

Economy, Energy and Fair Work Committee

Business support inquiry

Meeting with Business Fives Ltd

Tuesday 4 December

Background

Gordon Lindhurst MSP (Convener) and Angela Constance MSP met John McClarey, Managing Director of Business Fives Ltd to discuss business support.

Business Fives Ltd

Business Fives Ltd is a small company which was created in April 2016. It organises and manages corporate sports events with a charitable element. John McClarey described it as a 'socially interested company'; it is a limited company rather than a social enterprise (although John explained that some social enterprises are limited companies).

Business Fives Ltd has two products (corporate football and golf tournaments) with one more in the pipeline (rugby sevens tournaments). Business Fives Ltd arranges the tournaments across the country.

There is a sector specific appeal and Business Fives Ltd works with different industry bodies. They organise events and invite multiple companies to take part. The tournaments appeal to organisations to support team building, healthy, active lifestyles in the workplace and charitable giving. £9,000 was donated to charity in the first year. Companies decide which charity receives the charitable donation. Recently, Standard Life donated £2,000 to Marie Curie through a tournament.

The company is a national five a sides company, providing events in the central belt and expanding to Dundee and Aberdeen. They are also looking to expand events to the North East of England.

The company has a big online presence but also does cold calling to generate interest.

The company is achieving good age diversity but is working on gender diversity; they have built up a relationship with 'Women in Sport' to aim to address this.

Business support at the outset

Before starting the business, John McClarey worked at the Creative Exchange in Leith. There was a Business Gateway located in the same premises. John developed a relationship with one of the advisers and received advice on an informal basis. He was advised to set up his new business as a limited company and to change to a social enterprise later; to do it the other way round would be 'impossible', he was told.

John did not receive any formal support from Business Gateway following on from this informal advice. He felt that there is a 'missing bridge' between businesses and Business Gateway.

John noted that all companies are required to register with Companies House and wondered if there was a case for all new companies to receive a letter on registration making them aware of Business Gateway's services and other support available to new businesses.

Scale up

The company is still small and is at the scale up stage. They have proven the success of their model and are now looking to replicate it in a wider sphere.

John told us that the company is at a crucial stage for support. As the business owner, it is difficult for John to take himself out of the day to day running of the events and do strategic thinking. John would like space to progress the expansion of the business but is 'bogged down' in the operational side.

Support and networks

John said that he had previously had a good relationship with the Chamber of Commerce when working for other companies; he knew how 'useful and supportive' they can be. He has joined the Chambers of Commerce in Edinburgh, Glasgow, Aberdeen and Dundee. John told us that organisations like the Chambers of Commerce are positively engaging on the ground and know what businesses need. They have provided the best support and access to the most influential support networks to John.

The Chamber of Commerce networking events have been useful to meet people and make useful contacts; John attends three or four events per week. The Business Insider is the company's media partner.

Digital Boost programme

Business Fives Ltd engaged with the Business Gateway Digital Boost programme which John found 'really useful' if not 'slightly overwhelming if not digitally minded'. This involved an adviser interrogating the company's online presence with a focus on online marketing. As a result of this intervention, Business Fives Ltd received a 52-page report, which took a while to interpret and understand, but they did manage to break down the recommendations over time.

Support programmes

John tried to get onto the Entrepreneurial Spark programme. He felt that his product was not quite where it could be and that being on the programme would help him to get expert advice on progressing. It has been described as 'bootcamp' for a business. It stress tests a business and shines a light on the next steps that need to be taken; 'it spurs you on'.

John did not get a place on the programme (he applied twice); he told us that it would be useful to have equivalent programmes available to businesses. There was a feeling that this programme was aiming for tech companies, unicorns and 'the next big thing'.

John told us that the SME market is critical in Scotland with more and more micro-businesses in the market. He feels that they are often being overlooked for support, especially more traditional or events based companies such as

Business Fives Ltd. John felt that there is a lack of interest in such businesses looking to grow and contribute towards the economy.

John said that it would be helpful to create more programmes akin to the entrepreneurial spark programme which would be available to a wider range of companies.

Support in developing management skills would also be welcome, John said.

Access to finance

John told us that it would be useful to have a 'crash course' on business finance. He said that he has not been educated in finance and doesn't know enough about it. A course in small business finance would be very beneficial, including an overview of the banks, local authority products, etc.

Business Fives Ltd has never had any funding, investment or finance. John feels that if he needed to access finance then that would mean that his business model was not working. His only access to finance is a safety overdraft, a facility to guarantee the salary of one person for one year.

However, he did acknowledge that this attitude may be limiting growth and that accessing finance could aid expansion. John does not feel that he has a good enough understanding of whether investment would be good for his business.

Office space/staff

John said that he had some office space over the summer and was able to employ three interns. The company now employs one of the interns as a full time employee.

The Santander Internship Programme provided the company with an intern from university for ten weeks; half of the funding was provided by the bank and the company paid the rest.

John told us that having physical office space would be useful now. Time has been a barrier to achieving this. Being based in a collaborative space would be helpful; to be able to bounce ideas and share experiences with other businesses (an incubator/hub environment).

Mentor

John has a mentor through Edinburgh Chamber of Commerce (funded by Scottish Enterprise). John said that it has been 'invaluable' to have somebody's input and critique. They meet for two hours every couple of weeks and it's 'really, really helpful' to John. The provision of mentoring is done through an informal process and the onus is on the business to ask for it. John described this as the private sector mentality, 'if you want something, you go and get it yourself'.