At the same time, inefficient processes and a lack of joined-up behaviour across growing organisations is hampering companies' attempts to 'think bigger' and 'act more boldly'.

It is not that mid-sized businesses lack vision and strategy, but more that their day-to-day priorities have become misaligned. They imagine that if they can just keep the business ticking over, that's the best they can hope for until healthier economic times come along.

This inertia is a significant cause for concern, not only for the individual organisations which feel they aren't in a position to try to break through the next ceiling, but also for the wider economy which depends on these companies being successful.

We are immensely grateful, particularly in the light of the existing demands on these companies, that so many business managers took the time out to participate in this important research, and to the numerous consultants who shared their insights and wisdom to add value to our analysis of the results. As you have agreed, there is light at the end of this dark tunnel, if we are all willing to adjust our sight.

A handwritten signature in black ink, appearing to read 'S. Fowler'.

**Simon Fowler**  
Managing Director, Advanced Business Solutions

## Introduction

Mid-sized businesses have got it harder than most, being neither small nor nimble enough to flex and glide with the market as its profile changes, nor large enough to absorb turbulence when it comes. They struggle to attract the best staff because they can't match the salaries of large enterprises, yet can't offer the dynamic working conditions of new start-ups.

They have too many financial commitments to slash prices, and lack the economies of scale of big businesses to bend their terms when needs must. They don't qualify for small business loans, but don't have the cash reserves of their larger peers. They've invested in IT to a point that it's useful but not useful enough, yet have come too far to start again. Staff are often overstretched but companies can't risk increasing numbers in case the fragile economy falters once more, yet if they don't expand they risk shrinking.

As the UK Government redoubles its efforts to kick-start the domestic economy, a key strand of its strategy is to reduce red tape and address other barriers to business – from excessive administrative requirements and over-zealous employment laws, to crippling lending restrictions. In February the Government unveiled plans to reduce financial reporting requirements, which it estimates will save SMEs more than £600m in accounting fees and administrative costs. More recent proposals have set out to make it easier for firms to divest themselves of under-performing staff.

Each of these measures reflects a recognition that if the economy is to grow in a way that's healthy and sustainable, it needs to be easier and more affordable for companies to do business, to invest, to expand and to hire people.

At the bottom rung of the ladder entrepreneurs are being empowered, in recognition that all good businesses must start somewhere. March 2011 saw the launch of StartUp Britain, a new campaign by entrepreneurs for entrepreneurs which aims to "celebrate, inspire and accelerate enterprise in the UK". The initiative, which has the full backing of the Government, pledges services and benefits including advertising and marketing, office space, broadband, finance and mentoring support for start-up companies. In total, StartUp Britain will deliver a benefit package that represents over £1,500 in value for every start-up company in Britain.

Other measures, such as moves to make employment law less onerous for those doing the hiring and firing, and to an extent the proposed relaxation of planning regulations, seek to make it easier for companies to thrive as they enter subsequent phases of growth.

Still more could be done however, particularly for larger, mid-sized organisations. So says a new report from the CBI, which claims medium-sized businesses are the UK's "forgotten army" – despite having the potential to inject between £20bn and £50bn into the economy by 2020. Firms with a turnover of between £10 million and £100 million represent less than 1% of businesses but generate 22% of economic revenue and 16% of all jobs, according to the CBI.

In its report, *Future Champions: Unlocking growth in the UK's medium-sized businesses*, in which it draws on new analysis conducted with the help of McKinsey & Company, the CBI is calling for a broader range of finance to be made available to medium-sized businesses. It concludes that a lack of ready finance, particularly in the current climate, is one of the most critical stumbling blocks for companies of a certain size.

But, as vital as money is, it isn't the be all and end all. Even cash-rich companies can flounder if they're not buoyed up in other ways. Unless they have the right people in place, flexible business processes that can adapt to changing market conditions and appropriate technology, their progress will be hampered. In the current climate,

however, many businesses – particularly in the middle of the market – have found themselves seizing up. Fearful of the future, they have assumed survival mode, reluctant to invest and so caught up in everyday plate-spinning that they have lost sight of their greater goals, let alone the course they must take to realise them.

With this in mind, the following report and the research behind it has set out to explore in more detail:

- **The barriers to growth faced by upper mid-sized businesses;**
- **Where additional investment might have the greatest impact;**
- **What prevents these companies from making these investments; and**
- **What might be done to encourage a reversal of this trend.**

In order to answer these questions, we conducted a comprehensive quantitative survey of just under 100 larger mid-sized businesses in October 2011. The responses were then supplemented by detailed interviews with 10 professional services firms that work extensively with organisations of this size. These consulting firms were also able to reflect on the findings based on their own experiences as mid-sized businesses.

Drawing on the key findings, we have determined some of the changes that will be needed if mid-sized businesses are to adopt a new and healthier attitude to growth and investment and some of the direct measures that mid-sized firms can take today to secure a more prosperous tomorrow.

## What gets in the way of growth?

In a persistently difficult economic climate, not all businesses are focused on growth. Many would be happy simply to survive and maintain their current level of performance. However even this requires investment and strategic planning, given how easy it is to lose business when customers restrict spending.

Companies' confidence in their business strategies is relatively strong. When we asked survey respondents to rate various strengths and weaknesses within their business, 51% said they felt their company strategy to be a strength, versus only 15% who said it needed improvement (see Figure 1).

This doesn't necessarily mean that their current activities are closely aligned to that strategy however! Indeed, compared to their confidence in their companies' strategy, the majority of respondents were relatively downbeat about other core facets of their businesses, including the calibre of their employees, their marketing operations and the technology and processes applied to everyday activities – suggesting at least some recognition that company strategies are not being borne out in practice.

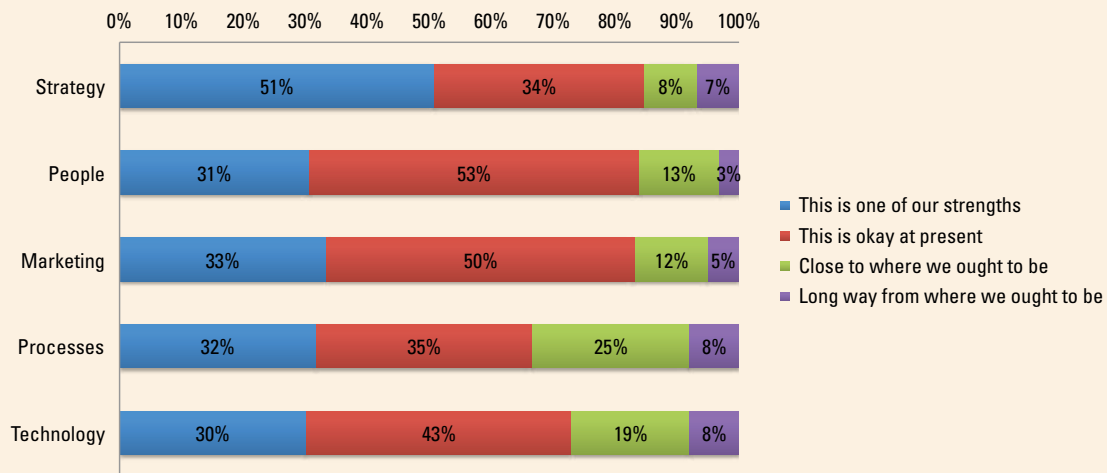
# The ability to execute strategy

Of particular concern were companies' business processes and underlying technologies, probably because these can be the most complex to address despite their strategic importance.

More than a quarter (27%) of respondents conceded that their technology was below par, while a third (33%) said the same of their business processes.

**Figure 1**

How would you score your organisation?



This chimes with the practical experience of consultants working with upper mid-market businesses. Says Tony McNeill, co-Founder of B2E Consulting, "People often come to us when things aren't going as well as they'd like with their operations and a business solution is not obvious. Even if the desired outcome is clear, combining the people, process and systems dimensions remains a huge challenge."

Often the problem is that processes and supporting systems have grown organically with the business, but no longer suit the company as it expands and branches out, becoming gradually less efficient over time. Where people's time is already overstretched and budgets are tight, the tendency is often to rely on existing modes of operation and supporting systems for as long as the company can get away with it. The over-use and over-reliance on spreadsheets is a classic example.

Says Richard Spooner, Head of the IT Advisory Team at Baker Tilly, "Spreadsheets are inefficient, they're only as good as the guy who has written them and it is too easy to manipulate them." Manually-driven systems like these are labour-intensive too and prone to inaccuracy. All of which contributes to inefficiency, preventing the business acting quickly and decisively when intervention may be needed.

Companies can soon become disconnected as they grow. As the business environment becomes more complex, this situation is only exacerbated. So-called 'ecosystems' and 'strategic partnerships' are becoming more widespread now and their successful execution depends on companies' ability to communicate and share information readily across company boundaries – not least to enable efficient planning.

All of this relies on the ability of companies to readily extract, consolidate, analyse and report on timely business data – reliable business intelligence they can trust. And this is where a lot of mid-sized businesses fall down, because of inadequate and unconnected systems and processes.

## Investing in systems and processes

So what is the way forward? What is becoming clear is that it is often not any one area that is presenting the barrier to mid-sized companies' growth aspirations, but rather the interaction of a number of issues and concerns.

IT's role is crucial because it determines how flexible, adaptable and dynamic a company is – not to mention how cost-efficiently it is being run. Making the leap to invest in significant change however usually requires a trigger. Typically it is a poorly-performing or broken system, rather than an opportunity they want to seize, that tips a mid-sized business into new IT investment.

Says Alan Anderson, Director of Delivery Services at Exception, "We find organisations coming for help because their systems have grown in a piecemeal way; they have focused on the business strategy but have never put together an IT strategy to support the business strategy."

While core back-end systems and routine processes may be running along satisfactorily (see Figure 2), the picture changes when it comes to management information. Only 17% 'completely agreed' that their financial processes are as efficient as possible while just 16% felt this way about their ability to track key performance indicators.

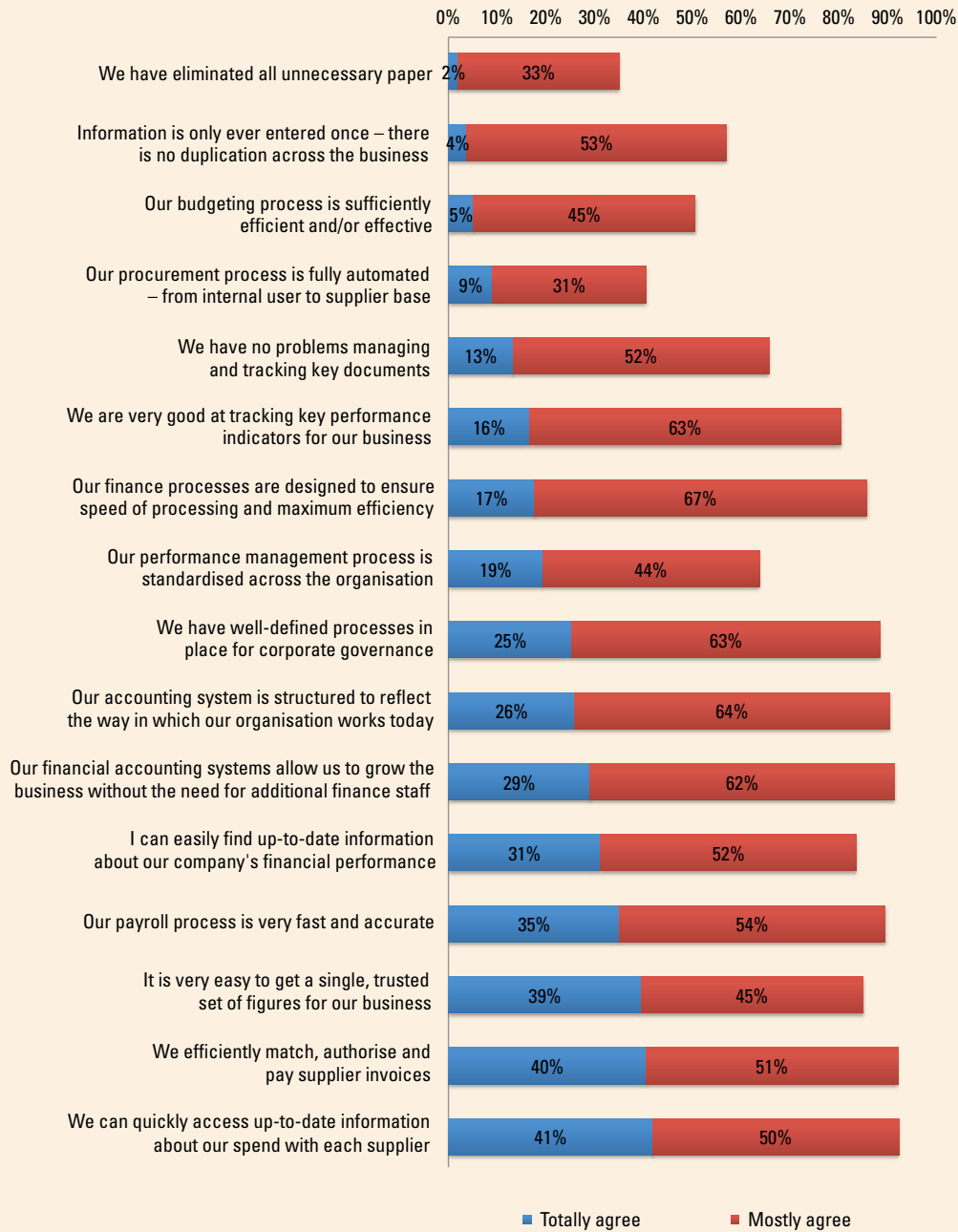
Similarly, although 4% completely agreed and 53% 'mostly agreed' that information was being entered into their system only once, this leaves more than 40% of respondents who do not share this confidence and are likely to be duplicating data, eroding accuracy and decision-making reliability and efficiency.

Dennis Horner, Head of Financial Management and IT Advisory Services at PKF, recalls how he recently came across an organisation that was still manually writing out purchase ledger entries and then entering them into their finance system. "Incredible," he exclaims. "The client needed help to understand how they could exploit better their IT system and help the accounting function to fulfil a different role – moving towards acting more in a management support role."

Without joined-up processes and connected systems, that all-important holistic picture of the business will remain elusive.

**Figure 2**

Processes and technology that worked for a smaller company can often cause problems as the organisation grows



## Turning data into knowledge

The finding that ‘strategic’ information presents the biggest challenge to companies is reinforced when we look at which of their organisations’ systems respondents thought were in the greatest need of improvement (see Figure 3).

While accounting, payroll and HR systems were generally considered to be in a reasonable state, the ability to extract valuable information and exploit this in useful ways is another matter. “Reporting, analysis and document management is more of a problem,” notes Anderson at Exception.

As many as 50% of respondents expressed significant concern about business intelligence – cited as the number one preoccupation for almost a fifth (18%) of respondents. The impact on the performance of the business is directly affected by this, which should be enough to spur any company to invest in bolstering their capabilities.

“Companies may have financial systems in place but don’t understand all of its functionality and how it can help support the business,” notes PKF’s Horner. “For example, in tracking budgets and tracking the impact of purchase commitments they’re making, many often only find out they have overspent when invoices are presented for paying. To avoid this, they need to implement a purchase order process linked to automated P2P (peer-to-peer) activity.

“Another common problem is lack of detailed information on product costs with the result that the business doesn’t know where its profits are coming from – which customers or products are generating money and which ones may be losing money,” he adds.

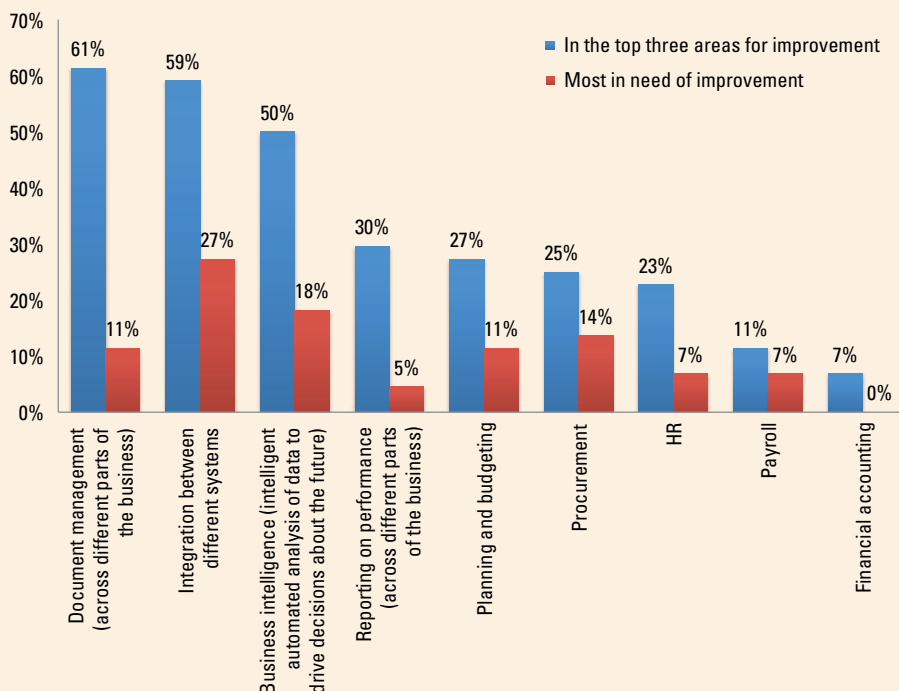
“I don’t think the problem is necessarily a need for new systems; it’s more a case that companies aren’t able to fully exploit what they’ve got,” comments Tim Richardson, Business Development Director at The Consultancy Company. “Systems are used badly and are not linked across the supply chain and the customer interface,” he explains. “People don’t have the analytical models to do a lot of distribution and inventory modelling, which means they can’t profile their stock. This should be a strategic aim but too often it isn’t.

“They don’t have an objective view of their business and how it could be improved, which could be holding them back in all sorts of ways,” he adds.

“Many problems come down to poor integration,” concurs Gerald Dunn, a Director at management consultancy Qedis. “This is driving inefficiency in manual processes with the result that companies are carrying more people than they need to. But it’s also about business intelligence: finding answers to the questions that sometimes we don’t know how to ask. This requires a common data model, but companies find grappling with this extremely difficult.”

**Figure 3**

Which systems are most in need of improvement?



## The importance of a clear IT strategy

Mid-sized businesses are clearly aware of the need for tighter integration between disparate systems, citing this as a major concern. Technology integration registers as a top-three concern for more than half of respondents (59%), with more than a quarter (27%) awarding it top billing. With specific reference to document management across the organisation, 61% said integration was a major concern, with 11% ranking it their number one bugbear.

And, as Stephen Lee, MD of technology consultancy Smiths Consulting, notes, the situation will be made worse if the company has been subject to mergers: "If growing through acquisition, the company may have acquired many different systems and never got round to making a complete overhaul."

Rectifying the situation needn't be difficult, but it does require thought and investment – whether companies try to string together the systems they have already got, or migrate to something purpose-built. Either way, an IT strategy will be important – one that is aligned to the way the business now needs to work.

"Where there are lots of small systems that have built up over time and the company attempts to learn more about customers, connect this to invoicing, and so on, they don't need a huge solution that costs an arm and a leg but something that will pull all this together," says Ed Haysler, a Director at LOC Consulting.

The gains from harnessing technology can be well worth it. Achieving closer integration between processes and supporting systems can do a lot for a business. Says PKF's Horner, "It's all about cost-effectiveness, business visibility and understanding. You might be competing with rivals in a commoditised area where fulfilment is a critical business activity, but if you can't say when you're going to have something available in stock and when it can be delivered, you might lose the sale to someone who can."

Mid-sized businesses often don't feel free to embrace new technology even if they wanted to. Despite being surrounded by hype around cloud computing, mobile apps, social media – all with the promise of nirvana over the horizon – the reality is that most are stuck with what they've got. "The IT fraternity recognises that it must do the unglamorous, lights-on activities before looking at new ways in which to add value," notes Gerald Dunn at Qedis.

Inevitably, technology is only part of the picture. Simply throwing money at new systems, or joining diverse systems, won't in itself solve bigger problems, such as fragmented processes, poor communication and a lack of alignment between business strategy and everyday practices.

## Converting inertia: from awareness to action

The challenge is what to do about it. Doing nothing should not be considered an option. The more companies put off investment the faster they fall behind, which presents a business risk in its own right.

Provided companies are seeking out new technology or integration solutions for the right reasons, there could be a good case for investing in new products and services. Even in times of austerity, companies will be looking for ways to maintain their market share, to establish a new edge competitively and to ensure their business is geared up to embrace new growth when economic conditions finally improve. In the meantime, they will be seeking new ways to achieve more with less, eliminate inefficient processes, prioritise profitable activities and take direct action on loss-making activities and customer debts.

Targeted software solutions which deliver a clear and quick return on investment could stand up well here. Improved systems integration, meanwhile, will result in richer and more reliable business intelligence, which in turn means better business decisions at both the tactical and strategic level. At its worst, poor systems integration can constrain a company's ability to grow.

So why do mid-sized businesses apparently wait until the last possible moment, when a system is on the point of failure, before taking action?

Inertia appears to play a large part in this, plus the fact that directors and staff are likely to be so over-stretched already that they simply haven't got the capacity needed to plan for change, even if this offers the potential for big improvements.

"If a system continues to seem to work okay, companies won't necessarily do anything about it," says David Dunning, Professional Services Director at Corporate Project Solutions (CPS). "It is only natural, after all, to react to the squeaky wheel. There's also the fact that everyone is too busy doing business to take the time to think about anything else, so the question of how to spark a change - or even to make a case to consider change - is a significant one."

To some extent then, in the current economic climate, a lack of ready funds and companies' nervousness about the future have become an easy excuse for stalling new investment. In our research, money, or a lack of it, is cited as a reason for holding off on IT spending by half the respondents. However this strategy could add to a company's woes, rather than ease them.

"IT costs money and money is tight," says Horner at PKF. "Companies are asking themselves, 'Can I survive and keep going for another year?'; they're saying they'll put off any investment until next year. But in an ideal world they should be investing now. Gaining a better insight into customers, products and underlying profitability might push a company ahead of its competitors, when otherwise they would be merely keeping up or even lagging behind."

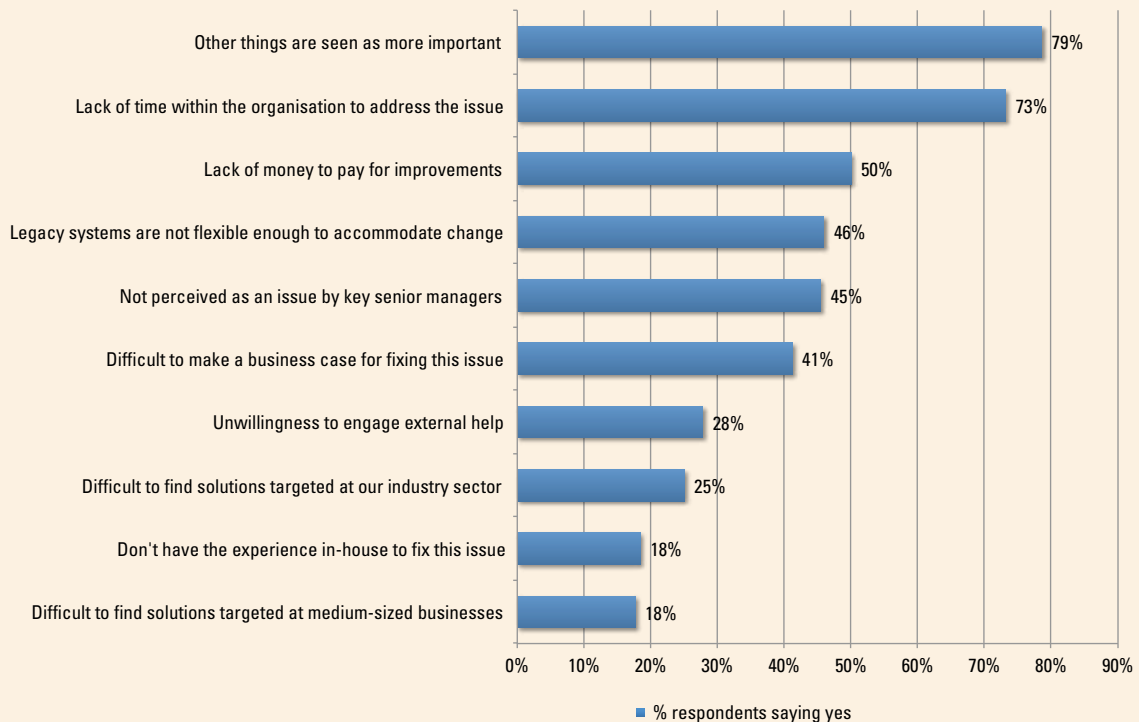
Respondents know this in their heart of hearts, citing an inability to prioritise IT and a lack of time as significant barriers to change and forward investment (see Figure 4). Indeed, the number one problem is that 'other things are seen as more important'—cited by 79% of people, while 73% said there was a lack of time to devote to the issue (of needing to make improvements to IT). This compares with 50% who cited money as a significant barrier to change.

Again, these findings are echoed in the comments of the consultants we interviewed. "There is always something more important and the back office is at the bottom of the pecking order," says LOC Consulting's Haysler.

"There is always an excuse to spend money on something else," concurs Spooner at Baker Tilly. "On top of the day job that can be quite a burden and projects can go on for longer than expected."

**Figure 4**

Do any of the following factors act as a barrier to addressing these issues?



## Who will drive change?

If positive change is to be seen through and delivered effectively it needs to be driven from the top of the organisation. Too often, adequate leadership is lacking, with 45% of respondents blaming the senior management of their organisation for not recognising the problems/opportunities associated with IT improvements early enough.

Moreover, some upper-mid tier companies in particular are likely to have reached a size where office politics, or an inability to collaborate strategically, interferes with vision-based decision-making. “We saw this with manufacturing technology years ago,” notes CPS’s Dunning. “Technology investment started off as islands of automation, each showing a benefit, but these were difficult to join up. It often appears to be the same now - people are solving their parochial needs rather than planning to or trying to glue them together.

“It doesn’t help where you’ve got short term, isolated objectives and conflicting ideas creeping in and around strategic leadership,” he adds.

Also, once a project’s scope has expanded beyond the remit of IT, so that it demands process change and the involvement of the business (and rightly so), the demands on the organisation become more onerous, which can be off-putting to companies that already have their hands full. Keeping the project boundaries within IT is an easier option.

“IT is an easy hook to hang your hat on,” comments Anderson at Exception. “In the event of disappointment, it’s easier for senior management to think it’s the IT which has gone wrong than the business.”

## When to draw on external expertise

The bolder the initiative, the more specialist the skills involved will need to be – typically exceeding a mid-sized organisation's own available talent. This can be another inhibiting factor preventing companies from being more ambitious with their projects. And when they do look outside for expert help, it's easy for a smaller company to take advice from inappropriate sources as they seek to keep costs down and rely too heavily on word of mouth.

"One of the most common reasons people approach us is that they made a mistake the last time. They're buying new systems for the second time, or have recently bought something that's wrong so they've had to start again," says Baker Tilly's Spooner.

Success here, again, comes down to companies having or making the time to do their research, so that they know clearly what they want, find the right company to provide it, and are then ready to embrace the new status quo.

"Most companies realise that they need to bring in outside advice and make changes, but do they have the time to digest the advice and implement the change?" PKF's Horner remarks. "If you're hanging on with your fingertips, do you want to take one hand off?"

## Sponsor's viewpoint

One of the biggest challenges facing mid-sized businesses is the demands on their time for day-to-day operational activities. A victim of their own momentum, many companies find themselves reacting to opportunities and challenges, when they know they really need to be looking further ahead and setting down a longer-term strategy.

The key is to reach a point when they are able to balance their response to immediate situations with the broader vision for the business. This is not always easy, involving the translation of the bigger picture into operational plans for the months ahead – which still complement and map onto the company's longer-term roadmap.

How successful and useful these plans turn out to be depends on companies' ability to adapt in response to the circumstances around them. In turbulent times like those we are experiencing now, it is imperative that organisations are able to correct their course as needed.

The focus, then, becomes one of how the company strategy is executed, which demands more than just vision and planning. How attentively the business strategy is adhered to will be determined by the interplay of business processes, employees, customers and the systems on which they all depend. The more closely aligned all of these components are to a clear business direction, the better the results will be.

It may take a young business time to perfect its vision, and to understand where to invest based on where the company's future lies, but this process can be made easier through systems integration and the improved flow of decision-supporting information through a company. For example, what are the business's key performance indicators? What does good look like? And how is the company doing when compared against earlier expectations or specified goals?

A great many mid-sized organisations struggle to answer questions like these because the data they need is not readily available to them, and if directors don't know what they are getting out of the business – ie how the business is really performing – their ability to make practical decisions is compromised.

Systems integration is not just about bringing technologies together, it is the means by which companies are able to calibrate their strategy.

Achieving integrated systems, optimised business processes and reliable business intelligence is likely to demand investment, whether companies need replacement systems or a reworking of what's already there. Access to finance would surely help – tax breaks being an obvious and efficient means of facilitating this – but this is not the only source of aid that growing companies need. Even with access to the right tools, a business isn't assured of being able to build itself a stable future.

For smaller companies, with minimal if any IT resources in house, there will be a large dependency on outside support, and the challenge is to find the right type of technology provider who can help ease their pain without adding to the complexity.

For mid-sized businesses, the situation is subtler; the challenge here becomes one of finding a technology supplier they can partner with at a deeper level, to ensure that the solutions applied can be adapted to their own unique circumstances – an IT partner that can take off-the-shelf software and ensure it is connected into the wider business and achieves what the company needs it to do.

When they are lucky enough to strike up a relationship with a technology provider and partner that has deep experience of applying software to real business situations they will find themselves standing on the shoulders of giants, able to accomplish more because they are benefiting from lessons already learnt.

### **Ben Bishop**

Operations Director, Advanced Business Solutions

## How could the Government help?

So what will make the difference and help turn this situation around? We asked respondents where they needed help, and to what extent government intervention might be welcome.

### Tax breaks

Almost three-quarters (72%) of respondents said they wanted tax breaks – with the explicit aim of making it easier for them to invest in IT (see Figure 5). A third wanted the Government to offer loans.

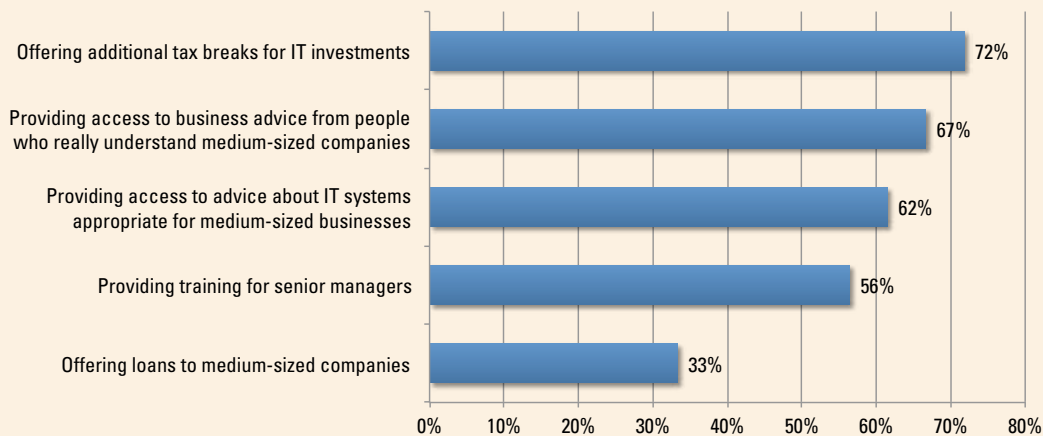
On top of these incentives however, mid-sized businesses also need the confidence to invest and an acceptance that areas other than IT will need bolstering.

“One concern about focusing on the money is that it might encourage companies to focus only on the IT, which is only part of the issue – rather than taking a more holistic perspective, considering how the IT is adopted by the business and used,” adds Horner at PKF. “[Tax breaks/loans] could make things worse by encouraging that line of thinking.”

A more prudent solution might be to provide more holistic help. “If you go back 20 years, there was a system of government grants for SMEs, Enterprise Investment, which included a whole range of consulting advice. They could bring this back,” suggests Spooner at Baker Tilly. “It covered things like marketing as well as IT consulting. The trouble with tax breaks is that they go into people’s pockets and don’t make any difference to the business.”

**Figure 5**

If the government were to set aside money to support medium-sized businesses, which of these options would you prefer?



## Training

More than half (56%) of respondents felt that training, funded or subsidised by the Government would be valuable.

Certainly, most of the people we interviewed questioned the availability of adequately targeted education available for business managers. "Education would help in order to understand the issues from the start," says Spooner at Baker Tilly. "The world is littered with IT disasters because of moving goalposts and companies not understanding what they want. If they have any sense, mid-sized business managers will take advice from someone who has done all of this before."

## Access to advice

More than 60% of respondents in our research said they wanted access to advice from people who understand the needs of mid-sized businesses, and/or who have experience of the IT systems that are appropriate for organisations of their size.

"The skills of SMEs vary," notes Richardson at The Consultancy Company. "Some are quite capable: one of our clients is fantastic at re-engineering the supply chain but this is because its senior managers have come out of a bigger business and take a 'process' view of the problem. Most (especially smaller) businesses don't have this capability. They struggle with how to reduce lead times, but often their focus will be on narrow issues such as workflow and shop-floor productivity; they don't see it in the round."

CPS's Dunning agrees: "Many mid-sized companies can't always know what all of good looks like; they might think they have the best approach to project planning in the world until someone externally comes and provides key expertise and shows a better way."

It could be that there is a role for the Government here. "The Government could help match suppliers with demand for small firms." Haysler says, pointing to Catalyst, the former central government list of preferred suppliers.

Qedis's Dunn is sceptical of the role the Government could play here, however. "Applying technology successfully is about speed and agility and new Government frameworks may struggle to keep up," he says.

Letting the Government off the hook can't be right either though, given its claims about wanting to encourage growth in mid-sized organisations. Possibly what's needed is a team of genuine experts available to help and support. "I could see a role for a SWOT team [a team of experts skilled in identifying and advising on a company's strengths, weaknesses, opportunities and threats]," suggests Horner at PKF. "They could provide a co-funded assessment of problems; what these are stopping a company from doing; what the roadmap of improvements could look like; and whether there is a business case and the payback is positive."

## Private-sector support

A more practical suggestion is that independent consulting firms and IT suppliers step up to the challenge, potentially with an important role to play if they are prepared to speculate to accumulate.

“There could be a case for providing mid-sized firms with a few days’ consultancy for free, giving them a flavour of what they could do,” LOC’s Haysler suggests. “But then there is a danger of giving them something for nothing. They need to make a commitment really.”

It isn’t a bad idea though, given that what many mid-sized organisations clearly lack is the ability – and time – to step back and take stock of their businesses and where they may be going wrong, or missing opportunities, because of poor visibility, sluggish business processes and rigid IT systems. An independent review, bringing in some ideas and highlighting best practices from other companies, would leave businesses with food for thought and reason to look deeper into the possibilities.

As long as any long-term vision is supported by opportunities for quick wins along the way, there could be a chance here for IT suppliers and business consultancies to spur mid-sized businesses out of their inertia.

External inspiration will also be valuable for making mid-sized businesses aware of new opportunities that may not have occurred to them before – those that involve exploiting new technologies which offer faster speed to market and which do not require protracted procurement approvals. Examples here might include harnessing hosted or cloud-based services, or online services such as Twitter, which can be exploited readily and cost-effectively to innovative effect.

Says Dunn at Qedis, “There are things companies can do in the fringes, using tablets and social media for example. Facilities like these enable businesses to interact with their customers in a different way. One district council, which hardly has money to burn, has been using ‘Gritter’ – Twitter to let the public know where it has been gritting the roads. A few years ago, this option wouldn’t have been available.

“There is now a lot more scope for businesses to buy technology as a service,” he continues, “It involves no capital outlay, just a simple payment per seat per month which allows companies to right-size and grow their IT spend in line with their customer base,” Dunn notes. “This kind of thing is a great leveller, allowing new entrants to immediately match the capabilities of large companies, forcing everyone to step up their game.”

## Conclusions

For mid-sized businesses, it is one thing to be aware of the possibilities, but another to take steps in implementing improved technology solutions that offer to take them to the next level in their growth strategy.

The economy at large might not be growing in a noticeable way and it is understandable that companies are reticent about spending more than they need to when they don't know what lies ahead, but it is at cross-roads like these that organisations need to stand up and be counted. How they respond in a crisis will define how they fare as markets recover.

Whatever the Government may promise, mid-sized businesses cannot afford to rely on the possibility of tax breaks or imminent access to affordable loans for rapid relief. Instead, they must be strategic in the way they prioritise initiatives, looking at the broader direction they are trying to move in and determining how savings in one area might fund advancement and growth in another.

Consultants and IT suppliers can help by providing initial guidance and inspiration, helping to rebuild companies' confidence and point them in the right direction – showing them the broader options available, and the successful initiatives that are bearing fruit for other businesses.

No one should expect something for nothing, but it is likely that if a tap is turned on, ideas and investment will begin to flow – beginning with a slow trickle possibly, but eventually gathering its own momentum.

## Methodology

Source conducted an online survey of around 100 upper mid-sized businesses during October 2011. This was supplemented by interviews with senior consultants in a number of consulting firms, listed below.

## Acknowledgements

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