Contents

Introduction ..................................................................................................................................... 3
How the Growth Vouchers programme will work ........................................................................ 4
Analytical Aims ............................................................................................................................... 5
Design of the Programme .............................................................................................................. 5
Analysis ........................................................................................................................................... 6
Allocation and power calculations ................................................................................................ 7
Oversight of trial protocol ............................................................................................................. 8
Flow Diagram .................................................................................................................................. 9
Introduction

Small businesses that seek and obtain strategic business advice are more likely to thrive and grow.\(^1\) Advice can increase productivity, drive sales and improve the chance of survival in tough economic times.

Yet as many as three in every ten small businesses in the UK may have an unmet need for business advice\(^2\). And to date, available evidence does not establish a causal link between business advice and higher growth for small businesses.

The Growth Vouchers programme is a pioneering government research project that aims to make it easier for small businesses to access expert advice to help them grow and test which types of business advice are most effective.

The Growth Vouchers programme will run until March 2015 to attract around 20,000 small businesses that do not normally use advice. Vouchers worth up to £2,000 each will be given to a majority of the small businesses who take part to help them pay for advice.

This programme will operate as a Randomised Controlled Trial (RCT), which will enable the government to obtain a robust assessment of the impact of different types of advice on participating businesses. RCTs are widely regarded as the gold standard for empirical research and are used extensively in medicine and international development. This is the first time that an RCT has been run on this scale to explore what business advice works best.

The Growth Vouchers programme will produce real and comprehensive evidence, while providing benefits for the businesses who take part. This evidence will be used to inform future policy.

This document sets out how the Growth Vouchers programme will operate, how its design satisfies the principles of running an RCT and the key questions that we aim to answer. It then explains what data and analysis will be done to arrive at an answer and the technical constraints on how robust our answers may be.

---

\(^1\) BIS, 2013 ‘SMEs: The key enablers of business success and the economic rationale for government intervention’.

\(^2\) CEEDR, 2011 ‘Research to understand the barriers to take up and use of business support’, SME employers only.
How the Growth Vouchers programme will work

There are six main stages in the Growth Vouchers programme:

**Stage 1** is the initial application stage in which businesses apply to join the programme. The application process must be completed online at GOV.UK.

The Growth Vouchers programme is open to any business based in England that has been running for at least one year, has fewer than 50 employees, and has not paid for external strategic advice in the past three years.

As part of the application process, eligible businesses will complete a brief questionnaire that is designed to help assess what type of business advice might benefit them most.

At **Stage 2**, businesses carry out an assessment of their business advice needs. They can do this by completing an online assessment or meeting with an adviser. Meetings with an adviser may be carried out over the telephone but most businesses will book an appointment and arrange to meet in person.

At **Stage 3**, businesses will receive a recommendation for advice in one of five areas (see below) and then select their preferred area of advice. Businesses will then be told whether they have been allocated a Growth Voucher to help pay for the cost of advice.

A majority of businesses that reach this stage will receive a voucher. This allocation will be random: no assessment about the viability of the business will be made. This is to ensure that a wide range of businesses receive a voucher and that the impact of advice can be measured effectively.

Growth Vouchers may be used to subsidise one of the following five types of advice:

- Raising finance and managing cash flow
- Marketing, attracting and keeping customers
- Making the most of digital technology
- Improving leadership and management skills
- Recruiting and developing staff

At **Stage 4**, businesses select a supplier from the list of registered providers on an online marketplace.
This online portal is managed by Enterprise Nation. It contains hundreds of suppliers of expert advice in each of the five areas above. Suppliers are selected based on their experience, qualifications and membership of organisations recognised for setting the standards for advice on these important topics.

Some of the providers in the marketplace also offer advice on a much wider range of topics that can help businesses grow.

**Stage 5** requires businesses to make arrangements to receive their selected advice. It is essential at this stage that the business agrees a price for the advice and checks whether it is suitable to be subsidized using a Growth Voucher. Vouchers will cover up to half of the cost of advice, up to a maximum of £2,000 (non-inclusive of VAT). Businesses may pay more, if they choose, but the maximum they can claim back is £2,000.

At **Stage 6**, businesses can submit a claim for their subsidy. They will have to provide evidence that the invoice has been paid and details of the advice they received. Claims will be processed on receipt and paid within 30 days.

## Analytical Aims

Every business that participates in the Growth Vouchers programme will be monitored to examine their progress over the next two to three years. By monitoring their growth over this period, we hope to identify what types of advice really make a difference.

In particular, we aim to answer the following key questions:

- Do businesses that are given a Growth Voucher perform better or worse than those not given one?
- Do businesses assessed online perform better or worse than those assessed face-to-face?
- Which of the five themes of subsidised advice creates the greatest return?

The Growth Vouchers programme is part of a much larger body of research into what helps business grow. Government will use this research to decide how best to help small businesses in the future.

## Design of the Programme
The Growth Vouchers programme will operate as an RCT. This section briefly covers the design of this trial, including details on the randomisation procedure, outcome measures and sample size. These details are crucial – getting them right will ensure we can answer robustly the key questions above.

We need to spread participating businesses evenly throughout the programme. In particular, we want to avoid systematic differences between:

- Businesses that do and do not receive an online business advice assessment; and
- Businesses that do and do not receive a Growth Voucher.

To do this, we will randomise two elements of the Growth Vouchers programme:

- The allocation of businesses to either an online or personal business needs assessment; and
- The allocation of Growth Vouchers to businesses.

We will randomise at the individual (business) level rather than in clusters (for example, geographic areas). This is done to make sure that all firms that enter the programme are allocated randomly – that is, without discriminating amongst them in any way.

All participating businesses that select a given advice area will be randomly allocated to receive a Growth Voucher or not, which again avoids discrimination. We intend for many – but not all – businesses that participate in the programme to receive a Growth Voucher.

The flow diagram on page 10 illustrates this process.

Analysis

In this section, we outline what analysis will be done at the end of trial to answer the key questions of the programme.

We are interested in a number of outcome measures, including business turnover (revenue), employment and exports. Some of these are difficult to measure reliably and so the data we collect might not be indicative of long term success.

To minimise this risk, the primary outcome measure for this trial will be turnover. We are interested in the turnover of businesses that complete a business needs assessment and

3 We will use the natural logarithm (ln) of turnover for the analysis, as this makes it easier to detect any real effects of the Growth Vouchers programme.
might then receive a Growth Voucher, relative to the relevant control groups. The programme is successful if we can detect an increase in turnover, as this represents a return on investment for the UK economy.

We will measure the turnover of participating businesses using the Inter-Department Business Register (IDBR), a large and routinely collected dataset. Our analysis will take into account (or ‘control’) for some characteristic of a business – such as size, age and sector – that may affect turnover. This will help us to isolate any change in turnover that is attributable to participation in the Growth Vouchers programme.

**Allocation and power calculations**

Our ability to detect a real effect on business turnover (the ‘treatment effect’) depends on the number of firms in the programme and the size of the effect. Smaller treatment effects are more difficult to detect.

In order for the programme to be a success, we set the minimum return on investment at 400% (as mentioned above, this return is measured in terms of the increase in business’ turnover). We therefore need to be as confident as possible that our analysis will detect an effect of this magnitude. Detecting smaller effects is not crucial.

As is conventional, we aim to have at least an 80% chance of detecting the return set out above (also known as 80% ‘power’).4

We can calculate how many businesses need to participate in the programme (the ‘sample size’) to deliver this power level. Using the figures above, we have calculated that at least 19,000 businesses need to complete a business needs assessment.

In the event that fewer or more businesses complete a business needs assessment, contingency plans are in place to maximise how much can be learned and ideally preserve our ability to answer the key questions for the programme.

Finally, a wider evaluation will also be conducted through surveys of a subsample of businesses in the trial. Firms will be surveyed about their performance and management, whether or not they have taken advice and any changes they have made. Their attitudes and confidence will also be measured.

---

4 This means that if the entire trial were replicated one hundred times, for example, and in every replication participating businesses who receive a voucher in fact achieved an average return on investment of 400%, then we would successfully detect this effect in eighty of the replications.
Oversight of trial protocol

This trial protocol will be registered with the American Economic Association (AEA), the leading trial registry for this kind of research.

The trial team has worked alongside an advisory panel of academics and civil servants. These academics are specialists in trial design and working with small businesses:

- Imran Rasul (University College London)
- Mike Daly (Department for Work and Pensions)
- Stephen Roper (Warwick Business School)
- Michele Belot (University of Edinburgh)

Contingency plans for the trial, which detail how the trial will adapt to adverse circumstances, are not being made public at this time.

However, these plans will be reviewed by leading academics in the field. At the end of the trial, all contingency plans will be published (even those not deployed), as part of the trial research report.
Flow Diagram

This flow diagram illustrates the possible journeys that a business might take through the Growth Vouchers programme.

Stage 1
Business applies on GOV.UK

Stage 2
Randomisation occurs
Online Advice Assessment
Personal Advice Assessment

Stage 3
Business chooses advice area
1 2 3 4 5
Randomisation occurs within each advice area
Growth Voucher
No Voucher

Stage 4
Online Market Place