

THE INDUSTRIAL TRAINING ACT AND MANAGEMENT
TRAINING, WITH PARTICULAR REFERENCE TO
THE NEEDS OF THE SMALL FIRMS

Albert Edward Bell Perrigo

This thesis is submitted for the
Doctor of Philosophy of the
University of Aston in Birmingham

THESIS
331.86
PER
May, 1972

-5 JUL 72 152368

TITLE

The Industrial Training Act and Management Training, with particular reference to the needs of the Small Firms.

SUMMARY

The provisions of the Industrial Training Act, 1964, are reviewed and this is followed by a study of the impact of its main instrument, the Industrial Training Boards upon the management training and development of small firms (employing up to 250 people).

The replies to two postal questionnaires (one of which was completed by twenty-two Boards having a significant proportion of small firms in scope, and the other of which was completed by the chief executives of 99 firms which paid levy to one or other of these Boards) are analysed and conclusions are drawn from the findings.

The response to the questionnaires revealed a) that the majority of the firms in the sample would opt out of scope if free to do so and b) the Boards themselves were not, in general, satisfied with the progress of management training in the small firms.

Following a consideration of the management-training needs of small firms, and of the various methods to facilitate their fulfilment, suggestions are put forward as to the means by which the Boards could provide a more effective management-training service and thereby improve the image which many small firms hold of them. To this end, it is recommended that the Boards provide on-the-job (consultancy) field service to the small firms, and considerably reduce the administrative and paper work expected by the Boards from the small firms.

Proposals, including a syllabus, are submitted for a training course to

facilitate the development of the Boards' field training advisers in the diagnosis of the management-training needs of small firms and in providing on-the-job assistance to fulfil them.

Finally, within the context of this study, reviews are made of the Report of the Committee of Inquiry on Small Firms and of the proposals in the Government Green Paper 'Training for the future'.

THE INDUSTRIAL TRAINING ACT AND MANAGEMENT
TRAINING, WITH PARTICULAR REFERENCE TO
THE NEEDS OF THE SMALL FIRMS

Section		Page
I	INTRODUCTION	1
II	THE PROJECT	4
III	THE SMALL FIRM.	11
IV	THE INDUSTRIAL TRAINING ACT, 1964	29
V	REPLIES OF THE INDUSTRIAL TRAINING BOARDS TO QUESTIONNAIRE	41
VI	COMMENT ON I. T. B. REPLIES TO QUESTIONNAIRE	62
VII	REPLIES OF SMALL FIRMS TO QUESTIONNAIRE	114
VIII	THE MANAGEMENT-TRAINING NEEDS OF SMALL BUSINESSES	129
IX	REVIEW OF FINDINGS AND CONCLUSIONS FROM RESPONSE TO QUESTIONNAIRES, FOLLOWING THEIR CONSIDERATION AT MEETING OF BOARD REPRESENTATIVES	173
X	THE FINDINGS AND RECOMMENDATIONS OF THE BOLTON COMMITTEE	192
XI	CONCLUSION	215
XII	POSTSCRIPT - THE CONSULTATIVE DOCUMENT OUTLINING GOVERNMENT PROPOSALS FOR THE FUTURE OF THE INDUSTRIAL TRAINING BOARD SYSTEM	220

BIBLIOGRAPHY

APPENDICES

I. INTRODUCTION

This study set out to review the impact of the 1964 Industrial Training Act, through the activities of the training board system thereby created, on management training and development in the small firms - small firms being taken, for the purpose of the study, as those having not more than 250 employees. Management training and management development are defined in Sections VIII.A and VIII.B respectively.

The circumstances which led to the decision to undertake this project, which was envisaged in the early part of 1969, were as follows:

1. The training board system created by the Act had been in operation a sufficient length of time that it was considered that a Governmental review of the impact of the Act, and of the system itself, would probably soon be deemed opportune and desirable.
2. The investigator, in consequence of his activities as Director of the Small Business Centre of the University of Aston in Birmingham (the objectives and activities of which are outlined in Insert I.1) had become aware through discussions with Members and Officers of many of the industrial training boards (hereafter referred to as I.T.B's, or as Boards) of the problems which the Boards were encountering in their efforts to create an interest in management training in the smaller firms, and of the benefits which it could provide in improving their performance.
3. Evidence was being accumulated by the Small Business Centre, through the consultancy activities of its staff, that the training needs of smaller firms were generally greatest in the management area.

THE SMALL BUSINESS CENTRE

THE UNIVERSITY OF ASTON IN BIRMINGHAM

The Small Business Centre was established by the University of Aston in Birmingham, with Government aid in the form of a development grant, on 1st January 1967 to provide management education, consultancy and advisory services for small businesses in the West Midlands. A small business for this purpose is defined as one having up to approximately 250 employees.

OBJECTIVES

The objectives of the Centre are:-

1. to provide guidance and advice on productivity and profitability improvement to small businesses and to subsidiaries of larger firms;
2. to organise special courses and conferences for managers and executives of small businesses and subsidiaries of larger enterprises;
3. to publish a range of papers on management problems in smaller firms.

MAIN ACTIVITIES

1. The provision of a management consultancy service for small firms.
2. The carrying out of surveys for Industrial Training Boards, Employers Federations and other bodies to ascertain the training needs of small firms within their respective industries.
3. The provision of courses and seminars (multi-industry, single-industry, in-plant and off-the-plant) to meet the training needs of small firms.
4. The carrying out of research into the factors which limit the efficiency of small businesses and into the means by which these limitations can be overcome.

5. The publication of the results of these researches and of the lessons derived from the survey and consultancy work.
6. The provision, in close co-operation with the University's Industrial Liaison Officers, of a channel through which the technical, engineering, or scientific problems encountered by small firms could be preferred to the appropriate department of the University and, reciprocally, a channel through which the fruits of new knowledge in the sciences and technologies can be fed into, and promptly and effectively applied, by small firms.

4. Search had revealed that very little research had been undertaken, or factual information gathered, concerning the activities, performance, or needs of the smaller firms.* Furthermore, there was insufficient evidence to conclude that the management skills and practices which are needed to ensure the successful performance of the smaller firms are the same as those which it has been found contribute to the successful performance of the larger firm.

In view of this dearth of information, and the fact that a high proportion of the Members and Officers of Boards gained their experience in larger firms, it would not be surprising if the guidance and advice provided by Boards was more akin to the needs of the larger, than of the smaller, firms.

Identification of the skills and practices of managers in the smaller firms, which lead to high performance of the latter, was required as soon as possible, so that suitable guidance and assistance could be provided to the smaller firms.

In consequence, it was considered that a study of the impact of the Act on management development in smaller firms could prove of value and also help to redress the imbalance of information which existed to the disadvantage of the smaller firms and those bodies which endeavour to provide them with appropriate assistance.

* This was subsequently confirmed by the Bolton Committee of Inquiry on Small Firms, which was appointed in July, 1969, and reported in September, 1971.

Report of the Committee of Inquiry on Small Firms, H.M.S.O. - Section 2.1 page 5 and Section 14.12, page 241.

As already stated, it was anticipated that the Government would in due course call for a review of the system created by the Act, and of the extent to which it was meeting the contemporary needs of industry, and the intention behind the Act. It was therefore decided that, should this investigation reveal any weaknesses or shortcomings in the system or its operation by the Boards, an attempt would be made to offer suggestions as to how they might be overcome.

Towards the end of the study - in 1971 - an intensive review was undertaken by the Department of Employment, for the purpose of preparing a consultative document outlining the Government's plans for the future of the training board system. The investigating team, in the course of their enquiries, asked that the findings and conclusions resulting from this study be made available for their consideration. This was done and an interim report which, as part of the study, was specially prepared for the I.T.B's which had co-operated during the investigation by completing a questionnaire and providing other information, for their consideration and comment, was also made available to the team. It is understood from the team that they found the information helpful in their investigation.

II. THE PROJECT

A. SCOPE

The study will endeavour to ascertain the steps which the individual I.T.B.'s, with a significant proportion of smaller firms within scope in the private sector, have taken to identify the management training and development needs of the smaller firms within their respective industries, the guidance and advice which they are providing, the progress which they are making, the obstacles which they are encountering, and the steps which they are taking, or planning, to overcome such obstacles.

A sample of smaller firms within scope of these I.T.B.'s will then be asked for their views on the various services provided by their respective Boards, the value they have experienced from these services, and whether they would choose to remain in, or opt out of, scope of their Board.

Any failings or weaknesses revealed, in consequence of the information provided by the Boards or the smaller firms, will be examined for the purpose of offering suggestions as to how they might be overcome.

B. BASIC HYPOTHESES

The basic hypotheses which will be tested in this study are that

1. there is a need for management training and development in the smaller firms.
2. the I.T.B.'s, by implication in the terms of reference laid down in the Industrial Training Act, were given the responsibility of ensuring that this need is met.

3. the Boards are in general not successfully discharging this responsibility in the smaller firms within their scope.
4. the smaller firms themselves have little confidence that the Boards could provide them with any useful guidance or assistance in identifying or overcoming their individual management-training needs.
5. the Boards could not provide a suitable management-training service to the smaller firms within the levy system authorised by the present Act.

C. METHODOLOGY

1. Information from I. T. B's

A postal questionnaire (Insert V.1) was designed for sending to those I. T. B's (twenty-three) which it was thought had a significant proportion of smaller firms in scope in the private sector of industry, for the purpose of obtaining the following information from each of these Boards:

- a. Its definition of what it considered as a small firm within its scope.
- b. The distribution of firms, by size and territory, within scope.
- c. What steps it had taken to identify the management-training needs of small firms within its industry.
- d. Whether it considered that the management-training needs of the small firm differ from those of the larger firm and, if so, in what manner.

- e. Whether it was satisfied with management-training progress in its small firms and, if not, what problems it saw as arresting progress.
- f. What steps it was taking (or saw necessary) to overcome these problems, to permit it to provide an adequate service to the smaller firms.

The replies received from the Boards were examined, and analysed and tabulated as appropriate, for the purpose of drawing conclusions as to the progress which they considered that they had achieved with regard to management development in the smaller firms within their respective scope, the problems which they were encountering which militated against progress, the steps which they were taking or proposed to take to overcome them, and the resources which were available, or would be needed, if the obstacles which they faced were to be overcome.

2. Information from Smaller Firms

For the purpose of testing the reactions of smaller firms to the efforts of the Boards to provide them with assistance, particularly in identifying and fulfilling their individual management training and development needs, a postal questionnaire (Insert VII.1) was prepared; care being taken in its design to minimise the time which would be required of the hard-pressed manager of the smaller firm for its completion.

The questionnaire was sent, under cover of a letter to the

managing director explaining the purpose of the study and asking for his co-operation, to each of a sample of 216 firms which, from the information provided in Kompas, appeared to have not more than 250 employees.

The sample was purposefully selected by someone other than the investigator (J. Dutton) and comprised 8 to 10 firms, spread as much as possible in size from approximately 10 to 250 employees, from those respectively within scope of each of the twenty-two Boards which had shown interest in co-operating in the study.

The replies received from the firms were analysed and tabulated as appropriate, but a consideration of the resulting information led to the conclusion that it would be of advantage to double the size of the sample, so that the statistical validity of the findings would be significantly improved.

In consequence, a further sample - this time of ten firms respectively from within scope of each of the twenty-two Boards, making a total of 220 firms - were selected in the same manner as the first sample (but by a different person, K.N. Matthews). The questionnaire and the covering letter were then sent to each of the firms; the replies subsequently received being analysed and tabulated in the same manner as occurred in the case of the first sample.

The replies from the first and second samples were also combined, and then analysed and tabulated in a similar manner; the three sets of findings being examined and compared with one another for the

purpose of deducing some general conclusions as to the image of the Boards held by the smaller firms and the directions in which this could be improved.

3. Overcoming Present Shortcomings

Having established, by the above methods,

- a) the Boards' views of the progress which had been made in management training and development in the smaller firms, those factors which have militated against progress, and the steps which they were taking, or proposed to take, to overcome or minimise these obstacles (para. 1 above) and
- b) the views of approximately 100 chief executives of smaller firms as to the benefits they thought their respective firms derived from the various activities of the Boards and in what directions they considered their respective Boards could provide a better service (para. 2 above)

consideration was then given as to the type of service which the Boards would need to provide to facilitate management development in the smaller firms, the cost of such changes, whether the structure of the Boards and the provisions of the Act itself would allow of such changes and, if not, what changes in the Act or in the structure, composition, practices or attitudes of the I.T.B's are desirable, or essential, if the management development needs of smaller firms are to be satisfied.

4. Conclusions, and the Bolton Report

The methodology described above, which was employed in carrying out this project was developed during the first quarter of 1969, and finalised in April of that year. Three months later, in July 1969, the then President of the Board of Trade appointed a Committee of Inquiry on Small Firms, under the chairmanship of J.E. Bolton, with the following terms of reference:

"To consider the role of small firms in the national economy, the facilities available to them and the problems confronting them; and to make recommendations. For the purpose of the study a small firm might be defined broadly as one with not more than 200 employees, but this should not be regarded as a rigid definition. In the course of the study it will be necessary to examine in particular the profitability of small firms and the availability of finance. Regard should also be paid to the special functions of small firms, for example, as innovators and suppliers."

Since the Committee's investigation, and its findings and recommendations, would inevitably embrace some areas of enquiry coincident with some covered by this study, the latter could with advantage conclude with an examination of the relevant findings and recommendations of the Committee and, where they are found to differ from those resulting from this study, to consider to what extent the findings presented within the Report of the Committee justify changes in any findings or conclusions drawn from this study.

The Report was published in November, 1971, by which time the findings, conclusions, and suggestions arising from this study had been determined. The Report therefore could hardly have been more timely for its findings and recommendations to be taken into account in the final stage of this study.

III. THE SMALL FIRM

A. DEFINITION

Most definitions which have been made of what is a small firm have been in such easily definable parameters as number of employees, value of sales turnover, assets, number of echelons in the management/supervision structure, or in a mixture of these.

Within the confines of a particular Industry, it is usually possible to arrive at reasonable agreement, for the purposes of that Industry, of what is a small firm, expressed in one or more of the above quantitative variables. When the exercise is carried out over a wide range of industrial and commercial activities, however, it is much more difficult, if not impossible, to develop a definition expressed in the above quantitative terms which is universally applicable or acceptable.

For example, no person would consider a firm in the legal profession with, say, 50 employees, as a small firm. On the other hand, a firm in the oil industry could have 500 employees and yet be considered as small.

Again, a firm in the diamond industry could have a sales turnover of several million pounds per annum, but be - and have all the characteristics of - a small firm. Another firm with a similar level of sales turnover, but in a labour-intensive industry, might generally be considered as a medium- or even large-sized firm. In consequence of this, some three years ago, the writer considered that there was a need to define a small firm in other than quantitative terms, if it were to be universally applicable, and he arrived at the following definition:

A small firm is one which cannot, or thinks it cannot, afford those specialist services or facilities which it needs if it is not to be at a grave disadvantage vis à vis its competitors.

The words 'cannot, or thinks it cannot' are important. The firm which cannot afford the specialist services or facilities is really a small firm in the markets within which it operates. On the other hand, the firm which 'thinks it cannot' afford these services - but ought to have them - is small-firm minded. Each will exhibit the same characteristics, but for different reasons.

If the firm cannot really afford these desirable aids, it must labour on under the disadvantages of the lack of them until its scale of operations increases to the stage which would justify their introduction. Alternatively, it should go out of business or utilise its resources in meeting the needs of other markets. The firm, however, which mistakenly thinks that it cannot afford these specialist services is a prisoner of its own unawareness that, at its scale of operations, the benefits to be derived would significantly outweigh the cost. The firm will remain a small firm in outlook and characteristics, and its further growth will be stunted, until someone succeeds in enlightening management as to the unnecessary operational difficulties which it is imposing on itself, and of the overall benefits which would accrue from investment in the specialist services.

It is interesting to note that the Small Business Administration - the U.S. Federal Government Agency charged with providing assistance and service to small firms - and which defines a small firm as one having 250 employees or less, has in at least one case had to make its assistance available to a firm having several thousands of employees. The firm was tendering for a government contract and requested and obtained the assistance of the Small Business Administration on the grounds that because of its size relative to its international competitors, it lacked certain specialist facilities available to them, and therefore was at a significant

disadvantage when tendering for government contracts. It was ruled that, in the circumstances, the firm was a small firm and should be provided with the necessary assistance - a ruling which was in accord with the above definition.

The Small Business Centre at the University of Aston in Birmingham, like the U.S. Small Business Administration, for operating purposes defines a small firm as one having less than about 250 employees. The definition has the advantage that it is simple, encompasses small firms in most types of activity, and permits the busy manager of the small business readily to recognise whether or not his firm falls within the scope of the Centre's experience and activities.

From the above consideration as to what constitutes a small firm, it would not be surprising if different Industrial Training Boards have, in terms of payroll, sales turnover, or management structure, significantly different definitions as to what, in their respective Industries, constitutes a small firm. Equally, it would not be surprising, however much these definitions differ one from another, if all firms which fall with these different definitions, were generally within the definition used by the U.S. Small Business Administration and the Small Business Centre.

B. MAIN CHARACTERISTICS

Although, as discussed above, the small firm cannot be adequately defined in such terms as number of employees, sales turnover, assets employed - indeed not in any such single quantity or mixture of them - there are certain characteristics which are much more often associated with small firms than with larger firms. These are

1. Ownership and management are usually vested in the same person(s).

2. The firm usually has a small share of the market (or, alternatively, a significant share of a highly-specialised low-volume market) and is not in a position significantly to influence the size of that market.
3. The chief executive generally participates actively in most levels of the decision-making process and in the day-to-day operations of the firm, usually with inadequate specialist support, at management level.
4. The chief executive can know, and be known by, all employees throughout the firm.

These characteristics present vital opportunities, and also grave risks, to the smaller firm and it depends upon the outlook and skills of its top management the extent to which it takes advantage of the opportunities, or succumbs to the risks, inherent in the situation.

We shall be considering later in this study what skills are required by managers of small firms to recognise and exploit the opportunities, and minimise the risks, which face them. It may, however, in the following three sections, be worthwhile briefly to consider

- a) the significance of ownership and management being vested in the same person(s).
- b) the advantages and hazards which the above characteristics entail.
- c) the significance of smaller firms in the national economy.

C. OWNERSHIP AND MANAGEMENT

As a prelude to considering the effect of ownership and management being vested in the same person(s), it may be worthwhile briefly giving thought to the needs of a firm, which have to be met, if it is to achieve its actual potential.

A firm is an entity which, like a living organism, has its own needs

which have to be met if it is to flourish. These needs depend upon the opportunities and risks which it faces in the environment within which it operates, and the resources at its command to grasp the opportunities and avoid the risks. The extent to which the firm becomes aware of these opportunities and risks, and adapts itself to take advantage of the opportunities facing it, and to avoid the risks to which it is exposed, determines its future prospects. Therefore, if a firm is to achieve its potential, objectives have to be set for it in accordance with its needs.

An owner-manager, nevertheless, will have his own personal objectives. These may, or may not, be in accord with the objectives which would meet the needs of the firm. If the respective objectives conflict, and he subordinates the latter to satisfy his own personal objectives, the firm will not achieve its actual potential.

(Many of us will have heard an owner-manager state that, as long as the firm is providing him with what he wants from it - perhaps a car each for himself and his wife, a yacht, and holidays in the sun, or perhaps a suitable opening available for his son when he is old enough to join the business - he sees no reason why he should develop the firm 'just to pay most of it to the tax man').

In such circumstances, owner-management can be an incubus to the development and potential progress of the firm, and it would probably be more successful either as the subsidiary of another private company, the owners of which were prepared to ascertain and achieve its potential, or as the subsidiary of a public company with a capable board of directors and a remote and spread ownership.

On the other hand, where the owner-manager is fully prepared to set the objectives of the firm in accord with the opportunities which are presented to it, and ensures that its needs are met for the purpose of achieving these objectives, owner-management can provide a vitality superior to that enjoyed by a larger firm with remote ownership.

D. ADVANTAGES AND HAZARDS

The smaller firms have certain inherent advantages open to them to exploit. There are, however, also a number of hazards they face which can seriously militate against, or even destroy, the advantages which they otherwise could enjoy. These advantages and hazards are respectively as follows:

1. Advantages

- a. Facility for quick decision-making - because the lines of communication are short, and top management need not be remote from the periphery of operations.
- b. Flexibility - the course of action can quickly be changed.
- c. Opportunity to create a high morale, because
 - i) top management can be aware of the relative contribution of all employees, and can more equitably reward them according to their respective contributions than is possible in the larger companies. Furthermore, top management has greater opportunity, through personal contact, to recognise and make use of the potential of individuals to contribute to the performance of the firm.
 - ii) the employees all know the chief executive and each is able to recognise much easier than in the larger firm the effect of his own labours on the end product or on the firm

as a whole, and is able to identify with the firm as a whole, which leads to individual job satisfaction.

- d. Facility to grow. It is easier to grow when the sales turnover of a firm represents only a small share of the market, than when it is a substantial proportion, without arousing aggressive action on the part of competitors.

2. Hazards

- a. Because of the very limited scale of its operations, the chief executive of the small firm is liable to have insufficient management and specialist support.
 - i) to provide the management information service essential to sound decision-making.
 - ii) to allow him to free himself sufficiently from the day-to-day operations of the firm to spend the time necessary in improving operating performance and planning for the future - i.e., searching for the opportunities which face the firm and making the necessary preparations for taking advantage of them.
- b. The rate of change required in organisation structure and in the practice of delegation with growth is considerably greater in the small firm than in the large firm, and there is a risk that the former will not adjust its structure and practices, as required, to meet changing needs.

E. ECONOMIC SIGNIFICANCE WITHIN NATIONAL ECONOMY

Very little examination appears to have been made of the economic significance of the small-business sector, and particularly of its various constituent employee size-bands, within the national economy;

or of the trends which are occurring within the various size-bands.

It was therefore decided to examine the Census of Production Reports for 1958, 1963 and 1968 to establish what trends were occurring.

Unfortunately, enquiry of the Business Statistics Office concerning availability of the 1968 data drew the response that the Bureau does not expect that the Report on the 1968 Census of Production will become available until sometime towards the end of 1972.

As there seemed little point in substituting the 1953 Census data, because of the influence of the immediate post-war economy, it was decided to limit the review to the 1958 and 1963 data. In consequence, from Table 13 of Part 132 of the Report on the 1963 Census of Production, analyses of employment and net output per employee in the private sector, in 1958 and 1963, by size of enterprise for all manufacturing and non-manufacturing industries respectively, were derived. These analyses are tabulated in Inserts III.1 to 4, overleaf.

Insert III.1 shows the total number of establishments and employees respectively embraced by enterprises within each of the size-bands of 1-24, 25-99, 100-199, 200-499 and over 499 employees. A percentage breakdown of number of establishments and employees within each size-band is also given. In this, as the subsequent tabulations, it is probable that the greatest inaccuracies exist in the 1-24 size-band data.

Insert III.2 shows the number of establishments and number of enterprises within each of the above enterprise size-bands, and their ratios.

Insert III.3 shows the number of employees and net output of each enterprise size-band, and the percentage of the respective totals which they represent; net output being annual sales value less materials - i.e.,

Analysis of Establishments and Employment (Private Sector)
By Size of Enterprise, for all Manufacturing and Non-Manufacturing Industries
(Showing number and percentage of Establishments and Employees for different
Enterprise Size-bands)

Size-band of Enterprises (No. of employees)	Manufacturing						Non-Manufacturing					
	1958			1963			1958			1963		
	No. of Ests.	%	No. of Employees 000's	%	No. of Ests.	%	No. of Ests.	%	No. of Employees 000's	%	No. of Employees 000's	%
1-24	47,297	55.02	441	5.88	45,845	54.72	88,471	91.89	432	33.34	80,470	88.84
25-99	16,549	19.25	744	9.92	13,582	16.21	5,464	5.67	255	19.68	7,170	7.92
100-199	5,998	6.98	597	7.98	5,004	5.98	1,055	1.09	127	9.80	1,045	1.15
200-499	5,319	6.19	912	12.16	4,923	5.88	625	0.65	147	11.34	622	0.69
Over 499	10,796	12.56	4,806	64.06	14,420	17.21	676	0.70	335	25.84	1,272	1.40
Total	85,959	100	7,500	100	83,774	100	96,291	100	1,296	100	90,759	100
											1,419	100

Derived from the Report on the Census of Production, 1963 (Summary Tables 13 and 14)

Analysis of Enterprises and Establishments (Private Sector)
By Size of Enterprise, for all Manufacturing and Non-Manufacturing Industries
 (Comparing number of Establishments with number of Enterprises, for different
 Size-bands)

Size-band of Enterprises (No. of Employees)	Manufacturing					Non-Manufacturing				
	1958			1963		1958			1963	
	No. of Enter- prises	No. of Estab- lishments	Ratio Est/ Ent	No. of Enter- prises	No. of Estab- lishments	Ratio Est/ Ent	No. of Enter- prises	No. of Estab- lishments	Ratio Est/ Ent	No. of Enter- prises
1-24	N.A.	47,297	N.A.	45,276	45,845	1.012	N.A.	88,471	N.A.	N.A.
25-99	14,257	16,549	1.160	11,551	13,582	1.176	5,207	5,464	1.049	4,900
100-199	4,261	5,998	1.405	3,376	5,004	1.482	922	1,055	1.144	910
200-499	2,979	5,319	1.785	2,342	4,923	2.102	498	625	1.255	455
Over 499	1,950	10,796	5.531	1,822	14,420	7.913	233	676	2.901	262
Total	?	85,959	?	64,367	83,774	1.301	?	96,291	?	?
										90,579
										?

Derived from the Report on the Census of Production 1963 (Summary Tables 13 and 14)

N.A. Information not available from Census data.

Insert III. 3

Analysis of Employment and Net Output (Private Sector)
By Size of Enterprise, for all Manufacturing and Non-Manufacturing Industries
(Comparing number of Employees with Net Output for different Size-Bands)

Size-band of Enterprises (No. of Employees)	Manufacturing						Non-Manufacturing					
	1958			1963			1958			1963		
	No. of Emp- loyees	%	Net Output £m	%	No. of Emp- loyees	%	No. of Emp- loyees	%	Net Output £m	No. of Emp- loyees	%	Net Output £m
1-24	441	5.9	395	5.1	438	5.7	432	33.3	295	444	31.3	500
25-99	744	9.9	639	8.4	606	7.9	255	19.7	211	295	20.8	348
100-199	597	8.0	525	6.0	468	6.1	127	9.8	108	125	8.8	152
Under 200	1,782	23.8	1,559	20.5	1,512	19.7	814	62.8	614	864	60.9	1,000
200-499	912	12.1	835	10.9	725	9.4	147	11.3	128	138	9.7	168
Under 500	2,694	35.9	2,394	31.4	2,237	29.1	961	74.1	742	1,002	70.6	1,168
Over 499	4,806	64.1	5,220	68.6	5,458	70.9	336	25.9	335	417	29.4	556
Total	7,500	100	7,614	100	7,695	100	1,297	100	1,077	1,419	100	1,724
												100

Derived from the Report on the Census of Production 1963 (Summary Tables 13 and 14)

Insert III. 4

Analysis of Net Output per Employee (Private Sector)
By Size of Enterprise, for all Manufacturing and Non-Manufacturing Industries
(Comparing net Output per Employee in 1958 and 1963)

Size-band of Enterprises (No. of Employees)	Manufacturing Net Output per Employee				Non-Manufacturing Net Output per Employee			
	1958 £	1958 adjusted to 1963 values £	1963 £	% Increase from 1958 to 1963	1958 £	1958 adjusted to 1963 values £	1963 £	% Increase from 1958 to 1963
1-24	896	991	1,020	2.9	683	755	1,126	49.0
25-99	859	950	1,116	17.5	827	915	1,180	29.0
100-199	879	972	1,143	17.6	850	940	1,216	29.4
Under 200	875	968	1,097	13.3	754	834	1,157	38.7
200-499	916	1,013	1,206	19.1	870	962	1,217	26.5
Under 500	889	983	1,132	15.2	772	854	1,166	36.5
Over 499	1,086	1,201	1,454	21.1	997	1,103	1,333	20.9
Total	1,015	1,126	1,361	20.8	830	918	1,215	32.3

Adjustment of 1958 to 1963 values made in accord with Internal Purchasing Power of Pound Index (1958 = 100, 1963 = 110.6)

Derived from the Report on the Census of Production 1963 (Summary Tables 13 and 14)

the added value. In addition, the respective figures for under 200 and under 500 employees have also been included.

Insert III.4 shows the net output per employee for 1963 compared with that for 1958 (adjusted to 1963 money values) and the percentage increase in 1963, with respect to 1958, for each enterprise size-band. The tabulations of the above Appendices reveal the following information:

1. Insert III.1

It will be seen that the total number of establishments decreased during the period 1958 to 1963 from 85,959 to 83,774 (by 2.6 per cent) in manufacturing industries and from 96,291 to 90,579 (by 5.9 per cent) in non-manufacturing industries. The total number of employees, however, increased in each case from 7.5m to 7.695m (2.6 per cent) and from 1.296m to 1.419m (9.5 per cent) respectively.

In the manufacturing industries, the number of establishments and the number of employees reduced in each size-band except that of over 499 employees, in which the number of establishments increased by 33.6 per cent (from 10,796 to 14,420) and the number of employees by 13.6 per cent (from 4.806m to 5.458m).

The actual changes in the number of establishments and employees in the size-bands which concern us in this study were as follows:

Enterprise Size-band (No. of Employees)	Establishments			Employees		% Change
	No. in 1958	No. in 1963	% Change	No. in 1958 000's	No. in 1963 000's	
1-24	47,297	45,845	- 3.1	441	438	- 0.7
25-99	16,549	13,582	- 17.5	744	606	-18.7
100-199	5,998	5,004	- 16.6	597	468	-21.6
Under 199	69,844	64,431	- 7.9	1,782	1,512	-15.2

The pattern of change within the constituent size-bands of enterprises in the non-manufacturing industries was somewhat different from that of the manufacturing industries. The number of establishments in the enterprise size-band of 25-99 employees increased by 31.2 per cent (from 5,464 to 7,170) and, in the case of enterprises having over 499 employees, by 87.8 per cent (from 676 to 1,272) with an increase in employees in these size-bands of 15.9 per cent (255,000 to 295,000) and 24.5 per cent (335,000 to 417,000) respectively.

The changes in the number of establishments and employees in the size-bands comprising the smaller firms were as follows:

Enterprise Size-band (No. of Employees)	Establishments			Employees		
	No. in 1958	No. in 1963	% Change	No. in 1958 000's	No. in 1963 000's	% Change
1-24	88,471	80,470	- 9.9	432	444	+ 1.8
25-99	5,464	7,170	+ 31.2	255	295	+ 15.9
100-199	1,055	1,045	- 1.0	127	125	- 1.6
Under 199	94,990	88,685	- 6.6	814	864	+ 5.8

2. Insert III.2

In the manufacturing industries, the total number of enterprises, and the number in each of the enterprise size-bands, was less in 1963 than in 1958. The average number of establishments per enterprise, however, had increased in each size band, as will be seen from the following:

Enterprise Size-band (No. of employees)	Ratio, Establishments to Enterprise		
	1958	1963	% Change
25-99	1.160	1.176	+ 1.4
100-199	1.405	1.482	+ 5.6
200-499	1.785	2.102	+ 17.7
Over 499	5.531	7.913	+ 43.1

This reveals that the increase in the ratio of establishments to enterprises becomes progressively, and significantly, greater the larger the firms within the size-band.

The pattern of change between 1958 and 1963 was somewhat different in the non-manufacturing industries. For example, in the over 499 employee size-band, the number of enterprises increased by 11.9 per cent (from 233 to 262) but there was a reduction in the number in all the smaller size-bands.

The change in the ratio of establishments to enterprises in each of the enterprise size-bands can be seen from the following:

Enterprise Size-band (No. of Employees)	Ratio, Establishments to Enterprise		
	1958	1963	% Change
25-99	1.049	1.463	+ 39.5
100-199	1.144	1.148	+ 0.4
200-499	1.255	1.367	+ 9.0
Over 499	2.901	4.855	+ 67.3

This reveals that, unlike in the manufacturing industries, the ratio increased mostly, and significantly, in the 25-99 and over 499 size-bands.

3. Inserts III.3 and III.4

Insert III.3 tabulates the number of employees and net output (added value per employee) of each of the enterprise size-bands, and the percentages which they respectively represented of the total employment and total net output of the industries.

In Insert III.4, from the above table, the net output per employee for 1958 and 1963 was derived for each enterprise size-band and the 1958 value was adjusted to 1963 money values to permit of a comparison

of the changes in net output per employee which had occurred during the five-year period under review. From this one sees that an important cross-over occurred during this period. In 1958, the net output (added value) per employee was greater in the manufacturing industries than in the non-manufacturing industries; this being so in all size-bands. By 1963, in all size-bands below 500 employees, the non-manufacturing industries had overtaken and slightly passed the former but, in the firms with 500 or more employees, the gap had not significantly changed.

This, as the table shows, was due to the non-manufacturing industries increasing their total net output per employee by 32.3 per cent whilst that achieved by the manufacturing industries was 20.8 per cent; the respective increases of the individual size-bands being as follows:

Size-band	Percentage Increase	
	Manufacturing	Non-manufacturing
1-24	2.9	49.0
25-99	17.5	29.0
100-100	17.6	29.4
	-----	-----
Under 200	13.3	38.7
200-499	19.1	26.5
	-----	-----
Under 500	15.2	36.5
Over 499	21.1	20.9
	-----	-----
Total	20.8	32.3

4. Summary of Findings

Unfortunately, the size-band breakdown of enterprises of the Report

on the Census of Production does not lend itself to firm conclusions concerning the actual changes which occurred from 1958 to 1963, in firms with less than 250 employees. We can, however, summarise as follows for enterprises with less than 200 employees:

- a. In the manufacturing industries, the net output of enterprises with less than 200 employees reduced from 20.5 per cent of the total net output, using 23.8 per cent of the total labour force, to 15.8 per cent of the total net output using 19.7 per cent of the total labour force. During the same period, the net output per employee - allowing for change in money value - increased by 13.3 per cent, against 20.8 per cent for the manufacturing industries as a whole. The increase in net output per employee in the constituent size-bands was 2.9 per cent for enterprises of 1 to 24 employees, 17.5 per cent for 25-99 employees, and 17.6 per cent for 100-199 employees. The total net output of the enterprises with less than 200 employees, allowing for change in money value during the period, reduced by 3.8 per cent. There was an increase in the ratio of establishments per enterprise in all size-bands for which information was available (i.e., from 25-99 employees upwards). This increase, although insignificant in the 25-99 employee size-band, was progressively greater the larger the firms covered by the size-band.
- b. In the non-manufacturing industries, the pattern was different. The net output of enterprises with less than 200 employees increased slightly, from 57 per cent of the total net output using 62.8 per cent of the total labour force to 58 per cent of the total

net output with 60.9 per cent of the total labour force. During the same period, the net output per employee - allowing for change in money value - increased by 38.7 per cent against 32.3 per cent for the non-manufacturing industries as a whole. The increase in the constituent size-bands was 49.0 per cent for enterprises of 1 to 24 employees, 29.0 per cent for 25 to 99 employees and 29.4 per cent for 100 to 199 employees. Allowing for change in money value during the period, the total net output of the enterprises with less than 200 employees increased by 47.2 per cent.

There was an increase in the ratio of establishments per enterprise in all size-bands from 25-99 employees upwards. The increase was large in the lowest (25-99) and highest (over 499) size-bands. It is also interesting to note that the intermediate size-bands 100 to 199 and 200 to 499 employees, respectively showed only insignificant and moderate increase.

5. Difference between small firms performance in manufacturing and non-manufacturing industries

We see from the above that there were marked differences between the changes which occurred between 1958 and 1962 in the manufacturing and non-manufacturing industries respectively. It is therefore unfortunate that the 1968 Census data are not yet available for the purpose of whether or not they indicate a trend.

The most significant differences revealed about the small-firm sector by the Census data were:

- a. Although the total net output of the manufacturing and non-manufacturing industries increased in real value from 1958

to 1963 by 23.1 per cent and 44.8 per cent respectively; the net output of the manufacturing firms of under 200 employees reduced by 3.8 per cent whilst that of the non-manufacturing firms of under 200 employees increased during the same period by 47.2 per cent.

- b. The increase in net output per employee in the manufacturing industries was least (2.9 per cent) in the smallest size-band and became progressively greater with increase of size-band. In the non-manufacturing industries the smallest size-band had the greatest increase (49.0 per cent); this becoming progressively less with increase in size-band.

In consequence of this, as will be seen from Insert III.5, the small firms in the non-manufacturing industries reduced the adverse gap between their average net output per employee and that of the larger firms; whereas the gap actually increased in the manufacturing industries. Furthermore, between 1958 and 1963, the non-manufacturing firms in each size-band below 500 employees caught up with, and passed, in net output per employee, the manufacturing firms in the same size-bands.

6. Comparison of performance with that of Japan and U.S.A.

Professor Kikutaro Takisawa* when studying the value added per employee of small firms in Japan, compiled the following table for

* Manufacturing Production and Small Business. Kikutaro Takisawa pp.41-55 in Small Business - Japan's Economic Progress, compiled by Tokutaro Yamanaka, Chairman, The Study Commission of Industrial Structure - Small and Medium Businesses. 1971.

Insert III.5

Analysis of Net Output per Employee (Private Sector)

Comparison of changes in Net Output per Employee of different employee
size-bands of Enterprises in Manufacturing and Non-manufacturing Industries

Industries	Size-bands compared (No. of employees)	Net Output per Employee (£s)				(B - A)/B	%
		1958		1963			
		A	B	A	B		
Manufacturing	1-24	896	1086	1020	1454	17.5	29.8
	25-99	859	1086	1116	1454	20.9	23.2
	100-199	879	1086	1143	1454	19.1	21.4
	1-199	875	1086	1097	1454	19.4	24.6
	1-199	875	1059	1097	1425	17.4	23.0
Non-Manufacturing	1-24	683	997	1126	1333	31.5	15.5
	25-99	827	997	1180	1333	17.1	11.5
	100-199	850	997	1216	1333	14.7	8.8
	1-199	754	997	1157	1333	24.4	13.2
	1-199	754	958	1157	1305	20.3	11.3

Derived from the Report on the Census of Production, 1963.

comparison of the indices (using the value added per employee in manufacturing establishments with 1,000 employees and more = 100) of value added per employee by size of manufacturing establishments in Japan and the U.S.A.

Size by number of employees	1954	1958	1968
Japan			
10-99	42.2	34.3	40.0
100-299	72.5	57.6	58.9
300-999	92.3	74.7	77.5
1000 and more	100.0	100.0	100.0
U.S.A.			
10-99	74.5	72.4	67.9
100-249	83.3	79.0	73.7
250-999	90.5	86.2	82.5
1000 and more	100.0	100.0	100.0

Source: Japan - The Ministry of International Trade and Industry,
Census of Manufacturers

U.S.A. - U.S. Bureau of Census, Census of Manufacturers

Professor Takisawa gave the following reasons for the low added value per employee of the small manufacturing firms in Japan:

"The most important cause of the low physical productivity of the Japanese small businesses is the low capital intensity. Furthermore, since the quality of employees is lower in the small businesses than in the big businesses, output per employee becomes low to quite a degree. The small

businesses cannot afford to make any bulk purchase of materials, with the result that cost of materials per unit becomes high. Furthermore, there are so many rival manufacturers that they have to work under cut-throat competition. Moreover, small sub-contractors are often forced to make a reduction in price by their clients, who are big businesses. Consequently, their value of output per unit becomes low. Thus, value added per unit in the small business is made exceedingly lower than in big businesses. Likewise, since output per employee and value added per unit in the small businesses are low, it follows as a logical consequence that value added per employee becomes low."

This comment would apply to many of the small firms in the U.K. and the only way of minimising the effect of the above disadvantages, and to exploit to the full the inherent compensatory advantages available to them, is by improving the quality of management.

The British Census Reports do not permit of an identical analysis with either the U.S. or Japanese sources. Nevertheless, it was possible to derive the following table which permits of some comparison with the findings obtained for Japan and the U.S.A.

Size-band of Enterprises	Manufacturing		Non-manufacturing	
	1958	1963	1958	1963
1-24 employees	79.7	68.6	60.8	75.6
25-99 "	76.4	74.9	73.6	79.2
100-199 "	78.2	76.8	75.6	81.7
Over 999 "	100.0	100.0	100.0	100.0

(Note: Value added per employee in enterprises with over
999 employees = 100)

The comparison suggests that, during the period 1958 to 1963, the manufacturing small firms in Britain performed in terms of added value per employee, with respect to the firms employing 1000 employees and over in their own country, about the same as the small firms in the U.S.A., but significantly better than at that time was the case in Japan.

The above table also clearly shows that, during the period 1958-63, small firms in the non-manufacturing industries significantly improved their performance with respect to the larger firms, whereas the small firms lost ground in the manufacturing industries. This indicates that, other things being equal, the non-manufacturing industries offered the entrepreneur the best prospects during the period 1955 to 1963, and it will be interesting to ascertain, when the 1968 Census information becomes available, whether this trend has continued.

IV. THE INDUSTRIAL TRAINING ACT, 1964

From the mid 1950's, there was growing disquiet in the U.K. concerning the shortage of skilled labour and the adverse impact which this was having upon the national economic growth. In 1962, the Government-of-the-day presented a White Paper outlining its proposals for remedying this situation.

The Paper stated that 'A serious weakness in our present arrangements is that the amount and quantity of industrial training are left to the unco-ordinated decisions of a large number of individual firms. These may lack the necessary economic incentive to invest in training people who, once trained, may leave for other jobs. While the benefits of training are shared by all, the cost is borne only by those firms which decide to undertake training themselves.'

The Government therefore proposed to overcome this problem by introducing legislation designed 'to strengthen and improve the existing partnership between industry, the Government and the educational authorities in the provision of industrial training'.

It stated that discussions accordingly had already begun with representatives of employers' and workers' organisations on proposals for improving the then existing arrangements, and they were also being arranged with the appropriate representative bodies in the educational world.

The objectives to be achieved were stated to be

- '(i) to enable decisions on the scale of training to be better related to economic needs and technological developments;
- '(ii) to improve the overall quality of industrial training and to establish minimum standards; and
- '(iii) to enable the cost to be more fairly spread.'

It was therefore proposed that the Minister of Labour (now termed the Secretary of State for Employment and, henceforth in this Chapter referred to, for brevity, as the Minister) 'would be given statutory power to set up Boards which would be responsible for all aspects of training in individual industries.' So that discussions might take place on a realistic basis, the Paper set down the following functions which might be included in the range which the proposed Bill would empower Boards to undertake.

- '(1) Establishing policy for training in the industry, including such questions as admission to training (apprenticeship or otherwise), length of training, registration of trainees, and a provision for appropriate attendance at colleges of further education.'
- '(2) Establishing standards of training and syllabuses for different occupations in the industry, taking into account the associated technical education required.'
- '(3) Providing advice and assistance about training to firms in the industry.'
- '(4) Devising tests to be taken by apprentices and other trainees on completion of training and, if necessary, at intermediate stages - for example, at the end of the first year.'
- '(5) Establishing qualifications and tests for instructors.'
- '(6) Establishing and running training courses in its own training centres.'
- '(7) Paying grants to firms to reimburse them all or part of the costs incurred in the provision of approved training.'

'(8) Paying allowances to trainees not taken on by firms while being trained in public, or the Board's own, centres.'

'(9) Collecting money from establishments in the industry by means of a levy.'

'(10) Borrowing.'

The Paper emphasised that the levy on firms was an essential part of the proposals. It then went on to give guidance as to how the Government anticipated the Boards would operate; the major part of the representation being provided by employers and trade unions, with appropriate Government Departments and educational representation.

The outcome of the White Paper and subsequent discussions was the Industrial Training Act 1964, the declared purpose of which was to make 'better provision for the training of persons over compulsory school age (in the case of Scotland, school age) for employment in any activities of industry or commerce'.

To this end, it empowered the Minister to establish a system of industrial training boards, and to give such boards certain responsibilities for the promotion of training.

It also required the Minister to appoint a Central Training Council, upon which was laid the responsibility of advising him 'on the exercise of his functions under the Act, and on any other matters relating to industrial or commercial training which he might refer to it.'

The Act laid down the composition of industrial training boards, of the Central Training Council, and certain consultation processes which respectively they had to follow, in the course of the selection of their members.

In the following sections, we will briefly consider the main features of the Act, with respect to the composition, responsibility and authority of the Boards and of the Central Training Council, which are of relevance to this study.

A. INDUSTRIAL TRAINING BOARDS

1. Composition

The members of an industrial training board are appointed by the Minister, and consist of a chairman 'appearing to the Minister to have industrial or commercial experience,' and

a) 'an equal number of persons appointed after consultation with such organisations or association of organisations representative of employers and of employees in the industry respectively as appear appropriate to the Minister'

b) 'persons appointed after consultation with the Secretary of State (for Scotland) and the Minister of Education' (now the Secretary of State for Education and Science).

In addition, if the Minister thinks fit, he may also appoint a deputy chairman 'appearing to him to have industrial or commercial experience'.

2. Responsibility and Authority

Each training board has the responsibility of providing, or ensuring the provision of, 'such training courses and other facilities' as may be required 'for the training of persons employed, or intending to be employed in the industry', taking into account 'any courses or facilities otherwise available to such persons'.

Each Board also has the duty laid upon it of making, from time to time, such recommendations as are necessary concerning the nature, length and standard of training required for the various occupations in the industry.

It must also give to the Minister 'such information or facilities for obtaining information with regard to the exercise of its functions, in such manner and at such times as he may reasonably require.'

(For this purpose, the Minister and Board are empowered to require returns from employers in the industry, and penalties are laid down for failure to supply information, for supplying false information, and for improperly disclosing such information).

In fulfilling the above responsibilities, a Board may

- a) 'approve suitable courses and facilities provided by other persons'
- b) 'apply, or make arrangements for the application of selection tests and of tests or other methods' for assessing the attainment of standards which it has recommended, and award certificates of their attainment
- c) 'assist persons in finding facilities for being trained for employment in the industry'
- d) take part in any arrangement made by the Minister or a local education authority (in Scotland, an education authority) with respect to the industry in accord with the Employment and Training Act, 1948.

- e)' carry on or assist other persons in carrying on research into any matter relating to training for employment in the industry'
- f) enter into contracts of service or apprenticeship with persons who intend to be employed in the industry and to attend courses or avail themselves of other facilities provided by or approved by the Board
- g) provide courses or other facilities requested by another industrial training board, to meet training needs in the industry of the latter.

3. Delegation of Functions

A Board may delegate any or all of the above functions to committees (which need not include members of the Board) to the extent to which this is in accordance with proposals submitted to and approved by the Minister.

Such committees may be appointed by the Board itself, or it may join with one or more of the other industrial training boards in appointing joint committees composed of such persons (not necessarily members of an industrial training board) as may be decided upon by the Boards concerned.

4. Financial Provisions

Each industrial training board has to meet its expenses by imposing a levy on employers in the industry, excepting any which might be exempted by the industrial training order, or

by the levy order made by the Minister. This levy order gives effect to the proposals submitted by the Board to the Minister and approved by him. It prescribes the liability of employers to levy and may amend a previous levy order and/or make different provisions for different classes or descriptions of employer. It also gives any person who is assessed a levy the right of appeal to an appeal tribunal which is constituted under the Act.

Only the members of the Board representing the industry (i.e., appointed by the Minister in consequence of consultations with organisations representing employers and employees respectively) are permitted to vote on any matters concerning the imposition of the levy.

The Minister is empowered to make grants and loans to industrial training boards and a Board may borrow temporarily from other sources subject to the Minister's consent.

For each financial year, an industrial training board is called upon to make a report to the Minister on its activities. This report has to include a statement of accounts for that year and also a copy of any report made by the auditors regarding the accounts, and the Minister himself is called upon to lay a copy of every such report before Parliament.

5. Other Provisions

Whilst the above are the main provisions of the Act, within the context of this study, it should be mentioned that the Minister

has power to amend or revoke an industrial training order. He also has power, where a Board fails within reasonable time to submit to him for his approval, whenever so directed by him, proposals for the exercise of its functions and for the raising and collection of a levy (or revised proposals acceptable to him following his indication that the initial proposals were unsatisfactory) to make an order declaring the Board to be in default. In such circumstances, the members of the Board must vacate office forthwith and it is incumbent upon the Minister to make such expedient arrangements as he sees fit until he has appointed new members to the Board. This must be done within a period of six months.

In the case of the cotton industry (in which the Cotton Board exercises functions under the Industrial Organisation and Development Act 1947 for the activities which are designated therein as constituting that industry) the industrial training order is exercised by the Cotton Board through an industrial training committee appointed by the Minister in a similar manner as for the industrial training boards.

B. THE CENTRAL TRAINING COUNCIL

1. Composition

The Act stated that the Central Training Council shall consist of a chairman and

- a) 'six members appointed after consultation with any organisation or association of organisations representative of employers;

- b)'six members appointed after consultation with any organisation or association of organisations representative of employees;
- c)'two members appointed after consultation with bodies established for the purpose of carrying on under national ownership any industry or part of an industry or undertaking;
- d)'not more than six chairmen of industrial training boards; and
- e)'twelve other members, of whom six shall be appointed after consultation with the Secretary of State (for Scotland) and the Minister of Education' (now, the Secretary of State for Education and Science).

2. Responsibility and Authority

The Council has the responsibility of advising the Minister on the exercise of his functions under the Act, on any other matters relating to industrial or commercial training which he might refer to it. It has, from time to time, and whenever directed by the Minister, to make to him a report of its activities, and the Minister has to lay a copy of every such report before Parliament.

C. COMMENT ON THE INDUSTRIAL TRAINING ACT

The main instrument of this Act is the industrial training board. The individual features of these Boards are by no means unique but, collectively, they are an unique combination.

Let us examine these features.

1. The composition - an equal representation of employers and employees, together with a number of 'independent' members - is reminiscent of the Wages Council structure.

2. The designation of certain activities as constituting an industry occurred in the Industrial Organisation and Development Act 1947, when the Cotton Board was created to exercise certain functions within that industry.
3. The power to impose a levy has been accorded to a number of statutory bodies - for example, in agriculture.
4. Grants, sometimes in the form of subsidies, have been provided to achieve national objectives.
5. The right to appoint their own staff and to pay them outside the scope of the Civil Service salary structure has been accorded to the nationalised industries for a number of years.

The interest to us is how all the above features have been employed for the purpose of achieving the objective laid out in the Act.

This objective is stated in the Act to be 'the making of better provision for the training of persons over compulsory age (in Scotland school age) for employment in any activities of industry or commerce'.

It is interesting to note that, whilst the White Paper saw an objective of the Act as being 'to enable the cost (of training) to be more fairly spread', the Act itself neither stated nor implied this.

Concerning the levy, the Act stated (Section 4.1) 'For the purpose of raising money towards meeting the expenses an industrial training board shall from time to time impose, in accordance with an order made by the Minister a levy on the employers in the industry ...'.

In making provision, however, for a number of decentralised industrial training boards - each administratively and financially autonomous and functioning within a defined sector of industry in which it is free to develop attitudes and procedures to meet what it considers are that industry's needs and problems - the Act also provided for some central direction. To this end, there are two powerful checks on the independence of the Boards. One is that the Minister, and the Minister of Education and Science (and such other Ministers in charge of government departments as the Minister might in a particular case specify) may each appoint an Assessor to attend the meetings of an industrial training board. The Assessors are entitled to take part in the proceedings of the Board and receive copies of all documents distributed to its members, but have no vote. Departmental interests are thus served.

The other check is that the decision regarding the rate of levy ultimately lies with the Minister. A Board may only propose a levy - the power to make the order belongs to the Minister and he need only exercise this if he approves.

Thus, the Act permits of considerable freedom to the Boards in their levies, grants, recommendations and procedures, within the discretion of the Minister. Based, however, on a system of Boards for particular industries, it would appear very difficult or impracticable to adapt it to meet the needs of industries which are small, or encompass very high numbers of small firms, or which are not reasonably homogeneous in nature. Consequently, one forecasts

that significant gaps would inevitably be left within the whole gamut of industry in areas where training on an industry basis was impracticable. Furthermore, the system is likely to be wasteful of resources for occupations which are common to most, if not all, industries. This is particularly likely with respect to management and the fulfilment of its training needs.

In the next chapter, we will examine information provided by those Boards with a significant proportion of small firms within scope in the private sector, in reply to a questionnaire, as to the extent they differ in the exercise of the above freedom, the steps they are taking to stimulate progress in management training in the small firms, whether they are satisfied with the progress achieved and, if not, what obstacles to progress they are encountering and what steps they plan taking to overcome the obstacles.

V. REPLIES OF THE INDUSTRIAL TRAINING BOARDS TO QUESTIONNAIRE

It was considered that it would be of great value to obtain and compare the views of the Industrial Training Boards concerning the progress which they considered had been achieved in management training and development in small firms within scope; also what problems, if any, were arresting progress and what measures they thought were necessary to overcome them.

A. THE QUESTIONNAIRE

A questionnaire (Insert V.1 overleaf) was therefore developed and, in July 1970, each Industrial Training Board which it was considered might have a significant proportion of small firms within scope was asked whether it would be good enough to co-operate by replying, as far as possible, to the questions posed.

Twenty-three Boards were approached. Twenty-two of them responded to the questionnaire; a number, however, explaining that they had not been in operation for a sufficient length of time to have allowed them to accumulate the necessary information to meet all the needs of the questionnaire.

The replies received from the Boards are listed in detail in Appendix V.1. To preserve anonymity, the names of the Boards have not been entered against their respective replies, but have been represented by letters of the alphabet. The only exceptions are where the information to the question had already been published in some form elsewhere, in which cases the names of the Boards have been included but the listing has been made in a different order to avoid identification through cross-reference with those having an anonymous alphabetical listing.

Questionnaire to Industrial Training Boards
on Management Training and Small Businesses

1. How many companies have you on record as within the scope of your Board?

2. Have you a breakdown of these by size (e.g. no. of employees)?

3. Have you an analysis by territory and size?

(If the answers to 2 and 3 are yes, would you kindly attach copies of such analyses).

4. Have you defined what, in your Industry you are considering as small firms?

(If the answer is yes, would you kindly attach a copy of the definition you are using).

5. Have you taken any steps to survey the management training needs, or particular problems, of the small firms within your Industry?

6. Have any recommendations or guide-lines for training been made available by your Board in consequence of survey findings?

7. Have you a special levy basis for small firms within scope?

8. Have you a grant scheme in operation?

9. Does your Board consider that there are any marked and significant differences in the management training environment and management training needs of the small business compared with those of the large firms?

10. If so, has this been reflected in any way
in the provisions of your grant scheme?

11. At what dates did you first formally give
attention to the following aspects of
training

- a) Operator?
- b) Supervisor?
- c) Technical?
- d) Management?

12. Are you reasonably satisfied with the
progress in management training which
is being made in

- a) the large firms?
- b) the medium firms?
- c) the small firms?

13. If the management training in the small firms is not going
as well as you would reasonably hope, what are the
problems which you see as arresting progress?

14. Have you developed any plans for overcoming these problems,
or of taking them into account, in discharging your responsibility?

B. PROPORTIONS OF SMALL FIRMS WITHIN SCOPE

From the replies given in Appendix V.1, sheets 5, 6 and 7, it will be seen that there was not a very great degree of uniformity in the size-bands used by the different Boards for analysis purposes. This makes comparison difficult.

However, it was possible to construct a table (Insert V.2) covering size-bands of under 25 employees and under 100 employees respectively, for 14 Boards and to include the size-band of under 100 employees for another Board (the Iron and Steel) of which the impression may have been formed that it preponderately comprises large firms. These fifteen Boards cover, in total, approximately, 7,500,000 employees.

From this table, it is interesting to note that each of the fifteen Boards listed has a significant proportion of establishments with less than 100 employees; the lowest proportion being that of the Carpet I.T.B. with 49 per cent (representing 5 per cent of total employees) and the highest that of the Construction I.T.B. with 97 per cent (representing 43 per cent of total employees).

C. TERRITORIAL SPREAD OF FIRMS

Insufficient information was available from the replies to this question to permit of a meaningful comparison of the territorial spread of firms, by size-band, within scope of the various Boards. Discussions, however, which have taken place with Members and Officials of a number of Boards revealed that there is a great variation in the spread of different Industries, both in number of employees and in number of establishments, throughout the U.K. For example, the Knitting Lace and Net, the Carpet and the Cotton Industries are relatively concentrated

ANALYSES OF BOARDS' REPLIES TO QUESTIONNAIRE

Insert V. 2.

From Questions 1 to 3 - Distribution of Small Firms within I. T. B. Scope

I. T. B. or I. T. C.	Under 25			Under 100			Total		
	Estabs.	%	Employees	%	Estabs.	%	Employees	%	%
Wool, Jute and Flax	838	45	8,610	5	1,373	74	18,840	11	1,861 100
Iron and Steel	?		?		326	53	8,683	3	612 100
Engineering	12,401	49	134,112	4	19,938	79	511,600	15	25,037 100
Foundry	796	52	8,673	6	1,218	79	29,592	19	1,540 100
Construction	49,948	87	270,006	22	55,589	97	526,418	43	57,311 100
Shipbuilding	780	67	6,267	5	1,018	87	18,089	15	1,166 100
Ceramics	1,541	49	16,811	5	2,521	81	65,944	18	3,115 100
Furniture and Timber	2,757	59	26,836	13	4,152	89	87,223	42	4,667 100
Carpet	32	23	373	1	69	49	2,347	5	142 100
Knitting, Lace and Net	355	31	4,659	3	787	69	27,492	18	1,135 100
Petroleum	394	65	3,252	4	503	83	8,326	10	609 100
Rubber & Plastics Proc.	371	22	6,147	2	852	51	30,992	11	1,675 100
Chemical	643	44	4,500	1	1,053	72	27,300	6	1,468 100
Printing & Publishing	7,822	79	49,900	14	9,304	94	123,287	34	9,935 100
Paper & Paper Products	650	35	4,323	2	1,299	70	34,499	15	1,868 100
	79,328	71	544,469	7	100,002	89	1,520,632	20	112,191 100
									7,531,645 100

Note: Information was provided by other I. T. B's, but it was only possible from the presentation to include the above in these size-bands.

in a few regions or localities; whereas the Construction, the Road Transport, the Printing and Publishing, the Rubber and Plastics Processing, and the Petroleum Industries are spread widely throughout the country.

D. DEFINITIONS OF BOARDS OF A SMALL FIRM IN THEIR RESPECTIVE INDUSTRIES

Twenty-two Boards responded to this question, and their replies are listed in Appendix V.1, sheets 8 and 9. The analysis is given in Insert V.3 overleaf, from which it will be seen that eighteen Boards had definitions. Of these

1. Fifteen are in terms of number of employees, as follows:
 - a. Less than 25 employees - 5 Boards
 - b. " " 100 " - 5 "
 - c. " " 50 " - 2 "
 - d. " " 200 " - 2 "
 - e. " " 75 " - 1 Board
2. Two others are in terms of total emoluments (as less than £25,000 and £100,000 per annum respectively).
3. Another stated that it found it useful to define a small firm as one which employs fifteen management and supervisory staff or fewer.

Only four of the twenty-two Boards had not developed a definition - one of them commenting that it covers a wide range of industries, and what would be considered a small firm in one of the industries would be one of the largest firms in another.

E. STEPS TAKEN TO SURVEY THE MANAGEMENT TRAINING NEEDS OR PARTICULAR PROBLEMS OF SMALL FIRMS

All twenty-two Boards responded to this question and their replies are

(Analysis of replies to Question 4 'Have you defined what, in your Industry, you are considering as small firms?')

Eighteen Boards provided definitions which, in their order of common acceptance, were as follows:

1. Less than 100 employees

Five I.T.B's (C, F, G, I and M) defined a small company as one having less than 100 employees.

2. Less than about 25 employees

Five I.T.B's (A, E, J, O and P) considered a small company as one having up to around 25 employees.

One (J) qualified this by stating that small firms were 'those in which there is virtually no substitution of management between the Proprietor or M.D. and the shop floor. In practice, this means a firm employing up to about 25 people'.

3. Less than 50 employees

Two I.T.B's considered that a small company was one having less than 50 employees.

One of them (D) qualified this definition by regarding firms of less than 20 employees as 'smaller' firms and those between 20 and 50 as small firms.

The other (T) stated that the reason for having adopted this definition was that 50 employees is a convenient statistical break-point.

4. Less than 200 employees

Two I.T.B's (K and Q) regarded small firms as those employing less than 200 employees; the one (K) stating that it had taken this definition because it was the yardstick of the Bolton Committee.

5. Payroll definitions

Two I.T.B's defined small firms in terms of payroll; one (B) as having total annual emoluments of less than £25,000 and the other (R) less than £100,000.

6. Other definitions

The remaining two definitions were as follows:

- a. Less than 75 total employees. (S)
- b. For management training, it has been found useful to define a small firm as one that employs 15 management and supervisory staff or fewer. (H)

listed in Appendix V.1, sheets 10 and 11, and analysed in Insert V.4, sheets 1 and 2.

From the analysis, it will be seen that

1. Eighteen Boards stated that they had undertaken or initiated surveys.
2. Two Boards had set up committees to determine the problems.
3. One Board maintained continuous control between its Area Training Staff and employers which it considered, in effect, gave it a continuous survey of needs and problems.
4. Only one Board had not yet taken any steps to identify the management-training needs or problems of small firms.

From subsequent discussions with Officers of some of the Boards which had undertaken surveys, it would appear that the surveys varied considerably in scope and depth. In some cases, where Field Training Advisers had carried out the investigations, it was realised that the extent and value of the findings had been considerably limited because of the lack of diagnostic skills and experience of many of their field staff in the management area.

F. RECOMMENDATIONS OR GUIDE-LINES RESULTING FROM SURVEY FINDINGS

The replies of the twenty-two Boards to this question are listed in Appendix V.1, sheets 12 and 13, and the analysis is given in Insert V.5, sheets 1 and 2.

From the latter, it will be seen that

1. Nine Boards stated that they had made recommendations or guide-lines available in consequence of survey findings, and some of them had taken the following additional action:

Analysis of Replies to Question 5 'Have you taken any steps to survey the management training needs, or particular problems, of the small firms within your industry?'

Insert V.4
Sheet 1

A. SURVEYS UNDERTAKEN OR INITIATED

Eighteen I.T.B's replied to the effect that they had undertaken or initiated surveys.

Of these, seven (B, E, J, O, P, R and V) simply replied 'yes', whilst the other eleven commented as follows:

1. A management development adviser is to be appointed, one of whose priority tasks will be to survey the management training needs of small firms. (A)
2. Yes, the Board commissioned a survey of a number of small firms to identify their training needs. Findings were made available to small firms in the Industry and, from these findings, steps are being taken to assist them to identify and meet their own individual training needs. (C)
3. This has been on hand since Autumn 1966, with varying degrees of intensity and direction. (D)
4. Yes, we have set up a special advisory service for small firms.
5. Yes. Two research projects have been initiated. (G)
6. Yes, by surveys and field work. (I)
7. Surveys being undertaken at present. (M)
8. Yes. Survey undertaken in conjunction with employers' federation. This suggested a particular need for courses in Financial Control and Production Control. Weekend courses devised and 1650 have attended them. (N)
9. Yes, survey carried out by Training Advisers. (Q)
10. Yes, a survey was commissioned to identify the management training needs of small firms. (S)
11. Yes - an initial survey completed and problem areas are now being identified. Considered D.E.P. report. (T)

B. OTHER APPROACHES

Other steps taken by Boards, were reported as follows:

1. Committee Approach

- a. Small Firms Sub-committee issued report. (A)
- b. Yes, we have set up a special advisory service for small firms. (F)
- c. Limited size of industry enables Board to maintain continuous contact between its Area Training Staff and employers. This, in effect, gives the Board a continuous survey of needs and problems. (H)
- d. Set up in early 1969, Small Companies Advisory Panel reporting directly to the Board. Country-wide promotional meetings. Feedback from Board's Training Advisers. Publications. Views sought at drafting stage of publications from small firms. (K)
- e. A sub-committee has interviewed the representatives of some 17 trade associations in order to investigate the position in small firms. (U)

C. NO APPROACH YET

Only one I.T.B. (L) replied that it as yet had taken no steps to survey the management training needs and particular problems of the small firms in the Industry.

Analysis of Replies to Question 6 'Have your recommendations or guide-lines for training been made available by your Board in consequence of survey findings?'

Twenty-two Boards gave replies to the above question, as follows:

A. RECOMMENDATIONS OR GUIDE-LINES CONSEQUENT TO SURVEY

Nine I.T.B's (B, D, E, H, J, N, Q, R and V) replied in the affirmative.

Additional information was given by some, as follows:

1. Residential and non-residential courses developed. Group Training Schemes sponsored (D).
2. Recommendations followed by Supplementary Recommendations, and then by notes for guidance (H).
3. New type of training specialist. Group Training Schemes (J).
4. Weekend courses developed (N).
5. Two in preparation (Q).

B. NO RECOMMENDATIONS OR GUIDELINES

Eight I.T.B's (C, F, G, L, M, P, T and U) replied that they have not prepared recommendations or guidelines in consequence of survey findings.

C. ALTERNATIVE TO RECOMMENDATIONS OR TO SURVEYS

The remaining replies were as follows:

1. Recommendations of Small Firms Sub-committee being implemented. A Management Development Adviser is being appointed with a priority to survey the management training needs of small firms. (A)
2. By surveys - No. By field work - Yes. (I)
3. Booklets issued on Training, Analysis of Training Needs, and Introducing Group Training Schemes for smaller firms. Also one-week courses for part-time training officers. (K)

4. As a result of training scheme analysis, we are at present piloting 2-week courses for Small Business Managers. (O)
5. No, but week-end courses have been mounted based on survey findings. (S)

- a. Developed courses - two Boards
 - b. Had courses in preparation - one Board
 - c. Sponsored Group Training Schemes - one Board
 - d. Recruited a management development specialist - one Board.
2. Five Boards had taken the following action other than recommendations or guide-lines:
- a. Mounting of weekend training courses - two Boards
 - b. Recruitment of a Management Development Adviser with a priority to survey the management training needs of small firms - one Board
 - c. Developed and mounted one-week courses for part-time training officers - one Board
 - d. Introduced Group Training Schemes for smaller firms - one Board
 - e. Issued booklets on Training and Analysis of Training Needs - one Board
 - f. Implementation of Recommendations of Small Firms' Committee - one Board.
3. Eight Boards stated that they had prepared no recommendations or guide-lines in consequence of survey findings, and indicated no alternative courses of action.

G. LEVY PATTERN AND SMALL FIRMS

All twenty-two Boards responded to the question concerning whether they had special levy schemes for smaller firms within scope; their replies being listed in Appendix V.1, sheets 14 and 15. From this information, and that which the Boards have published, the detailed levy-pattern shown in Insert V.6 overleaf, was tabulated.

LEVY PATTERN

(From replies to Question 7)

I.T.B. or I.T.C.	Standard Rate(s) % Payroll/ £x employee	Lower Rates	Differential		Rebate	Leviable Relief to all	Small-firm Exemption (Upper limit)
			Occupatnl.	Indrl.			
Footwear, L & F.S.	0.175% (Interim)	-	-	-	-	-	-
Clothing & A.P.	0.25% (Interim)	-	-	-	-	-	-
Rubber & P.P.	0.75%	-	-	-	-	-	-
Carpet	0.9%	-	-	-	-	-	-
Wool, Jute & Flax	0.3% to 2.0%	-	✓	-	-	-	-
Chemical	1.1%	-	-	-	All £110	-	-
Shipbuilding	1.4%	-	-	-	-	First £3000	-
Road Transport	2.2%	-	-	-	-	-	-
		1.5% (£5000-£17500) 0.5% (under £5000)	-	-	-	-	-
Ceramics	0.75% and 1.5%	-	-	✓	-	-	£5000
Cotton	0.9%	-	-	-	-	-	£5000
Knitting, L. & N.	1.0%	-	-	-	-	-	£5000
Furniture	1.4%	-	-	-	-	-	£5000
Foundry	2.5%	-	-	-	-	-	£7500
Food, D. & T.	0.9%	-	-	-	-	-	£15000
Hotel and C.	1.0%	-	-	-	-	First £2000	£4000
Distributive	0.5%	-	-	-	-	First £2000	£5000
Printing & Pub.	1.0%	-	-	-	£100 (£12500-£15000) £50 (£15000-£20000)	-	£12500
Engineering	2.5%	1.0% (£7500-£17500)	-	-	-	-	£7500
Paper & Paper P.	0.25%	lower (£15000-£20000)	-	-	-	-	£15000
Construction	Occ. & per capita (1970/71)	-	✓	-	-	-	-
Iron & Steel	£23.50 per emp.	£11.75 on first 20	-	-	-	-	-
Petroleum	£9 per emp.	-	-	-	-	-	5 persons

From this table, it will be seen that

1. Twelve of the Boards provided total exemption from levy for small firms up to specified limits. The limit varied from Board to Board; the highest being £15,000 total emoluments per annum at the time the questionnaire was completed. This would relate to firms of 10 to 15 employees maximum.
2. Five of the above twelve Boards gave to all firms, irrespective of size, additional levy relief, as follows:
 - a. Full levy relief on that part of the total emoluments up to a prescribed limit (three Boards)
 - b. A lower-than-standard rate on that part of total emoluments below a specified limit (two Boards)
 - c. A rebate against levy within certain emolument limits (one Board).
3. Ten Boards provided no small-firm-exemption relief. Three of these Boards, however, did allow the following relief to all firms, irrespective of size:
 - a. Lower-than-standard rate of levy on the first prescribed part of total emoluments (two Boards)
 - b. A rebate of a prescribed sum, or total levy if a lower figure (one Board).
4. Three Boards applied differential levies - two by occupation and one by industry.

The levy relief measures which apply to all firms within scope, irrespective of size, are relatively much more helpful to the smaller firms than to the larger ones since, the smaller the firm, the more this universal relief reduces the average levy-rate.

By and large, however, the alleviation measures have little significant effect on firms having 50 or more employees.

H. DIFFERENCES IN TRAINING NEEDS OF SMALL FIRMS

Twenty-one Boards responded to this question and their replies are listed in Appendix V.1 sheets 16 and 17; the analysis being given in Insert V.7 overleaf.

From this analysis, it will be seen that

1. Eighteen Boards were of the view that there were differences in the training needs of the small firms, compared with those of larger firms. Two reasons given by Boards for these differences were
 - a. 'A large firm is better equipped to train its managers, while the absence of the big-firm functions and services alters its needs.'
 - b. 'Obviously, there are differences, but these are not only on account of size but on account of product.'
2. One Board considered that there probably were differences.
3. One Board replied that the question was under review.
4. The reply of the remaining Board was 'Not really, but there is growing pressure which might lead to this'.

I. REFLECTION OF DIFFERENCES IN TRAINING NEEDS OF SMALLER FIRMS IN PROVISIONS OF GRANT SCHEMES

All twenty-two Boards which co-operated in this study were operating grant schemes at the time of their completion of the questionnaire.

The eighteen Boards which considered that there were differences in the training needs of small firms, and the Board which thought that there probably were, responded to the question as to whether the provisions of their respective grant schemes had in any way taken into

Analysis of Replies to Question 9 'Does your Board consider that there are any differences in training needs of the small firms?'

There were 21 I.T.B. replies to the above question and these are listed in Appendix V.2, sheet 16. Of these, 18 were in the affirmative. Thirteen simply replied 'yes'. The other five replies were as follows:

1. Yes. A large firm is better equipped to train its managers, while the absence of most of the big-firm functions and services alters its needs. (A)
2. Definitely. (D)
3. Obviously, there are differences but these are not only on account of size but on account of type of product. (E)
4. Yes. We are just starting two research projects on this subject. (J)
5. There are significant differences. (O)

The three remaining replies were:

1. Probably. (T)
2. Not really, but there is a growing pressure which might lead to this. (S)
3. Under review. (U)

account these differences. The replies are listed in Appendix V.1 sheet 18, and the analysis is given in Insert V.8 overleaf.

From the analysis, it will be seen that

1. Eight Boards replied that the differences had been taken into account in the grant scheme.
2. One Board replied that the taking into account of the differences in the grant scheme will receive consideration.
3. Ten Boards replied that the differences had not been reflected in the provisions of their grant schemes; three of them respectively adding the following comment:
 - a. 'No, the form of the grant scheme provides for the difference'
 - b. 'No, except for the ability of small establishments to get grant without too much detriment because of their size'
 - c. 'No, but reflected in certain training activities and recommendations'.

J. INITIATION OF FORMAL ATTENTION TO DIFFERENT FACETS OF INDUSTRIAL TRAINING

Twenty-one Boards responded concerning the dates when they first formally gave attention to operator, supervisor, technician and management training respectively. The replies are listed in Appendix V.1, sheet 19, and an analysis/summary is given in Insert V.9.

To preserve anonymity, since some of the information in a number of the replies had previously been published by the respective Boards, the identity lettering used in this list of replies, and the analysis, does not correspond with that used in other anonymous listings.

Of the twenty-one Boards, only two replied that they had not given formal

Analysis of Replies to Question 7 'If so (i.e. if you consider there is a difference in training needs of small firms) has this been reflected in any way in the provisions of your Grant Scheme?'

Nineteen I.T.B's replied to the above question and their replies are listed in Appendix

Eight I.T.B's replied in the affirmative. Four (C, G, H and N) simply answered 'yes'. The other four were as follows:

1. New grant scheme for small firms, August 1970. (B)
2. Yes. For example, in-company training on a 'phased-basis' is grant aided. This is of special help to small firms. (J)
3. Yes. (Five examples given)
4. Yes, in proposed scheme. (R)

Ten I.T.B's replied in the negative. Of these, four (D, F, O and T) simply answered 'no'. The other six replied as follows:

1. No, the form of the grant scheme provides for the difference. (A)
2. No, except for the ability of small establishments to get grant without too much detriment because of their size. (E)
3. No, but reflected in certain training activities and recommendations. (I)
4. No, not yet. (L)
5. Not yet. (P)
6. No, not directly. (Q)

One I.T.B. replied 'will receive consideration'. (M)

Analysis of replies to Question 11 'At what dates did you formally give attention to the following aspects of training?'

Reply	Operator	Supervisor	Technician	Management
1965	3 Boards	1 Board	1 Board	1 Board
1966	3 "	6 Boards	5 Boards	6 Boards
1967	3 "	2 "	1 Board	1 Board
1968	7 "	6 "	9 Boards	8 Boards
1969/70	2 "	3 "	2 "	2 "
1970/71	1 Board	1 Board	2 "	1 Board
Being considered	1 "	1 "	1 Board	1 "
Not yet considered	1 "	1 "	-	1 "

attention to operator, supervisor, technician and management training at the time of their completing the questionnaire. One of the two stated that all four facets were currently under consideration. The other had at that time only given attention to technician training.

To reflect the rate at which Boards had initiated attention during the period 1965/70 to the four major facets of training, the block diagram of Insert V.10 overleaf, was constructed. From this, it will be noted that the initiation of formal attention was relatively balanced between the four facets and that the greatest rate of initiation occurred during the period 1967/68.

K. MANAGEMENT TRAINING PROGRESS IN SMALL, MEDIUM AND LARGE FIRMS

Twenty Boards responded to the question as to whether they were reasonably satisfied with the progress which was being made in management training in small, medium and large firms respectively in their particular Industries. The replies are listed in Appendix V.1 sheet 20, and an analysis is given in Insert V.11, sheets 1 and 2. From this, the following will be noted.

1. Small Firms

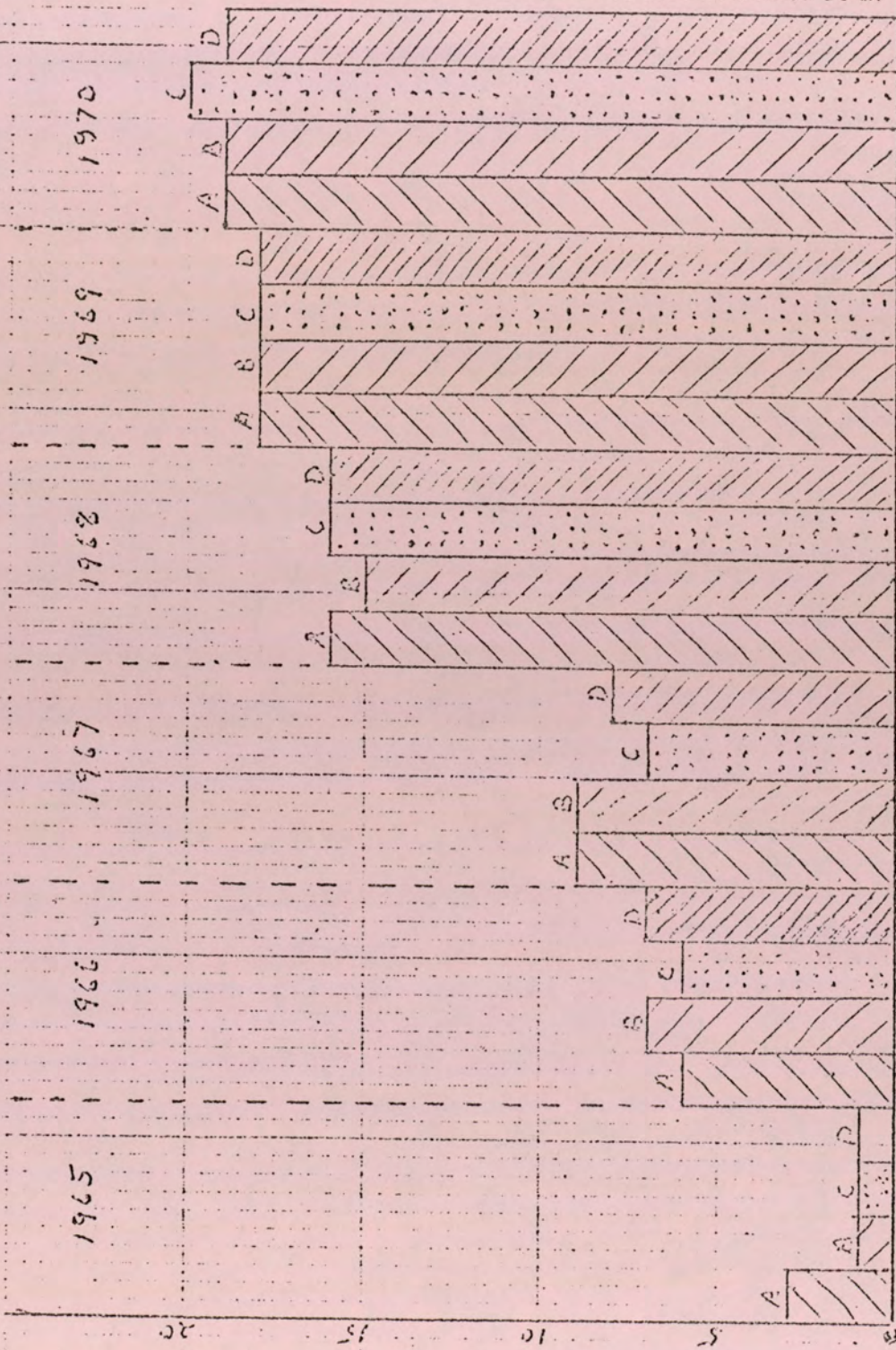
Three Boards were satisfied, and two further Boards were barely satisfied with the progress achieved. Twelve were not satisfied with progress. Three did not yet know.

2. Medium Firms

Six Boards were satisfied, and another Board 'fairly satisfied', with the progress achieved. Ten Boards were not satisfied. Three did not yet know.

INITIATION AND PERIOD OF FORMAL ATTENTION TO TRAINING

Insert V. 10



Key: A - Operator, B - Supervisor, C - Technician, D - Management

Analysis of Replies to Question 12 'Are you reasonably satisfied with the progress which is being made in management in small firms, in medium firms, in large firms?'

Insert V.11
Sheet 1

Replies were received from 20 I.T.B's to this question, as follows:

A. IN SMALL FIRMS

Three Boards replied 'yes'. (H, I and V)

Fourteen Boards were not satisfied, of which seven simply replied 'no'. (A, B, C, F, G, L and O) and seven qualified this in the following comment:

1. Satisfied with what has been developed by the Board to offer them, but still not satisfied by adequate take-up. (D)
2. Not fully satisfied, but are continuing in this difficult area. (E)
3. Barely. (J and N)
4. Not satisfied - attitudes - changing exercise which might take 3 or 4 years.
5. We will never be satisfied. But there is good work being done in some of the firms. Naturally, there is plenty of scope for more to be done by the bulk of firms. (P)
6. Not yet. (R)

Replies from the three remaining Boards were:

1. Too early to assess. (M)
2. Do not know yet. (T)
3. Not in a position to answer. (U)

B. IN MEDIUM FIRMS

Six Boards replied 'yes' (E, G, H, I, N and V) and one stated fairly. (J)

Ten Boards were not satisfied, of which six simply stated 'no' (A, B, C, F, L and O) and the other four qualified this. (D, K, P and R)

Three did not know. (M, T and U)

C. IN LARGE FIRMS

Ten Boards replied that they were satisfied. Of these nine simply answered 'yes' (D, E, G, H, I, J, L, N and V) whilst a tenth replied 'yes, in the main'.

Seven stated that they were not satisfied, of which four simply answered 'no' (A, C, F and O) and the other three qualified the statement. Three Boards did not know.

In summary, fourteen Boards were not satisfied with progress in management training in small firms. Ten were not satisfied with regard to medium firms, and seven were not satisfied in the case of large firms.

3. Large Firms

Nine Boards were satisfied, and two further Boards were satisfied 'in the main' and 'fairly' respectively, with the progress achieved. Six Boards were not satisfied with progress. Three did not yet know.

4. Comparison of Progress

From the above, it will be seen that there was increasing satisfaction with progress as one went from small to larger firms. For example, 15, 30 and 50 per cent of the Boards were satisfied with progress in the small, medium and large firms respectively and, if we include those which qualified their satisfaction, the corresponding figures become 25, 35 and 50 per cent.

5. Additional Comment

Of the twelve Boards which were not satisfied with progress in the small firms, five respectively added the following comment:

- a. 'Satisfied with what has been developed by the Board to offer them, but still not satisfied with take up.'
- b. 'Not fully satisfied - but are continuing in a difficult area.'
- c. 'Not satisfied - attitudes - changing exercise which might take 3 or 4 years.'
- d. 'We will never be satisfied. But there is good work being done in some firms. Naturally, there is plenty of scope for more to be done by the bulk of firms.'
- e. 'Not yet.'

With respect to progress in medium firms, four Boards respectively reiterated comments a, c, d and e above.

In the case of large firms, two Boards respectively reiterated

comments b. and d.

L. PROBLEMS ARRESTING MANAGEMENT-TRAINING PROGRESS IN SMALL FIRMS

Eighteen Boards responded to the question concerning the problems which they see as obstacles to progress in management training in small firms. Their replies are listed in Appendix V.1, sheets 21 to 24, and an analysis of these is given in Insert V.12, sheets 1 to 5. As will be seen from the analysis, most of the problems cited by the Boards fall into the following common problem-areas. As we shall see below, certain of these common areas themselves are closely inter-related. The incidence of comment by Boards with respect to these areas is given in brackets.

1. Attitudes of principals in small businesses (11).
2. Unwillingness or inability of small businesses to spare staff for management-training purposes (7).
3. Shortage of external courses (7).
4. Number and geographical spread of small businesses (5).
5. Inadequate diagnoses of the training needs of small businesses (4).
6. Need for on-the-job (consultancy) training (4).
7. Ineffective delegation (2).

There were also nine other miscellaneous problems cited, each by one Board only.

As stated above, some of the common problem-areas are closely inter-related. For example, unwillingness or inability of small firms to spare staff (2. above) for management-training purposes may be due to attitudes (1. above) of the principals to management-training, resulting in unwillingness to spare staff, or ineffective delegation (7. above)

Analysis of replies to Question 13 'If the management training in the small firms is not going as well as you would reasonably hope, what are the problems which you see as arresting progress?'

Eighteen Boards replied and an analysis reveals that certain problem areas are common to a number of I.T.B's. These common areas are listed below, the incidence of reference within replies being given in brackets.

1. Attitudes of principals in small businesses (11)
2. Unwillingness or inability of small businesses to spare staff for management training purposes (7)
3. Shortage of suitable external courses (7)
4. Number and geographical spread of small businesses (5)
5. Inadequate diagnosis of the training needs of small businesses (4)
6. Need for on-the-job (consultancy) training, but such activities are expensive (4)
7. Ineffective delegation (2).

In addition, there were 9 other problems which were each cited by one Board only.

The actual comments which the Boards made pertaining to each of the common problem-areas were as follows:-

A. ATTITUDES OF PRINCIPALS

1. The industry has a record of disinterest in systematic management training and attitudes need to be changed. (A-1)
2. Some firms still see the I.T.B's as concerned only with manual worker training. (A-3)
3. lack of awareness on the part of many small firms of a contribution to be made to business solvency and profitability by adopting more up-to-date techniques. (B-3)
4. Changing the attitudes of owner-managers and senior managers so that they will appreciate
 - a. the importance of defining clear company objectives
 - b. the need for communicating those objectives throughout the management and supervisory structure
 - c. the simple management techniques which are available to them for achieving those objectives and monitoring performance. (C-1)

5. The traditional background of the self-made man. (D-1)
6. Attitudes of owner-managers towards external training courses. (G-4)
7. A lot depends upon personal contact with the head of the firm. Once he is convinced, improvements take place quickly. (J)
8. the inability of Field Training Officers to achieve sufficient personal contact with each, to change attitudes, is a major problem. (O)
9. In some quarters a tendency to take the short-term view and to limit management training to a stop-gap approach. (Q-3)
10. In some cases managers have managed 'off-the-cuff', often with considerable success, and find it difficult to accept that there is anything they need to learn. (Q-5)
11. Defensive reactions to external advice. (R-3)

B. UNWILLINGNESS OR INABILITY TO SPARE STAFF FOR
MANAGEMENT TRAINING PURPOSES

1. Lack of ability of small firms to attend meetings. (B-1b)
2. Unwillingness or inability of owner-managers and senior managers to attend meetings or courses arranged by the Board or other bodies. (C-3)
3. Reluctance to 'invest' time in management training. (D-3)
4. The major problem is the ability of the manager or owner of the smaller firm (i.e. employing fewer than 25) to release anyone for special purposes outside the factory. (E)
5. Persuading executives to spare the time to attend short courses. (I-3)
6. Because of its size, the small company cannot afford to release its staff for courses to the extent that a large company can. (K-3c)
7. The limited time in which small firms are able or willing to release managers for training. (Q-1)

C. SHORTAGE OF SUITABLE EXTERNAL COURSES

1. There is a shortage of staff to set up tailored short courses. (A-2)
2. Shortage of courses and personnel to conduct training. (D-4)

3. Availability of suitable courses. (G-1) Insert V.12
Sheet 3
4. Lack of material relevant to the Board's industries. (G-3)
5. That initially the external courses available have tended to be tailored more to the needs of medium and large companies both in content and duration (and particularly the latter). More attention to this by course providers is needed. (K-6)
6. Size, lack of facilities and lack of suitable courses directed at the management of small firms in scope of this Board. (L)
7. Managers' experience with Courses; insufficiently related to their businesses. (Q-6)

D. NUMBER AND GEOGRAPHICAL SPREAD

1. Difficulties in establishing face-to-face communication owing to
 - a. wide geographical spread of large numbers of small firms
 - b. impossibility of a small number of the Board's staff to visit all firms regularly. (B-1)
2. The time factor. 80% of the firms within scope of the Board have less than 200 employees. It will take time effectively to influence these companies and produce results in improved management training and development (particularly in the early stages). (K-1)
3. Over 70 per cent of the firms embraced by the Board have 100 employees or less and over 40 per cent have 25 or less. The small firms are located all over Great Britain and are spread over a wide range of industries. The task of giving individual attention to the management training needs of such a variety and number of firms is a formidable one. (K-2)
4. The great number of small establishments and the inability of Field Training Officers to achieve sufficient personal contact with each (O)
5. Contact. (R-1)

E. INADEQUATE DIAGNOSIS OF MANAGEMENT TRAINING NEEDS

1. Difficulties of isolating training needs from other on-going problems. (B-4)
2. Lack of knowledge of specific problems of small companies. (G-2)
3. Identifying the real needs. (I-1)
4. In many cases lack of expertise in making a reliable assessment of management training needs. (Q-2)

F. THE NEED FOR ON-THE-JOB TRAINING (COACHING)

1. The cost of providing on-the-job assistance, which appears the most potent means of changing their attitudes and increasing their knowledge and skills. (C-4)
2. No adequate consultant support available. (D-5)
3. The main problem is one of providing training in sufficient depth to enable the Manager to apply a new skill or technique in his own environment. Experience indicates a requirement for on-the-job training by specialist training officers to augment off-the-job training. This is expensive even if sufficient numbers of specialist training officers are available. (F)
4. The fact that the Board has been reasonably successful with its approach to small companies' management training should not be allowed to cloud the fact that there are considerable difficulties. The greatest of these is the identification of problems which lend themselves to solutions of general applicability. The range of activity and sophistication within the small companies is so great that one must suspect at times that attempting to treat small businesses in a concerted way may be a mistake. The alternative of consultancy is obvious but the scarcity of resources and expense mean that the development of this approach will be a slow process. (N)

G. INSUFFICIENT OR INEFFECTIVE DELEGATION

1. Difficulties in communications are further aggravated by the fact that small firms' managers do not find time to engage in forward planning by delegating responsibilities. (B-2)
2. Lack of effective delegation.

H. MISCELLANEOUS OTHER PROBLEMS

1. Difficulties in communications are further aggravated by the fact that small firms' managers do not seem to read I.T.B. publications, keep methodical records (B-2)
2. Fluctuating demand for products. (B-5)
3. No real support from employer federations. (D-2)
4. This Board does not wish to give any impression of complacency, but it does not believe that it is facing any particular problems which cannot be resolved by time and the continuance of its close relationship with the individual employers. It believes that its methods and principles are sound, and that the main need is to get them more fully accepted and applied. (H)
5. Getting the needs accepted. (H-2)

6. Because of its size, the small company
 - a. is limited in the training facilities, and particularly management training, it can provide within the company,
 - b. has to rely to a greater extent on external courses,
 - c. finds it difficult to operate management succession schemes involving a variety of in-company planned management training programmes because there are few appointments in which developing managers can be 'stored' pending the right appointment becoming vacant. (K-3)
7. There are different motivational problems and different industrial relations problems, since the chief executive can often personally motivate down to the lowest echelons of the business, something which is not possible in larger organisations. (K-4)
8. Because of 6, the accent on management training in the smaller firm tends to be in the area of 'management techniques' rather than in endeavours to integrate the firm's operations or motivate individuals. (K-5)
9. Related management problems to business needs. (R-3)

resulting in inability to spare staff. Ineffective delegation could make it very difficult, or even impossible, for the principal to relieve himself sufficiently from the day-to-day pressures to be able to devote time to the management-training needs of himself and his subordinates. Again, shortage of suitable courses (3. above) may in many cases be due to inadequate diagnosis of the training needs of small firms (5. above) by the promoters of the courses, or by the course tutors.

Below, under the relevant common-problem headings of 1. to 7 above used in the analysis of Insert V.12, sheet 1, we will endeavour to categorise further the various aspects of comments from the Boards.

1. Attitudes of Principals

A wide range of comment was made within this area. It fell broadly into the following categories:

a. Background and Practices

Four Boards respectively commented as follows:

- i) 'The Industry has a record of disinterest in systematic management-training and attitudes need to be changed.'
- ii) 'The traditional background of the self-made man.'
- iii) 'In some quarters, a tendency to take the short-term view and to limit training to a stop-gap approach.'
- iv) 'In some cases managers have managed 'off-the-cuff', often with considerable success, and find it difficult to accept that there is anything they need to learn.'

b. Personal Contact

Two Boards referred to the need for personal contact to change attitudes, and the problem this poses; the respective comments being:

- i) 'A lot depends upon personal contact with the head of the firm. Once he is convinced, improvements take place quickly.'
- ii) '..... the inability of Field Training Officers to achieve sufficient personal contact with each, to change attitudes, is a major problem.'

c. Lack of awareness of benefits to be derived

Two Boards respectively commented as follows:

- i) '..... lack of awareness on the part of many small firms of a contribution to be made to business solvency and profitability by adopting more up-to-date techniques.'
- ii) 'Changing the attitudes of owner-managers and senior managers so that they will appreciate
 - (a) the importance of defining clear company objectives
 - (b) the need for communicating those objectives throughout the management and supervisory structure
 - (c) the simple management techniques which are available to them for achieving those objectives and monitoring performance.

d. No confidence in external assistance

Two Boards respectively cited the following problems:

- i) 'Attitudes of owner-managers towards external training courses.'
- ii) 'Defensive reactions to external advice.'

2. Unwillingness or inability to spare staff for management-training purposes

Two Boards referred specifically to the unwillingness of firms to spare staff for management training.

Two Boards referred specifically to inability of firms to spare staff for this purpose.

Two Boards cited the limited time which the small company can release managers compared with what was possible in the larger firm.

One Board stated that the problem was persuading executives to attend short courses.

As stated earlier, the above could be symptoms of problems in other common areas.

3. Shortage of suitable external courses

Seven Boards cited lack of suitable courses as arresting progress.

The reasons given for this situation were:

- a. Shortage of staff to set up tailored short courses
- b. Shortage of personnel to conduct training
- c. Lack of material relevant to the Board's industries
- d. Courses insufficiently related to managers' businesses
- e. Initially, the extended courses available have tended to be tailored more to the needs of medium and large companies, both in content and duration (and particularly the latter).

4. Number of small firms and territorial spread

Five Boards cited the problem which they faced due to the combination of these two factors. In consequence, it is a formidable task for their Field Training Staff to achieve sufficient personal contact.

5. Inadequate diagnosis of management-training needs

Four Boards respectively commented as follows on problems in this area:

- a. 'Difficulties of isolating training needs from other on-going problems.'
- b. 'Lack of knowledge of specific problems of small companies.'
- c. 'Identifying the real needs.'
- d. 'In many cases, lack of expertise in making a reliable assessment of management-training needs.'

6. The need for on-the-job training

Four Boards cited the need for providing on-the-job, or consultancy, assistance - one Board remarking that 'this appears the most potent means of changing the attitudes and increasing the knowledge and skills of managers in small businesses.'

Three of the four Boards referred to the high cost of such a service; one adding that the development of this approach will be a slow process because of the scarcity of resources and the expense involved.

7. Insufficient or ineffective delegation

Two Boards cited the problem of insufficient or ineffective delegation; one Board adding that, in consequence of this, small firms' managers do not find time to engage in forward planning.

(As stated earlier, the symptoms and effects of this basis problem are often much more readily apparent than is their cause. Furthermore, one often needs to observe very closely the inner working of an organisation to diagnose the problem. This may be why it is at the bottom of the list.)

8. Miscellaneous problems

The problems raised only by individual Boards were:

- a. Limited management training and management succession

facilities which small firms provide, because of limitations of size.

- b. Different motivational and industrial relations problems in the small firms than in the large firms.
- c. Failure of small firms to read Board publications or to keep methodical records.
- d. Lack of support from employers' federations.
- e. Fluctuating demand for firms' products.

M. PLANS DEVELOPED FOR OVERCOMING THE PROBLEMS

Eighteen Boards responded to the question concerning plans which they had developed for overcoming any problems which they saw as arresting management-training progress in small firms, or of taking the problems into account, in discharging their responsibilities. Only one of the eighteen Boards considered that it was too early to reply. Their actual replies are listed in Appendix V.1, sheets 25 to 28, from which it will be noted that a number of Boards each have several lines of action developed or in view.

An analysis of these replies is given in Insert V.13, sheets 1 to 4, from which it will be seen that the various plans and proposals fall under the following main headings:

1. Short Courses and Seminars (8 Boards)
2. Group Training Schemes (5 Boards)
3. Assistance in identifying training needs (4 Boards)
4. Investigation into problems of small firms (3 Boards)
5. Special grant-schemes for small firms (2 Boards)
6. Provision of consultancy services (2 Boards)

Analysis of replies to Question 14 'Have you developed any plans for overcoming these problems (i.e. those problems seen as arresting management training progress in small firms) or of taking them into account, in discharging your responsibilities?'

Eighteen Boards responded. Their proposals fall under a number of common headings, which are given below together with the specific comments made by the I. T. B's which relate to them.

A. COURSES AND SEMINARS

1. Mounting seminars for senior executives as guests of the Board. (B)
2. Considering possibility of week-end seminars. (I)
3. Nearly 30 one-day seminars for Chief Executives have been held, attended by 600 people, on management development. Many Chief Executives came from small firms, and want follow-up. (J)
4. With respect to the time-factor, we will hold a sustained series of seminars (possibly for the next two or three years) to interest small firms in management training and development.

In view of the variation in size and the numbers of firms involved, there will be an orientation of seminar content to the size of the firm and the seminars will be organised regionally. (K)
5. We are looking at the content of follow-on courses for small firms, particularly taking into account
 - a. that they cannot afford to release staff to the extent possible in larger companies,
 - b. the motivational problems and industrial problems are different. (K)
6. We are encouraging Trade Associations to set up suitable courses. (L)
7. The Board is planning to maintain and add to its present small firms week-end courses programme as problems become properly identified. At the same time, efforts are being made to develop a follow-up service for those who attended these courses. (N)
8. Two-day courses are being provided based upon an analysis which has been made of training needs. (O)
9. We are encouraging them (small firms) to appoint someone part-time to deal with this (assessment of training needs) and how to learn to do it. We have a course ready to train such people. (Q)
10. We have a course ready to train such people (part-time assessors of training needs). (Q)

11. Provision of courses specifically designed for small companies in this industry. (Q)

B. GROUP TRAINING SCHEMES

1. A high priority is also being put on the formation of more Group Training Schemes which should encourage managers to accept training. (A)
2. Yes - Formation of Group Training Associations (B)
3. We are encouraging the development of Group Training Schemes. (L)
4. Group Training Schemes, too, have an obvious role to play in furthering management training in the small firms' environment and consideration is being given to developing an approach in this area. (N)
5. A contribution to the solution of many of these (management) problems is made by the activities of group schemes and training associations. (Q)

C. ASSISTANCE IN IDENTIFYING TRAINING NEEDS

1. Following the survey which has been carried out to identify the training needs of small firms, it is planned to provide on-the-job assistance to them in identifying their own specific training needs and in developing suitable training programmes. This is being preceded by meetings with small groups of managers to explain the purposes, and advantages to them, of such assistance. (C)
2. Advisory service through Board's Area Staff. (D)
3. Special management training department was established to provide training assistance in small firms. Staff recruited were required to possess management experience in the industry and both qualifications and experience in modern management. Its purpose is
 - a. to determine the training needs of small-firm managers,
 - b. to convince the managers that these needs exist, and have been correctly assessed,
 - c. to make recommendations, and provide the facilities, to fulfil these needs. (F)
4. Our field officers are helping them in their efforts to make reliable assessments of training needs. We are encouraging them to appoint someone part-time to deal with this and learn how to do it. (Q)

D. INVESTIGATION INTO PROBLEMS OF SMALL FIRMS

1. Engaging in investigations of problems of small firms. (B)
2. To this end, two research projects are in progress as follows:
 - a. An analysis in depth of the work of a number of owner-managers and managers of small companies in the Industry with a view to identifying appropriate management training and development policies.
 - b. A general survey to obtain a better understanding of the qualifications and experience of the existing managerial labour force in a sample of firms within the scope of the Board. (G)
3. Commissioned a survey of the training needs of small firms in the Industry. (I)

E. SPECIAL GRANT-SCHEME FOR SMALL FIRMS

1. and introduction of a special grant-scheme for small firms. (B)
2. Proposals for a special training-grant scheme for small businesses have been developed by the Board and are at present under consideration by the Department of Employment and Productivity. (R)

F. CONSULTANCY SERVICES

1. Liaison with COSIRA, NUMAS. (B)
2. We now operate a consultancy service on a fee-paying basis, specially directed towards the smaller firm. (J)

G. COMMITTEES

1. We are also setting up, on a permanent basis, a Small Firms Advisory Committee. (J)
2. We have established sub-committees to look into the matter and suggest plans. (L)

H. EFFORT BY FIELD STAFF

1. Greater emphasis on smaller firms by Field Training Officers. (I)
2. The personal contact of our field officers is, we believe, making a beneficial impact on their tendency to take a short-term view and to limit management training to a stop-gap approach. (Q)

I. MISCELLANEOUS

1. We are now recruiting a Management Development Adviser who will advise on and arrange when necessary management training for the small-firm manager. (A)
2. Yes, we have developed plans (see reply to question re problems arresting progress) and these are working. We are not resting here but are continuing work in this field. (E)
3. The Board believes that its methods and principles are sound, and that the main need is to get them more fully accepted and applied. (H)
4. Bearing in mind that the very factor of smallness means that the administrative load in dealing with paperwork falls on very few shoulders, with the result that written communications are often not properly read or understood, the Board is selective in sending literature to small employers. They are nevertheless made aware by means of Bulletins of everything the Board publishes and can have anything they wish on request. (K)
5. It is anticipated that special training programmes aimed specifically at the management of small firms will be developed. (M)
6. Too early to answer this question. (P)
7. We help them to find, or arrange for them, training in short periods of one to three days. (Q)
8. We are trying to build up data that will convince the less-willing companies that management training pays off and is worth making a sacrifice for. (Q)
9. We spread news of what the rest of industry is doing and this often stimulates action. (Q)

7. Setting up of committees (2 Boards)
8. Special effort by Field Training Officers (2 Boards).

In addition there were a number of miscellaneous lines of action or proposals put forward.

Under the above relevant headings, we will categorise the various courses of action which have been developed or proposed, or are being considered.

1. Short Courses and Seminars

- a. Three Boards provided short courses
- b. Two Boards were ready to provide courses for part-time training co-ordinators/assessors in small firms
- c. One Board was looking into content of follow-on courses
- d. One Board was encouraging Trade Associations to set up suitable courses
- e. Two Boards were mounting seminars for chief executives of small firms; the one Board inviting them as their guests
- f. One Board proposed holding seminars, organised regionally
- g. One Board was considering the possibility of weekend seminars.

2. Group Training Schemes

Five Boards cited the contribution which was, or could be, made to management training by Group Training Schemes; three Boards respectively adding

- i) 'A high priority is being put on the formation of more Group Schemes.'
- ii) 'We are encouraging the development of Group Schemes.'
- iii) 'Consideration is being given to developing an approach in this area.'

3. Assistance in identifying training needs

Four Boards had planned the provision of assistance to small firms in identifying their training needs. Their respective approaches were:

- a) The establishment of a special management-training department to provide assistance in small firms. Staff recruited were required to possess management-training experience in the industry and both qualifications and experience in modern management. The purpose of the department is
 - i) to determine the training needs of small-firm managers
 - ii) to convince the managers that these needs exist, and have been correctly assessed
 - iii) to make recommendations, and provide the facilities, to fulfil these needs.
- b) To provide on-the-job assistance to small firms in identifying their own specific training needs and in developing suitable training programmes. This is being preceded by meetings with small groups of managers to explain the purposes, and advantages to them, of such assistance and follows on from the survey which was carried out to identify the training needs of small firms.
- c) The field officers are helping the small firms in their efforts to make reliable assessments of training needs and are encouraging the small firms to appoint someone on the staff to deal part time with this and to learn how to do it.
- d) An advisory service is provided through the Board's Area Staff.

4. Investigations into problems of small firms

Three Boards were undertaking investigations into the problems of small firms, as follows:

- a. One Board had two research projects in progress. They respectively comprised
 - i) An analysis in depth of the work of a number of owner-managers and managers of small companies in the Industry with a view to identifying appropriate management training and development policies.
 - ii) A general survey to obtain a better understanding of the qualifications and experience of the existing managerial labour force in a sample of firms within scope of the Board.
- b. One Board had commissioned a survey of training needs of small firm in the Industry; whilst another Board was engaged in the investigation of problems of small firms.

5. Special grant-schemes for small firms

Two Boards had developed proposals for the introduction of special grant-schemes for small firms. (Since the date of completion of the questionnaire, both sets of proposals have been approved by the Secretary of State and are now in operation. These will be discussed in the next chapter.)

6. Consultancy services

One Board operated a consultancy service, on a fee-paying basis, which was specially directed towards the smaller firm.

Another Board had a close liaison with COSIRA and NUMAS, who provided advisory and consultancy services to small firms in the

Industry.

7. Committees

One Board had established sub-committees to look into problems arresting management-training progress of small firms and to suggest plans for overcoming them. Another Board had decided to set up a Small Firms Advisory Committee, on a permanent basis.

8. Effort by Field Staff

One Board was placing greater emphasis by Field Training Officers on meeting the needs of the smaller firms. Another Board believed that the personal contact of its field officers with the managers of small firms was making a beneficial impact on the tendency of the latter to take a short-term view and to limit management training to a stop-gap approach.

9. Miscellaneous

A number of miscellaneous proposals or views were cited by individual Boards in the following words:

- a. 'We are now recruiting a Management Development Adviser who will advise on, and arrange when necessary, management training for the small-firm manager.'
- b. 'We are developing plans (to overcome the major problem of the inability of the manager or owner of the smaller firm to release anyone for special purposes outside the factory) and these are working. We are not resting here but are continuing work in this field.'
- c. 'The Board believes that its methods and principles are sound, and that the main need is to get them more fully accepted and

applied.'

- d. 'Bearing in mind that the very factor of smallness means that the administrative load in dealing with paperwork falls on very few shoulders, with the result that written communications are often not properly read or understood, the Board is selective in sending literature to small employers. They are nevertheless made aware by means of Bulletins of everything the Board publishes and can have everything they wish on request.'
- e. 'It is anticipated that special training programmes aimed specifically at the management of small firms will be developed.'
- f. 'We help them to find, or arrange for them, training in short periods of one to three days.'
- g. 'We are trying to build up data that will convince the less-willing companies that management training pays off and is worth making a sacrifice for.'
- h. 'We spread news of what the rest of industry is doing and this often stimulates action.'

Overall comment on the replies to the questionnaire and their implications is given in the following Chapter.

VI. COMMENT ON I.T.B. REPLIES TO QUESTIONNAIRE

When the questionnaire was being compiled, it was resolved not to encroach unduly upon the time of the Boards. Therefore it was decided not to ask them for that information which they and the Department of Employment had already made available to the British Association of Commercial and Industrial Education (BACIE) and which the latter publish in their Progress Reports on Industrial Training Boards.

From the information available in BACIE Progress Report No. 5, October 1970, concerning the total number of employees and number of establishments within scope, and the levy yield of each Board, Insert VI.1, overleaf, was developed for the twenty-two Boards which replied to the questionnaire.

From this table, which covers some 13,900,000 of the 22,000,000 labour force in this country (comprising 809,000 establishments with a total levy yield of over £185m) it will be noted that the average number of employees per establishment was 17, with an average levy of £229 per establishment or £13.30 per employee.

Because of the preponderance of very small firms within scope of three of the Boards (Hotel and Catering, Distribution, and Food, Drink and Tobacco) they were segregated from the table; the nineteen and three Boards being listed separately, as in Insert VI.2.

From these tables, the following comparisons emerge for these two groups:

Insert VI.1

	(1)	(2)	(3)	(4)	Av.(5)	Av.(6)
I.T.B. or I.T.C.	Total No. of Employees	No. of Estabts.	Av. Emp. per Est.	Levy Yield (£000's)	Levy per Est. (£)	Levy per Emp. (£)
Wool, Jute & Flax	175,000	2,110	83	1,505	713	8.6
Iron & Steel	305,000	608	502	7,400	12,171	24.4
Engineering	3,372,000	26,290	128	86,000	3,237	25.5
Foundry	150,000	1,500	100	4,500	3,000	30
Construction	1,500,000	52,000	29	25,000	481	16.6
Shipbuilding	120,196	1,244	97	1,726	1,387	14.3
Ceramics	357,000	2,984	127	3,720	1,290	10.1
Furniture & T.	205,074	4,964	41	2,788	562	13.6
Carpet	48,001	282	170	384	1,362	8.0
Knitting, L. & N.	154,000	1,087	142	1,108	1,019	7.2
Cotton	223,000	1,700	131	1,550	912	6.9
Road Transport	900,000	60,000	15	17,450	291	19.4
Hotel & Catering	753,000	107,200	7	2,600	24	3.5
Petroleum	82,000	1,580	52	578	366	7.0
Rubber & P.P.	270,667	2,542	106	1,013	399	3.7
Chemical	455,000	3,600	126	6,000	1,667	13.2
Printing & P.	380,000	10,600	36	4,250	401	11.2
Paper & P.P.	230,000	1,880	122	530	282	2.3
Distributive	2,250,000	370,000	6	* 8,250	22	3.6
Food, D. & T.	1,400,000	140,000	10	* 8,400	60	6.0
Footwear, L. & F.S.	142,021	2,217	64	* 200	90	1.4
Clothing & A.P.	430,000	15,000	29	250	17	0.6
	13,911,959	809,288	17	185,202	229	13.3

Note: * indicates 1970/71 levy yield; the remainder apply to 1969/70

Data in columns (1), (2) and (4) taken from BACIE Progress Report
Number 5, October 1970.

I.T.B. or I.T.C.	Total No. of Employees	No. of Estabts.	Av. Emp. per Est.	Levy Yield (£000s)	Av. Levy per Est. (£)	Av. Levy per Emp. (£)
Wool, Jute & Flax	175,000	2,110	83	1,505	713	8.6
Iron & Steel	305,000	608	502	7,400	12,171	24.3
Engineering	3,372,000	26,290	121	86,000	3,237	25.5
Foundry	150,000	1,500	100	4,500	3,000	30
Construction	1,500,000	52,000	29	25,000	481	16.6
Shipbuilding	120,196	1,244	97	1,726	1,387	14.3
Ceramics	367,000	2,884	127	3,720	1,290	10.1
Furniture & T.	205,074	4,964	42	2,788	562	13.6
Carpet	48,001	282	170	384	1,356	8.0
Knitting, L. & N.	154,000	1,087	142	1,108	1,019	7.2
Cotton	223,000	1,700	131	1,550	912	6.9
Road Transport	900,000	60,000	15	17,450	291	19.4
Petroleum	82,000	1,580	52	578	366	7.0
Rubber & P.P.	270,667	2,542	106	1,013	399	3.7
Chemical	455,000	3,600	126	6,000	1,667	13.2
Printing & P.	380,000	10,600	36	4,250	401	11.2
Paper & P.P.	230,000	1,880	123	530	281	2.3
Footwear, L.& F.S.	142,021	2,217	64	* 200	* 90	*1.4
Clothing & A.P.	430,000	15,000	29	* 250	* 17	*0.6
	9,508,959	192,088	49.5	165,952	866	17.7
Hotel and Catering	753,000	107,200	7	2,600	24	3.5
Distributive	2,250,000	370,000	7	8,250	22	3.6
Food, D. & T.	1,400,000	140,000	10	8,400	60	6.0
	4,403,000	617,200	7.1	19,250	31	4.4

* indicates 1970/71 levy yield; all other figures apply to 1969/70

	<u>19 Boards</u>	<u>3 Boards</u>	<u>22 Boards</u>
Total number of employees	9,508, 959	4, 403, 000	13, 911, 959
Total no. of establishments	192, 088	617, 200	809, 288
Av. no. of employees per est.	49.5	7.1	17
Range of averages	15-502	7-10	7-502
Ratio of range limits	1:33.5	1:1.43	1:72
Total levy yield	£165.9m	£19.25m	£185.2m
Average levy per est.	£866	£31	£229
* Range of averages	£281- £12171	£22-£60	£22-£12171
* Ratio of range limits	1:43.3	1:2.7	1:553.2
Average levy per employee	£17.7	£4.4	£13.3
* Range of averages	£2.3-£30	£3.5-£6	£3.2-£30
* Ratio of range limits	1:13	1:1.7	1:23

* Excluding first year interim levy of Furniture and Clothing Boards.

One sees from the above that there is a very wide range (ratio 33:1) in the average number of employees per establishment within scope of the nineteen Boards; whereas the remaining three Boards (Distributive, Hotel and Catering, and the Food, Drink and Tobacco) have a relatively narrow range (ratio 1.43:1) with the average number of employees per establishment of each of these being less than the lowest of any of the nineteen Boards. Likewise, the nineteen Boards exhibit a very wide range in average levy per establishment (43.3:1) and in average levy per employee (13:1) which suggest a very wide variation in the amount of training service and support which the individual Boards could make available to establishments of similar size, and to their employees, in their respective industries. On

the other hand, the range of the other three Boards is very narrow (ratio 1.7:1) but the general level is only around the lower limit of the range of the nineteen Boards referred to above.

The level of levy with respect to task will be discussed later.

It is also interesting to note that, with the exception of the Iron and Steel Board, which has an average of 502 employees per establishment, the average size of establishment within scope of every Board falls well within the definition of a small firm used by the U.S. Small Business Administration and also by the Small Business Centre of the University of Aston in Birmingham (i.e., 250 employees) and that used by the Bolton Committee of Inquiry into Small Firms (200 employees) the highest average number of employees per establishment being that of the Carpet Industry Training Board with 170.

The median sizes of establishment will be discussed below, where we consider the information directly provided by the Boards in response to the questionnaire.

A. PROPORTIONS AND TERRITORIAL SPREAD OF SMALL FIRMS

From the replies to questions 1 to 3 of the questionnaire (Appendix V.1, sheets 1 to 7) it was possible to determine the median size of establishments within scope of most of the Boards. These figures are shown overleaf in the second column of Insert VI.3, where the Boards are listed in ascending order of the average number of employees per establishment respectively within their scope.

It is interesting to note that the median size of establishment of most Boards is significantly below the average number of employees per establishment (or arithmetical mean). For example, the highest is

I.T.B. or I.T.C.	Average No. Emp. Est.	Median Est.	Average Levy per Est. £	Average Levy per Emp. £	Estimated Territorial Spread
Distributive	7	N.B.A.	22	3.6	WS
Hotel & Catering	7	7.2	24	3.5	WS
Food, D. & T.	10	£7500 pa.	60	6.0	WS
Road Transport	15	3.9 emp.	291	19.4	WS
Clothing & A.P.	29	N.B.A.	* 17	* 0.6	S
Construction	29	6.0	481	16.6	WS
Printing & P.	36	8.3	401	11.2	WS
Furniture & T.	42	14.0	562	13.6	S
Petroleum	52	12.3	366	7.0	WS
Footwear, L. & F.S.	64	N.B.A.	* 90	* 1.4	S
Wool, Jute & Flax	83	59.2	714	8.6	C
Shipbuilding	97	12.7	1,387	14.3	S
Foundry	100	44	3,000	30.0	S
Rubber & P.P.	106	96	399	3.7	WS
Engineering	121	25	3,237	25.5	WS
Paper & P.P.	123	37	281	2.3	S
Chemical	126	35.2	1,666	13.2	S
Ceramics	127	23	1,290	10.1	WS
Cotton	131	N.B.A.	912	6.9	C
Knitting, L. & N.	142	47.3	1,019	7.2	C
Carpet	170	109	1,356	8.0	C
Iron & Steel	502	91	10,521	24.3	C

Notes:

N.B.A. - No breakdown information yet available

* Initial interim levy

that of the Carpet I.T.B. with 109 employees, whilst that of the Iron and Steel I.T.B. is only 91 employees.

Unfortunately, insufficient information was available from the replies to make a detailed objective comparison of territorial spread, but a broad assessment as to whether the Industry is wide-spread, spread, or concentrated in relatively few locations, has been inserted in the final column of the table. The assessment was based on discussions with Members and Officers of various Boards and with others who were knowledgeable regarding the location characteristics of various industries.

The Boards were listed in the table in ascending order of average number of employees per establishment because, for any given industry, other factors (i.e., size of Industry, territorial spread of firms and nature of activities) being equal, the task of a Board in providing an adequate training-support service would be greater the number of establishments which had to be serviced - i.e., the lower the average number of employees per establishment in the Industry. Furthermore, the lower the median size of establishment relative to the average number of employees per establishment, the greater the proportion of small firms which need to be serviced and the greater the management training support needed because of the wider range of activities in general carried out by each member of the sparser management team of the smaller company.

Thus, again all other factors being equal, the support tasks of the various Boards would broadly be in the order shown in Insert VI.3, since the ranking in ascending order of average employees per establishment would be the same as that for descending magnitude of tasks.

The latter would need to be adjusted somewhat for the degree to which the median size was lower than the average, or arithmetical mean, to allow for the higher concentration of small firms below the average size.

The territorial, or geographical, spread of small firms within scope of any Board is also likely to have an effect upon the magnitude of its servicing task. For example, if two Boards had the same size of industries to service, with the same size-distribution of firms, the one in which the firms were widely spread throughout the country would have a significantly greater task - partly in time spent by Field Staff in making visits and partly in arranging local facilities, group training schemes, courses and seminars - than the Board where small firms were relatively highly concentrated in a few areas.

The relative task, of course, would be correspondingly greater due to this factor for a widely-spread small industry than a widely-spread large industry, because of the higher density of firms which the latter would have in the various localities which would facilitate local service arrangements.

It might be appropriate to mention at this point that a further factor affecting the magnitude of the task of a Board in providing adequate training support services to firms within scope is the degree of homogeneity of the activities or group of industries which it embraces. Certain Boards, such as the Ceramics, Food Drink and Tobacco, and the Distributive I. T. B. encompass a variety of industries.

We will return to Insert VI.3 and the relative tasks of the Boards when, later in this chapter, we consider the levy pattern.

B. DEFINITIONS OF A SMALL FIRM

In chapter III, section A, we discussed the problem of developing a definition of a small business in such simple parameters as number of employees, capital invested, or sales turnover, and came to the conclusion that it was not possible to define a small business in such quantitative terms which would be sufficiently embracing to cover all types of business activities. It was stated that, in view of this, and the wide range of activities which come within scope of the twenty-two Boards, it would not be surprising if the definitions developed by the Boards differed considerably.

It is interesting to note that, of the eighteen Boards which defined a small business within their respective Industries, fifteen did so in terms of number of employees, two did so in terms of total emoluments of the employees, and one Board has defined it in simple organisational characteristics - i.e., as one which employs fifteen management and supervisory staff, or fewer. Thus, all made their definitions in simple quantitative terms in one dimension.

The definitions of a small firm ranged from an upper limit of 25 employees to that of 200 employees - a ratio of 1:8. To ascertain whether the definitions used by the Boards were significantly influenced by the size-distributions within their respective industries, the definitions were compared with the average number of employees per establishment and the median size of establishment within scope of the relevant Board.

It was found that

1. Seven Boards gave definitions which encompassed their respective average number of employees per establishment and median size.

2. Six Boards gave definitions encompassing the median size but not the average establishment size.
3. Two Boards gave definitions which encompassed neither the median nor the average establishment size.

Unfortunately, there was insufficient information about size-distribution of the three remaining Boards to permit of a comparison of their respective definitions with the size of the average and median-size establishment.

The Boards using definitions of under 25, 50 and 100 respectively (taking £100,000 emoluments as relating to under 100 employees, and £25,000 emoluments to under 25 employees) were then segregated into groups corresponding with these definitions and, for each group, the average was calculated of the average number of employees per establishment of the Boards comprising the group: similarly the average of the median size of the Boards was determined. These calculations, which are not attached since they would facilitate identification of which Boards gave the various definitions, revealed the following:

Definition	No. of Boards	Average of Boards	
		Of average no. of employees per establishment	Of median size of establishment
Under 25	6	85	22.9
" 50	6	76	23
" 100	2	70	29

From these figures, it will be seen that there was no discernible correlation between the definitions of a small firm given by the Boards and the sizes of their respective average and median establishments.

C. STEPS TAKEN BY BOARDS TO SURVEY THE MANAGEMENT-TRAINING NEEDS OF SMALL FIRMS

Whilst eighteen Boards stated that they had undertaken or initiated surveys, too few of them from the information provided appear to have been carried out in sufficient depth, or by sufficiently-skilled diagnosticians, or encompassing sufficient firms, to suggest any general validity of the findings.

It appears that too little research has been undertaken to determine the management training needs of small firms and this is supported by the findings from the investigation undertaken by the Knitting, Lace and Net I.T.B. in January 1970 (see Appendix VI.3). Much more could probably have been achieved had the Boards pooled resources to undertake a common research project.

It has to be borne in mind that the resources which a Board can devote to such research projects may reasonably be expected to be proportional to its leviable income, and the levy yields of the various Boards within the study vary from £200,000 to £86,000,000 per annum, out of a total of £185,000,000. Hence, one would broadly expect about 0.1 per cent of initiatives and findings should emanate from the Board at the lower limit and 46 per cent from the Board at the upper limit - the remaining Boards falling proportionately between.

It is only on this basis that one can fairly judge what should be the relative contributions of the Boards in these basic areas of their

responsibility. We shall be returning to this later in this chapter.

D. RECOMMENDATIONS OR GUIDE-LINES RESULTING
FROM SURVEY FINDINGS

Although eighteen Boards had undertaken or initiated surveys with the objective of ascertaining the management-training needs or particular problems of small firms within scope, only nine Boards had subsequently reflected their findings in recommendations or guide-lines, and five of these had also taken other action. This action encompassed the development of courses (two Boards), the sponsoring of group-training schemes (one Board) and the appointment of a management-development specialist.

Of the other nine Boards which carried out surveys, five initiated other lines of action, as follows:

Three Boards mounted courses, one recruited a management development adviser, and one introduced group training schemes. In addition, two Boards respectively issued training booklets and implemented the recommendations of a Small Firms' committee.

The remaining eight Boards had not prepared recommendations or guide-lines, and did not indicate any alternative courses of action.

In summary, it would appear that only four of the eighteen Boards came to the conclusion that recommendations and guide-lines were an appropriate and sufficiently effective vehicle for stimulating the changes and climate which their survey findings led them to think were necessary.

E. LEVY PATTERN

In considering the levy pattern, there are two facets of significance. These are respectively a) the level of the levy yield of each Board relative to its needs to fulfil its task and b) the variation of actual rate of levy for different sizes of firm (or establishment).

1. The Task and the Rate of Levy

Now, the task of providing an adequate training-support service to an Industry will mainly depend upon the following factors:

1. The number of employees embraced therein - we will denote this as E .
2. The number of establishments to be serviced - N .
3. The territorial spread and density of the Industry - we will denote this factor as f_s .
4. The nature of the Industry - factor f_n .

Therefore, in broad terms, the task can be quantified as

$$(k_e E + k_n N) f_s f_n$$

where k_e and k_n are constants or functions which could be determined by research.

The annual cost of discharging this task adequately would be proportional to the above. Using the constant k for the proportionality, it would be

$$£ k (k_e E + k_n N) f_s f_n.$$

In terms of annual cost per employee, it would be

$$\begin{aligned} & £ k (k_e E + k_n N) f_s f_n / E \\ & = £ (k_1 + k_2 \frac{N}{E}) f_s f_n \end{aligned}$$

where $k_1 = k k_e$ and $k_2 = k k_n$.

But N/E is the reciprocal of the average number of employees per establishment. Therefore, the annual cost per employee could be expressed as

$$£ \left(k_1 + \frac{k_2}{\text{average no. of employees per establishment}} \right) f_s f_n.$$

The factor f_s would be a maximum for the widespread Industry with relatively few employees and a minimum (unity) for the Industry concentrated in one region or geographical area.

In Insert VI.3, an estimate was made of the relative territorial spread of the different Industries within scope of the various Boards, using three broad categories - ws for widespread, s for spread and c for relatively concentrated.

The factor f_n would depend upon a number of characteristics - for example, the traditional attitude of the Industry to training - in particular, to management training - and the technological, technical, commercial and other operational skills required in the Industry. To establish the degree to which this factor varies from Industry to Industry would require research in depth over a broad cross-section of Industries.

In the above, in considering the magnitude and cost of the task of a Board adequately servicing its Industry, by developing a healthy 'training climate' within that Industry and ensuring that the necessary advisory and other support services are available, one is ignoring any responsibility which a Board may think it has within such a task to redistribute training costs throughout the

Industry - a task for which it does not appear to have any statutory responsibility, although its mandate does not preclude it from doing so by levying at a level to permit of a redistribution within the Industry of its training costs.

It may be appropriate at this point to say that, in considering the degree to which there appears any consistency between the respective levy yields of the Boards and the tasks with which their Industries confront them, we will ignore what proportions Boards paid back as grant, on the grounds that the Board had levied the total sum for the purpose of carrying out its task, and had spent it in the way that it had thought would be most effective in achieving the Board's training objectives and training responsibilities, irrespective of whether it went back to the industry as an incentive to training or was alternatively incurred by the Board in providing a suitable back-up service aimed at obtaining similar results.

This does not mean that a grant scheme is not justified but, rather, that it is only justified if the spending of that amount of the levy in that way is more effective in achievement of the task of a Board than had it been spent in other ways - such as in more field officers to provide personal contacts, readily-available expert coaching assistance in the actual operating situation, on-the-plant assistance in diagnosis of the management-training needs of (particularly small) firms and the development of training programmes and relevant courses to meet these needs with material from the industry to facilitate and reinforce the learning

processes of managers. Finally, what is probably most important of all, investment in the training of the Board's own field staff to undertake their emerging role as management-development advisers capable of diagnosing the strengths and shortcomings in performance of the smaller company, the management-training needs to overcome the shortcomings, and of advising individual firms on the preparation of sound management-development programmes to fulfil their own particular needs.

Proceeding with the proposition which we developed, that the task of a Board in providing an adequate training-support service to the Industry within scope would necessitate an annual average charge per employee of

$$£ \left(k_1 + \frac{k_2}{\text{av. no. of employees per est.}} \right) f_s f_n$$

we can examine Inserts VI.1 and VI.3 to ascertain whether they indicate that the average levy per employee imposed by the various Boards bears any relationship to the above expression. Alternatively, whether the levels appear to be more influenced by other factors.

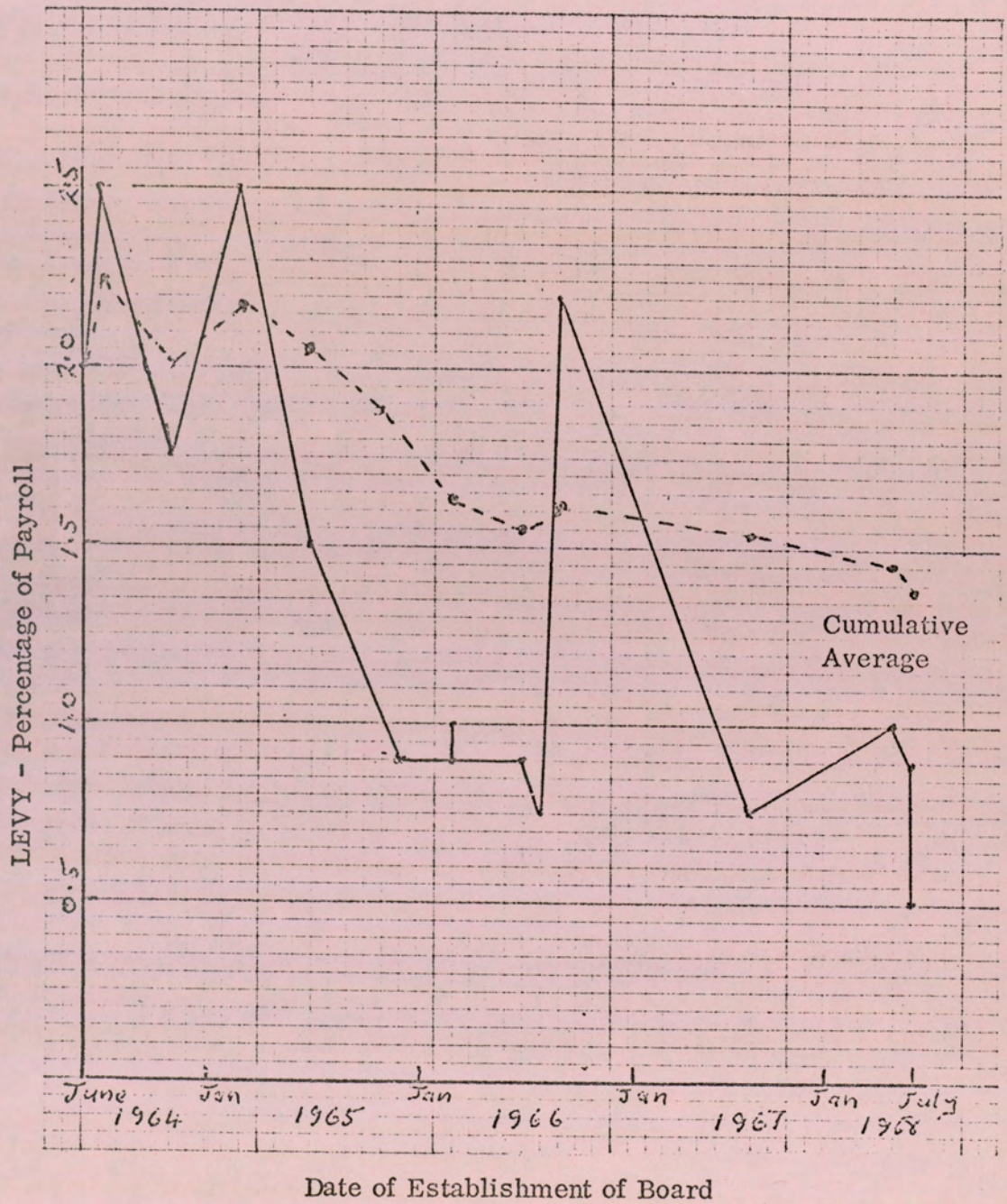
In Insert VI.1, the Boards were listed in the order in which they were constituted, whereas in Insert VI.3 they have been ranked in ascending order of the average number of employees per establishment within scope - i.e., in descending order of task, excluding the influence of factors f_s and f_n .

Allowing, however one will, for the relative natures of the Industries and their territorial spreads, one cannot see from Insert VI.3 any relationship between the relative magnitudes of the tasks of the various Boards and the average levy which they have respectively imposed per employee. The column showing average levy per establishment highlights this point. On the other hand, in examining Insert VI.1, in which the Boards are listed in chronological order of their establishment, one notes that the early Boards tended to levy at a higher rate and the later the Board was constituted, the lower has tended to be the levy.

In consequence, for those Boards which levied a percentage of payroll, a graph was constructed of the percentage levy against the base of the date of establishment of the Board. This graph is shown as Insert VI.4 and the cumulative average has also been plotted.

The graph shows an unmistakable trend downwards of the percentage of payroll levied as successive Boards were constituted. This is confirmed by the cumulative average curve.

This leads one to the conclusion that there were either a) pressures exerting themselves on successively-established Boards to reduce the level of levy or b) the Boards were established in successive groups which the Ministry saw as



having less complexity of task, and the Boards, in turn, by and large came to the same conclusion in their own subsequent deliberations. If the latter is the case, then it would appear as if the Boards, when setting the levy rates, saw the problem in terms of the technological and operational aspects of the training required by the Industry, but did not take into sufficient account the effect of size distribution or of territorial spread of establishments within scope.

2. Rate of Levy and Size of Firm

Policy and pressures have demanded relief of levy on small firms, even to the extent of making a cut-off size in some cases, below which the firms pay no levy and the Boards relinquish (or abrogate) their responsibility under the act to service such firms. At the time of replying to the questionnaire, twelve of the twenty-two applied a cut-off level, below which size firms were exempted from levy, and the Board from responsibility of service. The implications of this will be discussed later. At this stage we will limit ourselves to the following comment.

There is no evidence to suggest that small firms do not need assistance (providing the assistance is relevant to their needs) although there is a lot of evidence that a significant number of small businesses do not recognise their needs and do not wish or expect to pay for such assistance. They are far more conscious of the cost of such services than the benefits which they could derive from them.

What we are concerned with at this stage, is whether the cost to a Board of providing an adequate service to the small firm, with respect to its size, is less than that involved in servicing the larger firm. If it is not less, then the levy pattern of most Boards where small firms in effect pay a lower per capita or total emoluments levy than the large firms, is not in accord with the costs incurred, and the service to the smaller firms could be subsidised by the larger firms within the Industry. This will particularly be so if grant schemes are gradually withdrawn, as appears to be the forthcoming trend.

The smaller the firm, the more important is personal contact by the Board's field officer with the chief executive, so that the latter's attitude to training and development might be affected in such a manner as to induce that climate within the company in which managers and supervisors are most likely to develop. This takes time, skill, and patience on the part of the field training officer, and the time costs money.

Within fairly wide limits, irrespective of the size of the firm, the field training officer will still only have to spend time mainly with one man, providing the latter is a suitable catalyst, to ensure the development of the other employees in the firm. The time thus spent will have two elements, one which will be relatively constant concerning the person's own task and the total situation,

the other being concerned with training requirements of individuals. This will vary according to the size of the establishment. In other words, the cost of servicing an establishment will be

$$\text{£}mx + c$$

where m is the number of employees

x the average direct cost per employee

c a constant cost per establishment.

Therefore, the average overall cost per employee

$$= \text{£}x + \frac{c}{m}$$

which will be greater, the smaller the number of employees.

Thus, if Boards gave all firms service in accord with their needs, and levied them accordingly, the small firm would probably have to pay a higher rate of levy than the larger firm. In consequence, when a Board has a levy pattern which virtually reduces the levy rate of the smaller firms relative to that of the larger ones, and provides each with an adequate service to meet their respective needs, the service to the smaller firms is likely to be subsidised by the larger firms.

There may well be a case for subsidy of the training services to small firms, and we shall discuss this later. It is doubtful, however, if one could justify the case of the larger firms in an Industry having to subsidise the training of the smaller ones - which in some industries may well be their competitors.

Raising the cut-off level, so that the present hidden subsidy does not occur, with the Boards merely abrogating their responsibility under the Act to this sector of Industry, also does not appear to

be the best solution. At a later stage, we will discuss the alternative courses which appear possible, and consider their respective merits and shortcomings.

F. DIFFERENCES IN TRAINING NEEDS OF SMALL FIRMS

It is interesting to note that eighteen of the twenty-one Boards which responded to this question were convinced that there were differences in the training needs of small firms from those of larger firms. Of the other three Boards, one felt that there probably were differences, one replied 'Not really, but there is growing pressure which might lead to this' and the remaining Board had the question under review. Surprisingly, even though it was not specifically requested in the questionnaire, little comment was offered concerning these differences or the reasons for their existence. The only two comments were that 'a large firm is better equipped to train its managers, while the absence of the big-firm functions and services alters its needs' and 'these (differences) are not only on account of size but on account of product'. An understanding of the actual differences, and of the reasons for their existence, is a pre-requisite to the provision of a suitable service to the small firm.

G. REFLECTION OF DIFFERENCES IN TRAINING NEEDS OF SMALLER FIRMS IN PROVISIONS OF GRANT SCHEMES

Of the eighteen Boards which considered that there were differences in the problems and management training needs of smaller firms compared with larger firms, and the one which thought that there probably were differences, only eight replied that the differences had been taken into account in their grant schemes.

One of the ten Boards which replied that the differences had not been

reflected in the provisions of their respective grant schemes made the significant comment 'No, except for the ability of small establishments to get grant without too much detriment because of their size'.

One interprets this comment to mean that a more liberal interpretation is made by the Board of the claims for grants by small firms with respect to the explicit conditions of the scheme than is applied when assessing claims from larger firms. Discussions with officers of other Boards suggest that this 'liberal interpretation' of the conditions of the scheme, to assist small firms to gain grant, may be fairly widespread amongst the Boards.

In spite of the encouragement and personal assistance to claim grant given by field officers of various Boards to small firms in their territory, the low number of applications for grant amongst small firms, in spite of the assistance made available to such firms, has been a disappointment to a number of Boards. It has been the experience of the Small Business Centre that some small firms which could qualify for grant have regarded the levy as one more tax; the completing of the grant claim form and subsequent observance of the conditions being one extra demand on the time of the manager, and not worth the grant involved. This is unfortunate; but a typical reaction of some hard-pressed managers.

On the other hand, there is also evidence that some chief executives of small businesses have become exposed to new attitudes and approaches to their problems as a direct consequence of grant provisions. Some have attended courses or seminars on management subjects - usually for the first time - only because they could claim a

grant to cover the cost. The fact that they attended for the wrong reason is immaterial when one bears in mind that attendance at such events away from the firm exposes them to the possibility that they may gain new insights into means of solving some of their problems, or experience a beneficial shift of attitude due to participation in discussion. Such a shift is not likely to occur in the daily work-situation when the only conversation the manager has is with his subordinates.

1. Grant Schemes for Management Training and Development

A number of Boards had developed grant schemes for management training and development. When the questionnaire was completed, none of them was really suitable for the average small firm to operate without outside help. Since that time, however, two Boards have prepared special schemes for small firms. These take greater account of the situation which exists in such organisations, and we shall be discussing these two recent innovations later when we consider the plans which (at the time when the questionnaire was completed) were proposed by Boards to overcome the problems arresting management training and development in small firms.

Concerning the grant schemes which were actually in operation for management training and development when the questionnaire was completed, they all only too closely follow the guidance given by the Management Training and Development Committee of the Central Training Council in its first report 'An Approach to the Training and Development of Managers' (published October 1967.

HMSO). In this report, the Committee discussed in general terms the common features of effective schemes of management training and development, which it defined as

- a. assignment of responsibility for managerial training and development
- b. analysis of managerial jobs
- c. assessment of present and future needs at the management level
- d. recruitment and selection
- e. maintenance of personal records
- f. appraisal, leading to
- g. construction and operation of systematic programmes of education, training and development.

This is excellent guidance for the larger firm with its specialist staff. If the firm has any doubts whatsoever about its capability of carrying out such a programme without any outside assistance, it is in a position to pay the fees that such assistance would require - and which, due to the scale of operations and the grant claim involved, would be an economical proposition.

For the small firm, however, which may have no experience whatsoever of effecting change of this nature, even the assigning of responsibility for management training and development to one person only too often means one extra load on an already overloaded chief executive, because of his lack of a suitable available subordinate to whom he can confidently delegate the task.

What the small firm really needs initially is face-to-face in-plant - i.e., coaching - assistance in the preparation of the climate

necessary for the successful analysis of managerial jobs and subsequent introduction of job descriptions. It frequently requires the prior removal of obstacles such as prevailing attitudes and, only too often, development of a greater understanding of the process of delegation and of the skills effectively to exercise it. Without this understanding and skill, the latter of which can only be developed in the actual working situation, the manager of the small firm and his subordinates are not likely to derive any significant advantage from the introduction of job descriptions, without which the establishing of sound bases for subsequent assessment of performance and training needs will prove extremely difficult, if not impossible.

Where Boards have introduced grant schemes for management training and development purposes, the schemes have closely followed the guide-lines of the C.T.C. The schemes have therefore been very similar to one another, with a percentage of levy provided as grant as each of the defined stages is carried out. One cannot help feeling that the C.T.C. recommendations and guide-lines have rather inhibited initiative and innovation on the part of Boards with respect to the actual needs of small firms. This may well have restricted some of the more creative officers of Boards from making a suitable contribution in this area. That Boards have described their management-training schemes as 'systematic' plans may not have enhanced their appeal to the smaller firms. There is, unfortunately in many small firms, an emotional reaction against 'systems'. They sometimes

associate the word 'systematic' with meaning something which is applicable to the very large firms and which, if introduced into their own small organisations would be far too grandiose - something which would become their master instead of their servant, and would eat up the profits in their efforts to maintain the scheme in operation. It might therefore be better to avoid the description 'systematic training' and use a term which to small firms would possibly be emotionally more acceptable - for example 'logical training procedure'.

It is interesting to note that one Board had decided that it would be helpful if large and small firms involved in management development had the advantage of a specialist management-development adviser visiting them to provide free on-plant guidance in the preparation of job descriptions and a management development programme. In co-operation with the University of Aston, a group of five such advisers was constituted some two years before. The full-time activity of these advisers is the provision of personal assistance and guidance to managers of firms (of all sizes) which ask the Board for advice or assistance when they contemplate introducing a programme of developing job descriptions, as the first stage of a management training and development programme. The information being gathered by these management-development advisers is forming the basis of a research programme at the University for the purpose of feeding back in due course valuable findings to the Industry. It should be mentioned that not only are the management-

development advisers' services free to the firm which requests them, but the firms are also able to obtain full grant for carrying out their training programme to the satisfaction of the Board, irrespective of whether or not they take advantage of the services of a management-development adviser.

As we shall see later, other Boards have planned the introduction of management-development specialists to determine the needs of small firms and to provide them with suitable assistance in identifying and fulfilling their management-training needs.

H. INITIATION OF FORMAL ATTENTION TO DIFFERENT FACETS OF INDUSTRIAL TRAINING

Of the twenty-two Boards which replied to this question, twenty had initiated formal attention to operator, supervisor, technician and management training and, as is shown in the block diagram of Insert V.10, Section V.J, initiation of formal attention was fairly balanced between these four areas of training.

These replies came somewhat as a surprise, because a number of Boards had appeared in the early stages to give priority to operator training, and only later to devote serious attention to management training. This is a criticism which one has heard from experienced managers in Industry, who subscribe to the view that improving the standard of management will inevitably have a beneficial effect throughout the whole organisation in due course, whereas operator training can be squandered, if the quality of management is not good enough to take advantage of it.

One would expect that, if attention were paid simultaneously to management training and operator training, the policy of the Boards

in their early stages of recruitment of field training staff would have been to ensure that the latter were selected because they had at least as much training experience in the management area as in the operator area. One has the impression, however, that many field training advisers were, first and foremost, operator-training specialists with little or no experience of the management situation or of its training needs.

The problems which Boards face in meeting changing needs, or carrying out new policies, will depend upon the quality and experience of their field training staff - and, other things being equal, it will prove much more difficult for the operator-training specialist to adjust to meet changing needs or policies than for the person equipped with the broader management experience.

I. MANAGEMENT-TRAINING PROGRESS IN SMALL, MEDIUM AND LARGE FIRMS

The fact that only 25 per cent of the twenty Boards which replied to this question were satisfied with the management-training progress of small firms is a reflection both of their objectivity and of the magnitude of the problem which confronts them in adequately servicing this sector. In discussions with Members and Officers of many of these Boards, one was impressed with the serious concern they have regarding their obligations to the small firms in their respective Industries, and they are aware that considerable field resources would be required to discharge their responsibilities to the degree they would wish. Some Boards are rigorously tackling the small-firm problem with extremely slender field and staff resources.

That satisfaction of Boards with management-training progress

successively increases in the cases of the medium and large firms respectively is not surprising. One would have expected, however, that the progress of large firms, with the facilities available to them, would have been considerably higher and resulted in satisfaction to more than 50 per cent of the Boards.

J. PROBLEMS ARRESTING MANAGEMENT-TRAINING
PROGRESS IN SMALL FIRMS

A very wide range of problems which arrest progress were cited by the eighteen Boards which replied to this question. These problems have been categorised and listed in detail in section L of Chapter V and it was noted that there was an inter-relationship between some of the common areas into which the problems which were cited fall.

Most of the problems cited are confirmed by the findings of the Small Business Centre in its surveys of small firms in a number of different industries. Some of them, however, have been found to be the consequences of a deep-seated malaise which only becomes apparent when one has the opportunity of close observation of the day-to-day operations of, and relationships within, the company. As discussed later (Sections IX.D and IX.E), the most important of these common basic problems are lack of effective delegation and insufficient information at the disposal of management to facilitate sound decision-making. The former prevents management from investing any time in improvement (e.g. training) and the latter precludes them from having any idea of benefits which could be derived from any cost involved in effecting the improvement. Management in such circumstances is sensitive to costs but blind to associated benefits.

In many small firms, these weaknesses are crucial inhibitors of managers taking any interest in anything but the discharging of their daily tasks.

If the Boards provided assistance from their field staff to small firms in recognising and overcoming the above two basic shortcomings (ineffective delegation and inadequate management information systems), the following common-problem areas cited by the Boards would be reduced considerably:

Attitudes of principals in small businesses (11 Boards)

Unwillingness or inability of small firms to spare staff for management-training purposes (7 Boards)

Inadequate diagnosis of the training needs of small firms (4 Boards)

Need for on-the-job (consultancy) training (4 Boards)

Ineffective delegation.

This only leaves:

Shortage of external courses (7 Boards)

Number and geographical spread of small businesses (6 Boards).

If on-the-job coaching and survey assistance was provided free, or at preferential rates, to small firms, it would be possible to gather extremely useful material for the preparation of external courses relevant to the specific needs of small firms within scope of the individual Boards.

The effect of number and geographical spread of small firms within scope of a Board has been discussed when considering the rate of levy in section E of this chapter. It was submitted that, if the rate of levy was determined with respect to the task facing a Board, allowance

would need to be made for the density and geographical spread of small firms. In consequence, each Board would have the resources necessary to service the Industry in accord with the demands which would be made upon it. The number and geographical spread of small firms within scope would then not be a major problem, because Boards would have the field resources needed to cope with requirements. Perhaps, in conclusion, we should reflect upon the fact that attention to the common problem-areas which appeared last in incidence on the list, viz.

Need for on-the-job (consultancy) training (4 Boards)

Ineffective delegation (2 Boards)

would probably yield the greatest returns.

K. PLANS DEVELOPED FOR OVERCOMING THE PROBLEMS

In Chapter V, section M, we saw that seventeen of the eighteen Boards which responded to this question had developed plans or proposals which could be categorised as follows:

Short courses and seminars (8 Boards)

Group training schemes (5 Boards)

Assistance in identifying training needs (4 Boards)

Investigation into problems of small firms (3 Boards)

Special grant-schemes for small firms (2 Boards)

Provision of consultancy services (2 Boards)

Setting up of committees (2 Boards)

Special effort by Field Training Officers (2 Boards)

An alternative, and somewhat better categorisation is the following:

1. Off-the-job, external

Short courses and seminars

Group training schemes

2. On-the-job

Provision of consultancy services

Assistance to firms in identifying training needs

3. Personal contact

Special effort by Field Training Officers

4. Research

Investigations into problems of small firms

5. Financial Incentives

Special grant-schemes for small firms

6. Consideration by committee

It may be worth our while giving a little thought to the advantage, scope, and limitations of each of the above categories of action.

1. Off-the-job, external training

Short courses and seminars are a valuable means of disseminating management knowledge to small-firm managers and prospective managers, and are at their most effective when the material used to illustrate the principles involved is gathered from the work situation of those attending. If it seems to bear no relation to their own work situation, they are unlikely to recognise that the subject matter and its treatment has any significance to their own needs.

Furthermore, such courses and seminars in their early stages should be directed to attitude change rather than to the intensive

injection of knowledge. If a manager leaves a course or seminar with a beneficial change of attitude, it is likely to affect his subsequent insight into the problems and opportunities of his firm, and this will inevitably affect his management of the company's affairs. On the other hand, a high-pressured injection of knowledge, without any accompanying change of attitude, is not likely to have a long-term impact on the manager, since it will probably evaporate through lack of stimulation, which change of attitude provides, to look afresh at the firm's activities and needs before becoming fully immersed again in the day-to-day activities of the firm.

It is the experience of the Centre that post-experience students, at the level and age of general managers, require sessions with a high proportion of participation. 'Chalk and talk' lectures do not stimulate them sufficiently. Many of these managers do not have the benefit of precise, critical, and creative dialogue with colleagues in their work situation. Only too frequently, the manager transmits instructions and his subordinate merely receives them or answers questions posed by the manager. This does not help to develop the manager's power of thought or expression, and members of staff of the Small Business Centre have frequently noted the improvement which has occurred, during a course of two hours per week for eight weeks, in a manager's ability to harness his thoughts and express himself when participating in discussion with other managers. During such courses, we take the opportunity of reminding

managers that it is just as important that they are articulate and explicit with their subordinates as they find they have to be in class with other managers, and they are encouraged to help their own subordinates to improve their own powers of communication within the firm.

It has to be remembered, however, that courses and seminars, however well they are designed, cannot teach a man to manage. They can only provide him with knowledge which can be helpful to him, and influence his attitudes - and therefore his activities and their priorities. The skills of management can only be acquired and developed on the job, but a good coach in the work situation will accelerate progress, providing the potential is available.

Group training-schemes have an important part to play in providing a means for a number of small firms to pool resources on a local basis for the provision of facilities which would not be economically available to them individually. For example, it permits them to share the services of a full-time specialist training officer, and facilities can be made available by such co-operative effort for common operator-training requirements to be met; either with a special training establishment or by pooling of training opportunities which exist in the plants of the individual member-firms.

It is also possible for such group training-schemes to become the focal point of courses and seminars for management and for supervisors.

A group training-scheme is one through which a number of small

or medium-sized firms (not necessarily of the same Industry) are provided with a training service on a fee-paying or shared-cost basis. It may be administered by an organisation formed jointly by the participating firms, as a group-training organisation, or it may be provided by an external organisation.

A number of Boards have recognised the value of such focal points for stimulating and facilitating training activity - particularly for smaller firms - and are giving considerable encouragement to the formation of such groups. This support, subject to prior agreement with the Board concerned, has been in the form of generous development grants and contribution to running expenses.

The arrangement enables local firms in different industries to co-operate in one group since, where only a proportion of the participating firms are within the scope of a particular Board, it provides reimbursement pro-rata to the total number of employees of participating firms within its scope, relative to the total number of employees of all firms participating in the scheme.

Although the contribution of such groups has as yet largely been in the apprentice- and operator-training areas; they may well develop in due course to providing an on-the-job management-coaching service, particularly to very small firms.

2. On-the-job training

Four Boards were providing on-the-job assistance to small firms.

In ascending order of involvement, the on-the-job assistance was

as follows:

- a. Two Boards were providing on-the-job assistance to small firms in identifying their specific training needs
 - i) one assisting them in developing suitable training programmes
 - ii) the other encouraging them to appoint a member of the staff to devote part of his time, after first learning how to do it, in the implementation of a suitable training programme.
- b. One Board had established a special management-training department to provide assistance in small firms, and specially qualified staff (which raised problems in recruiting men of the requisite qualifications) had been appointed for this purpose.

The task of the department is to identify the management-training needs of small firms and to assist them to fulfil these needs.
- c. One Board operated a consultancy service on a fee-paying basis, which was specifically directed towards the smaller firm.

One forecasts that more Boards will in due course offer the above on-the-job service to small firms, ultimately developing this to a 'fringe', or a full fee-paying, consultancy service to small firms within scope. It is understood that the Cotton I.T.C. is already providing this service.

It is inevitable that such services will prove relatively costly to

provide, but they should prove more effective than any other method of assisting managers to diagnose the shortcomings within their firms and how to overcome them by means of relevant training.

In discussing with members and officers of a number of Boards the desirability of such on-the-plant services, one sensed a general recognition of the need for such services, but there appeared an uncertainty existing amongst them as to whether the terms of the Act permitted them to provide 'fringe' or full consultancy services to firms, or to charge fees for such services. (This has since been clarified in the Green Paper 'Training for the Future').

3. Personal Contact by Field Training Advisers

Two Boards were particularly placing great emphasis on the value of personal contact of their field training advisers with the managers of small firms, for the purpose of engendering in each a critical attitude to the performance of the firm, so that shortcomings will be recognised and steps taken, by means of a suitable management development programme, to overcome them.

The value of such personal contact, and its effect upon the attitudes of top management in the smaller firms, will depend upon the calibre and experience of the field training adviser, and his ability to get en rapport relatively quickly with the chief executive.

Such a policy will bring fairly heavy demands upon the time of the field training advisory staff. Although it is not likely to be as

effective as providing on-the-job assistance such as discussed in 2a) and b) above, because of non-involvement at the actual work situation, it nevertheless should have a beneficial impact upon the attitudes of chief executives and thereby upon their willingness to free themselves and their staff, from their day-to-day tasks, for relevant training purposes.

4. Investigations into problems of small firms

It is surprising that Boards have not pooled some of their resources for the purpose of investigating in depth some of the common problems of smaller firms. Had they done so, it is possible that much more information of value would now have been available in this area to all Boards.

Three Boards, however, had commissioned or undertaken surveys of the problems and/or training needs of the small firms within their respective industries, in some depth, and another Board was carrying out an investigation. Unfortunately, no information accompanied the reply of the last-mentioned Board to indicate the course which the enquiry was taking or what were its specific objectives.

Each of the surveys of the three Boards has culminated in a report presenting the findings. All the reports are well worth reading by those interested in the problems and training needs of the small firm, and each should prove of value to its initiating Board, to small firms within scope of that Board, and to other Boards which have small firms within scope, whether or not these Boards have as yet undertaken such investigations.

It is interesting to note, incidentally, that none of these three Boards is amongst those with the largest levy yields, which one might have expected would have shown the initiative in such research work.

Brief details of these three projects are as follows:

- a. The Carpet I.T.B., with financial assistance from the Department of Employment and Productivity, in January 1969 commissioned the Small Business Centre of the University of Aston in Birmingham to undertake a survey of 19 firms for the purpose of ascertaining the training needs of small businesses (of less than 100 employees) in the Carpet Industry. The main findings and recommendations are outlined in Appendix VI.1.
- b. The Furniture and Timber I.T.B., in October 1969, launched two complementary pieces of research, as follows:
 - i) The first, a one-year project carried out by the Board itself with financial assistance from the D.E.P. This is now completed and was a general descriptive survey to provide a better understanding of a sample of 50 small firms (of between 25 and 75 employees) within scope of the Board, and of the qualifications and experience of their managerial and supervisory labour force. The scope and salient findings are outlined in Appendix VI.2.
 - ii) The second project was being carried out by the Department of Administration at the University of Strathclyde for the purpose of analysing in depth the work of a number of

owner-managers and managers in small businesses in the Industry with a view to identifying appropriate management training and development policies. This project is still in process.

- c. The Knitting, Lace and Net I.T.B., in January 1970, initiated an investigation into the training problems of the smaller firms (with 100 or less employees) in the Industry. It commissioned the Small Business Centre of the University of Aston in Birmingham to carry out in depth a pilot study of a sample of 15 firms for the purpose of giving guide lines for the construction of a questionnaire which could be applied by the Board's field staff to a survey of a larger sample. The questionnaire prepared by the Centre is shown in Appendix VI.3 Addendum 1. The Board's field staff, following suitable briefing, then undertook the wider survey; the sample comprising 53 firms. This has now been completed. The specific terms of reference of the investigation, and some of the main findings, are given in Appendix VI.3.

All three surveys revealed a link between the profitability of the firms within their respective samples and the degree of knowledge and skills of their managers in the techniques available in the main areas of management activity. The Carpet I.T.B. and the Knitting, Lace and Net I.T.B. surveys (Appendix VI.1, Addendum 2 and Appendix VI.3, Addendum 2 respectively) show that, within their respective samples, the managers of firms in the upper quartiles of performance were significantly more

knowledgeable and skilful in the use of these techniques than were the managers of the firms in the lower quartiles. The Furniture and Timber I.T.B. found that 'a greater proportion of managers in the more profitable and expanding companies had received some kind of in-company or internal training during the preceding twelve months than was the case with the less profitable and more static companies' (Appendix VI.2 para. n, sheet 3.) As was pointed out in the report, there was a possibility that the firms invested in management training because they were more prosperous.

5. Financial Incentive

Two Boards, recognising that small firms are much more likely to respond to grant schemes when they consider that the exercise is relevant to their scale of activity and needs, had specially designed grant schemes for management of smaller firms.

Briefly, the respective details are as follows:

a. Ceramic, Glass and Mineral Products I.T.B. Scheme

Every effort in this scheme has been made to keep the paper work down to a minimum. Even the information entered on the claim form itself subsequently becomes a working-document and plan for the firm in carrying out its training programme. The claim form is an integral part of a booklet comprising a ready-made manpower and training document. As the appropriate stages are completed, the whole booklet is sent to the Board, which takes a copy of the forms and then returns the booklet so that the firm may use the forms as working

documents and record progress thereon as the plan unfolds. The forms are illustrated in Appendix VI.4. The actual stages are as follows:

Stage 1

The firm is asked to list all persons, full or part-time, on the payroll as at 3rd August that year. The chief executive is also asked to consider what results he wants, and the essential activities which must be carried out to attain these results. From this information, he is asked to determine what is the best distribution of jobs and work-load : differentiating between who normally carries out the activity, and who is capable of so doing, if required. From this, the manager is asked to assess whether he has adequate manpower to attain his target and, from this, he can determine what recruitment is necessary. The manager is then able to assess the necessary manpower cover to attain his objectives, and the various jobs they need individually to be able to carry out.

Stage 2

From this statement prepared by the manager, the Board asks for the training needs of the persons listed to be identified and a suitable training plan to be made.

When these two stages have been completed (required within three months, at latest) they have to be submitted to the Board. Providing they are to the satisfaction of the latter, the firm becomes eligible for a grant equal to 45 per cent of levy (25 per cent for stage 1 and 20 per cent for stage 2).

Stage 3

This consists of the identification and recording of training to the job-cover plan for the persons with the firm from 1st August of that year (i. e. those listed) and of the training given to newcomers following that date.

Stage 4

For the satisfactory completion of stage 3, the record of which is sent as evidence to the Board, a grant is assessed by the latter up to 30 per cent of levy, making up to 75 per cent.

Providing the firm has completed stages 1 to 3 by the due dates, a firm can also claim under the Board's main grant scheme towards the costs of training of instructors, use of external courses, and the use of consultants for training purposes, subject to prior approval.

As under the Board's main scheme, where the approved total claim of the firm is above 150 per cent of levy, the firm is paid in full the first 150 per cent and 50 per cent of the balance.

b. Food, Drink and Tobacco I.T.B. Scheme

The aim of this grant scheme for smaller firms is to encourage an interest by the smaller firm in systematic training and, at the same time, to make grants more readily available to small firms.

The scheme consists of three stages, each with a step-by-step approach, and the booklet provides explanatory notes, information, instructions and advice in simple language which should prove of great help to the manager of the firm in endeavouring to implement the scheme. Briefly, the stages are as follows:

Stage 1

This is in the form of three successive simple steps.

- i) The appointment by the chief executive or one of the senior managers as responsible for training.
- ii) Attendance of the chief executive or the appointed manager at one of the explanatory meetings about the scheme arranged by the Board.
- iii) Initiation of introductory training for all new employees (a useful check-list is provided in the booklet to assist firms in developing a systematic procedure).

Upon completion, this stage qualifies for a grant of 10 per cent of levy.

Stage 2

This stage consists of the following seven steps, as a logical progression to the preparation of a training plan.

- i) Construction of a 'family tree' organisation chart.

To facilitate this step, the booklet provides an example of a typical organisation structure of a smaller firm in the Industry.
- ii) Defining the main responsibilities of key personnel in the organisation. To assist here, the booklet provides examples of the main responsibilities involved in the discharging of various functions within a smaller firm in the Industry.
- iii) This step consists of the manager asking himself some basic questions about the business. The booklet lists

some 60 pertinent questions (see Appendix VI.5) and the manager is advised to insert his answers in the spaces provided. It is impressed upon him to look for factors affecting staff in any way - giving special emphasis to any personnel factors involved, such as weaknesses in knowledge, skills and attitudes involved.

- iv) The responsibilities of the staff, as seen by the manager and by them individually, are then determined. It is pointed out in the booklet that this should spotlight certain problems in the company, and it is suggested that these problems, together with other staff problems revealed in step iii, should now be listed.
- v) Having, in step iv, pin-pointed the problems and the people involved, the manager is now asked to decide what changes in knowledge, skills and attitudes of individual members of the staff are needed to overcome the problems, and then to list the changes. These, it is pointed out, are the training needs.
- vi) In this step, the manager is asked to decide
 - how the firm will train
 - who will train
 - when the firm will be able to make a start.

To help the manager, the booklet outlines in simple language the different types of training available, including the suitability of possible training methods for different purposes, and where in-company and external training arrangements are respectively most suitable.

vii) The manager now drafts the training plan, and the timetable for its execution, on the form provided for this purpose. When it is finalised, he is asked to transcribe it on to the Claim Form. This is then submitted to the Board, and this qualifies the firm for a further grant of 20 per cent of levy. The firm is advised to retain the draft for future reference.

Stage 3

This consists of implementing the training plan and recording what has been done. When this stage is completed, the firm is asked to send this evidence to the Board and it thereby qualifies for a further grant of 35 per cent of levy; making 65 per cent in total.

In addition to the above grants, the firm can claim other additional grants towards the costs of management courses, day-release courses, and courses for full-time training officers or for instructors, up to a total grant for the year of 120 per cent of the levy paid.

c. Relative advantages of the two Schemes

Both grant schemes have the following significant advantages over any other grant schemes available to smaller firms:

- i) They are much more relevant to the scale and needs of the smaller business
- ii) They each stimulate the manager to review the objectives of the firm
- iii) They each stimulate the firm to a course of action

- iv) They both keep the paper-work associated with claiming grant to a minimum. (A general complaint of smaller firms about grant schemes has been concerning the amount of work involved in claiming grant).

They do, however, differ considerably in one very important respect. The Ceramics, Glass and Mineral Products I.T.B. scheme is basically a manpower-deployment and subsequent operator-training (albeit at all levels) exercise. It may well be, of course, that the Board intends to focus more attention on management development in the following year of the scheme. The Food, Drink and Tobacco I.T.B. scheme, on the other hand, encourages the manager to give more thought to the development of his senior staff, by proceeding through consideration of organisation structure, the roles of his key staff, their duties and responsibilities, and the meeting of their specific training needs.

Unfortunately, neither scheme places sufficient emphasis upon the importance of delegation of activities in the small firm. As discussed elsewhere, it is in this area that many managers of small firms initially need most assistance, so that they may be relieved of many of their day-to-day pressures, and thereby have sufficient time to review operating effectiveness, introduce improvements - including training programmes to this end - and also be able to spend the necessary time on forward planning and the setting of sound longer-term objectives for the company.

Nevertheless, these two grant schemes for smaller firms have been a significant move in the right direction, and it is to be hoped that other Boards will have taken note of this initiative, and bear this in mind when reviewing their own grant schemes with respect to the needs of the smaller firms.

6. Consideration by Committee

Two Boards are approaching the task of developing plans for overcoming the problems which arrest management training and development of small firms by appointing committees for this purpose.

The one has already established sub-committees to look into these problems and to suggest plans for overcoming them, and the other is setting up a Small Firms Advisory Committee, on a permanent basis.

The value of such committees depends largely upon the information arising from grass-root investigation at their disposal, and the consideration which they give to it. In consequence, what these committees will achieve will be dependent upon how close they get to the heart of the problems. The initial setting up of working parties to determine and report back in which broad areas investigation is needed in depth might be helpful. Ultimately, however, such committees need to appoint a person or persons with the requisite skill and experience to undertake the investigation in the necessary depth, who are provided with well-defined terms of reference which have been approved by the Board itself.

Much of the value of such a committee is lost if it does not take such steps to feed itself with the necessary basic information

essential to its deliberations. Evidence exists that some committees have operated with the flimsiest of information from the field upon which to base their deliberations. Sometimes this occurs when the committee requests certain pertinent information to be obtained from the field by Board staff who are already fully committed in other directions. The investigation consequently has to take its turn with the other commitments, or is not given the proper attention it merits if the committee is to make its decisions based on sound information in sufficient depth. In such circumstances, there is a grave danger that the committee will base its decisions on the hypotheses which the various members are able to contribute, and these hypotheses themselves will have been developed at various degrees of remoteness of direct experience of the problems involved. It is not surprising, where such a situation prevails, that extreme caution, rather than enlightened innovation, prevails.

L. CONCLUSIONS

The main conclusions which one draws from the information provided by the Boards are:

1. Where the replies to the questions were provided by other than the secretariat (and this was so in most of the cases) they were objective and constructive. This augurs well for continued improvement in the services provided by Boards to smaller firms within scope.
2. There is a wide difference between the relative tasks facing the various Boards with respect to the levy incomes.

3. There is a need for management training and development in smaller firms, but the per capita cost of providing an adequate service is greater than that for larger firms.
4. Levy patterns are not in accord with the above. In fact, in most cases, the smaller the firm within scope, the lower the actual levy paid per employee.
5. Thus, at the present time, if Boards provided a service relevant to the needs of the smaller firm, it would have to be subsidised by the larger firms in the same Industry. This is hardly likely to be acceptable to the larger firms.
6. The need for management training and development is generally greater the smaller the firm. Since, because of their flexibility, small firms are often the seed-beds of innovation, the fruition of which can be thwarted by management ineptitude, it is important to the national economy that this need is met, whether as a charge against a specific Industry or by some other means.
7. The present trend to raise the levy cut-off levels, thereby placing more firms outside the influence and responsibility of their Boards, is contrary to the requirements of 6.
8. In spite of the fact that most of the Boards were convinced that there were differences in the training needs of smaller firms from those of larger firms, very few Boards have carried out any investigations in depth to ascertain the actual management training needs of small firms and of the most effective ways in which Boards can assist these firms to identify their own specific needs and fulfil them. Three Boards, however, have gathered some very valuable

information with respect to small firms, which could be of use to other Boards besides themselves. Their findings indicate a correlation between the performance of small firms and the knowledge and use made by their managers of the main recognised techniques and practices available to management. Many of their training needs appear to be the repairing of their specific shortcomings in knowledge and use of these techniques, to the degree of penetration economically justifiable at the scale of activities which obtains in the firm.

9. Pooling of resources by Boards for the purpose of investigating in depth some of the common problem areas would probably have yielded a much greater amount of information to them about small firms than is available at present.

It is interesting to note that the investigational initiative in the management training area has come from some of the smaller Boards, measured in terms of levy income, and not from the larger Boards which should have greater resources to devote to such activities.

10. Most of the grant schemes to date have not taken into sufficient account the differences in training needs of the smaller firms. There have been two, recently, however, which have specially designed schemes to meet the needs of smaller firms, and one hopes that these schemes will have a beneficial impact upon other Boards, and encourage them to design schemes of greater relevance to the needs of the smaller firm.

Some Boards have attempted to remedy the situation by applying a

more liberal interpretation of their requirements when reviewing applications for grant from individual small firms. As one Board frankly stated, by allowing them 'to get grant without too much detriment because of their size'.

In such circumstances, there is a risk that the grant will become an end in itself, rather than a means to stimulate a firm to carry out that specific training which would improve the actual performance of the company - which is the only training which management will ultimately recognise as worth while.

11. There is a need for more in-plant personal contact between representatives of Boards (i.e., experienced field training advisers) and the managers of small firms. This should be supported by the following conditions:

- a. The availability of external courses, the content of which the managers can easily relate to their own work situation. Management principles explained in isolation are insufficient. They need concrete examples of the application of these principles in terms of their own specific industries, where they can easily recognise the significance and connection to their own work situations.

This requires survey work within such firms to gather suitable material, both as examples and for exercise purposes, so as to facilitate the learning processes of the small-business manager. It is, however, a costly exercise to gather such material.

Boards should appreciate that educational establishments, even where they have lecturers sufficiently experienced to select material from the actual work situation, cannot afford to divert

their resources, without financial reimbursement, to this activity in sufficient depth to meet the small-business requirements of a specific Industry.

This is a cost which has to be borne by the Board covering the specific Industry, if it is to be done on any significant scale.

Some Boards have recognised this and have commissioned an establishment with suitable resources to survey the small firms within their respective industries for the specific purpose of identifying their management training needs, to develop a suitable course based on these, with special material gathered from the industry for the purpose of illustrating, with concrete examples from situations with which they are familiar, the use of the techniques of value to such managers. An example of one Board which did this was the Rubber and Plastics Processing I.T.B. It commissioned the Small Business Centre of the University of Aston in Birmingham to undertake such a survey and to prepare and mount such a course for managers of small firms in the plastics industry, and to make all course notes and material available to whatever other educational establishments the Board should approve throughout the country for presentation of the course at regional or local levels.

This has operated satisfactorily and has disseminated survey findings, and provided material for usage at a number of locations strategically located throughout the country. This would not have been economically possible if each local establishment had needed to utilise its own resources to obtain the material relevant to the needs of the small firms in that particular Industry.

b. In-plant assistance from the Board is required in identifying the small firm's own specific training needs, in preparing an on-going training programme for meeting these needs, and in providing intermittent assistance to ensure its successful implementation. This requires an experience which all field training advisers will not necessarily have, especially if they have been recruited only for their knowledge and skills in operator-training. In consequence, some Boards may well need first to mount a training programme to meet the training needs of its own field staff.

12. There is a need for Boards to be able to provide consultancy service to small firms beyond that of assistance in identifying training needs and preparation of suitable training programmes. The managers of small firms require assistance in diagnosing the strengths and weaknesses of the company, the opportunities and risks which various markets present it, and how it could utilise its resources to take advantage of the opportunities open to it, and avoid the risks that threaten it. They also need assistance in defining anew their objectives in the light of such information and also changing conditions, and in establishing the right priorities of change within their organisation to attain these objectives. Finally, they require advice and assistance in implementing these specific changes so that there will be a minimum of upheaval, and a maximum of benefit to the company. Such services could well be provided on an Industry basis by Boards, with part or whole of the direct cost involved paid by the firm itself. It would be the most relevant and intensive management training

and development assistance which Boards could provide. If proper management training and development occurred, the necessary supervisor and operator-training would follow naturally.

In the next chapter, we will consider the replies given by the managers of small firms to the questionnaire which they completed concerning the activities of the Industrial Training Boards and their own specific management training and development needs, as they see them.

VII. REPLIES OF SMALL FIRMS TO QUESTIONNAIRE

The questionnaire which was prepared for the purpose of testing the views of small firms, as to the value which they placed on the various services provided to them by the Boards within which they were respectively in scope, is shown in Insert VII.1. As will be seen, it was designed to require the minimum possible time, of the hard-pressed chief executive of a small firm, to complete. The first mailing occurred in April 1971 when, under cover of a letter to the chief executive explaining the purpose of the questionnaire and seeking his co-operation in its completion, copies were sent to each of a sample of 216 small firms which appeared to be within the size limits of around 10 to 250 employees. The sample was selected randomly, by a person other than the investigator, from the Kompass Director on a quota basis of 8 to 10 firms which appeared to be within scope, for each of the twenty-two Boards which co-operated in the survey.

An analysis of the overall response is given in Insert VII.2. From this it will be seen that four letters were returned 'address unknown', leaving 212 which it is assumed reached their destination. Of these, 75 (35.4 per cent) responded. Twelve of them had merged or could not complete the questionnaire because training arrangements were in the hands of the parent company and another twelve, because of the limitation of size, paid no levy and therefore only completed the preliminary section of the questionnaire. In consequence, this left 51 firms which completed the main part of the questionnaire.

Following analysis of the replies from these firms, it was decided to improve the confidence limits by doubling the original sample. A second sample of

Questionnaire to Managing Directors of Smaller Firms

(To minimise the time required of you for completion of the questionnaire, alternative replies have been placed wherever possible in brackets after the question. Will you therefore please tick or delete as appropriate.)

1. How many employees has your firm?
(1-10) (11-25) (26-100) (101-250) (over 250)

2. Do you pay a levy to a Training Board? (Yes/No)

(If the answer to question 2 is 'No', please return without replying to the remaining questions)

3. To which Industrial Training Board do you pay a levy?
.....

4. If you have claimed Grant, will you please insert in the following columns the amount of levy paid, and Grant received, against the corresponding years.

Year	Levy £	Grant £
1967 (or 1967/68)		
1968 (or 1968/69)		
1969 (or 1969/70)		

5. How much of the I.T.B. literature sent to your firm do you read personally? (All/Some/None)

6. Which I.T.B. literature has proved of help to your firm?
(Please insert one tick for helpful and two ticks for most helpful)
(General) (Management Training) (Technical Training)
(Clerical Training) (Operator/Craft Training)

7. How many visits have you had from an I.T.B. Adviser?
(None/One/Two/Several)

(If the answer to question 7 is 'None' please proceed to question 10)

8. Do you consider that the I.T.B. Adviser's visits were worthwhile to your firm? (Yes/No/Doubtful)

(If your answer to question 8 is 'No' or 'Doubtful',
please proceed to question 10)

9. In what areas were the visits helpful?

(Please insert one tick for helpful and two ticks for very helpful)

(Grant application) (Management Training)
(Supervisory Training) (Technical Training)
(Clerical Training) (Operator/Craft Training)

10. Have you attended any courses or seminars for management
development purposes?

(Yes/No)

(If your answer to question 10 was 'No' please proceed to
question 17)

11. Was it in consequence of I. T. B. encouragement that you
attended?

(Yes/No)

12. What were the subjects of the courses or seminars?

(General Management) (Financial Control)
(Cost Control) (Budgetary Control) (Marketing)
(Production Planning and Control) (Workstudy)
(Sales Management) (Value Engineering)
(Management by Objectives) (Other)

13. What total session-hours was the longest course or seminar
you attended?

14. Which did you find of relevance and helpful to you in your business?

15. Did the fact of whether or not you were able to obtain Grant
have any bearing on which you attended?

(Yes/No)

16. Do you consider that the guidance and advice you receive from your I.T.B. is
- a. helping you to improve your firm's performance? (Yes/No)
 - b. worth the net cost (Levy less Grant) to you? (Yes/No)
17. Would you opt out of scope of the I.T.B. if you could? (Yes/No)
18. Do you consider that management development is essential to the well-being of your firm? (Yes/No)

(If the answer to question 18 is 'No' please return without answering the remaining questions)

19. Do you consider that you need outside assistance in developing the managerial skills in your firm? (Yes/No)
20. Are there any directions in which you think that your I.T.B. could, or should, provide a better management training and development service to you, and other smaller firms, than it does at present? (Yes/No)
21. If the answer to question 20 is 'Yes', what service would you like?
22. If the Levy would not cover the cost of the improved service you suggest, would you be prepared to pay more money? (Yes/No)

Any further comment you feel is relevant, please insert here.

Many thanks for your invaluable help.

Response from Mailings to Chief Executives
of Smaller Firms

	Sample					
	First		Second		Combined	
	No.	%	No.	%	No.	%
Number Mailed	216	-	220	-	436	-
Returned by G.P.O.	4	-	3	-	7	-
Presumed received	212	100	217	100	429	100
Replies	75	35.4	67	30.9	142	33.1
Wound-up, merged or could not complete	12	5.6	12	5.6	24	5.6
Pay no Levy	12	5.6	7	3.2	19	4.4
Completed Questionnaire	51	24.2	48	22.1	99	23.1

Analysis of replies by size-band

Size-band (No. of employees)	Sample					
	First		Second		Combined	
	No.	%	No.	%	No.	%
11-25	5	9.8	8	16.7	13	13.1
26-100	33	64.7	22	45.8	55	55.6
101-250	12	23.5	14	29.2	26	26.3
250+	1	2.0	4	8.3	5	5.0
Total	51	100.0	48	100.0	99	100.0

about the same size (220 firms) was therefore selected in the same manner as the first sample; this time by a different person - again not the investigator.

The second mailing, again under cover of a letter to each chief executive, was made in June 1971. The analysis of overall response for the second sample, as well as that for the combined samples, is also given in

Insert VII.2. From this it will be seen that 48 firms of the second sample completed the main part of the questionnaire; making 99 which did so from the combined samples.

Insert VII.2 also provides an analysis by size-band of the firms comprising the first, second and combined samples respectively which completed the main part of the questionnaire.

From Insert VII.3, it will be seen that the 99 Boards which completed the questionnaire spanned the scope of nineteen Boards. Statistically, no significance can be attached to the variation in response between firms within scope of different Boards (although one will note that the response varied from between 40 and 50 per cent in some Industries to zero in three Industries). The names of the Boards have been supplanted by letters of the alphabet to preserve anonymity.

A. LEVY AND GRANT

A summary of the information provided by those firms which had claimed grant, concerning the levy which they had paid and the grant

Analysis of Firms by Size-band and Board

Insert VII.3

Board	First Sample					Second Sample					Both Samples				
	Size-band				TOTAL	Size-band				TOTAL	Size-band				TOTAL
	11-25	26-100	101-250	250+		11-25	26-100	101-250	250+		11-25	26-100	101-250	250+	
A	0	3	2	0	5	0	1	1	0	2	0	4	3	0	7
B	0	1	0	0	2	0	0	0	0	1	0	1	0	0	4
C	0	2	0	0	3	0	0	0	0	1	0	0	0	0	4
D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
E	2	0	0	0	2	1	0	0	0	3	2	0	0	0	5
F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
G	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
I	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
J	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
K	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
L	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
M	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
N	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
O	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
P	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Q	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
S	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
T	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
U	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	5	32	13	1	51	8	22	14	4	48	13	54	27	5	99

which they had received during the past three years, is given in

Insert VII.4. From this, it will be seen that 73 (73.7 per cent) of the 99 firms had received grant; the average per firm being as follows:

1967/68 - 60.6 per cent of levy

1968/69 - 86.0 " " " "

1969/70 - 79.2 " " " "

It may well be that the firms which went to the trouble of replying to the questionnaire were the ones within the samples who would also have gone to the most trouble to secure grant. It does, however, indicate that, by and large, those small firms which did claim grant received a substantial proportion of their levy back towards the costs of their training programmes.

B. I.T.B. LITERATURE

A summary of the replies to Question 5 - 'How much of the ITB literature sent to your firm do you read personally' - is given in Insert VII.5.

Of the 98 replies, it will be seen that 36.7 per cent read it all, 54.1 read some, and 9.2 per cent read none. Furthermore, the individual samples closely reflected this pattern.

The replies as to which ITB literature proved most helpful (Question 6) are summarised in Insert VII.6.

It will be seen that, of the 99 firms which replied 57.6 per cent found the literature helpful in some directions and 42.4 per cent did not find it of any help. The replies of those who found it helpful were as follows:

Insert VII.4

Summary of Replies to question 4 - Levy and Grant

Sample	Size-band of Firms	Total	No. receiving Grant	Year 1967/68				1968/69				1969/70			
				Levy £	Grant £	% Grant/Levy		Levy £	Grant £	% Grant/Levy		Levy £	Grant £	% Grant/Levy	
First	11-25	5	3	640	259	40.5		1204	766	63.6		1405	1254	89.2	
	26-100	33	25	6706	1363	20.3		8498	4829	56.8		13888	7626	54.9	
	101-250	12	11	17086	9682	56.7		19634	15946	81.2		18633	10512	56.4	
	250+	1	1	1395	2272	162.8		1220	2440	200.0		1403	2104	149.9	
	Total	51	40	25827	13576	52.2		30556	23981	78.5		35329	21496	60.8	
Second	11-25	8	2	72	-	0		48	-	0		134	22	16.4	
	26-100	22	20	9538	8446	88.5		12046	13029	108.2		14191	16310	114.9	
	101-250	14	10	18095	10438	57.8		18840	16518	87.7		23129	16540	71.5	
	250+	4	1	-	-	0		750	-	0		6000	8000	133.3	
	Total	48	33	27705	18884	68.2		31684	29547	93.3		43454	40872	94.1	
Both	11-25	13	5	712	259	36.4		1252	766	61.2		1539	1276	82.9	
	26-100	55	45	16244	9809	60.4		20544	17858	86.9		28079	23936	85.2	
	101-250	26	21	35181	20120	57.2		38474	32464	84.4		41762	27052	64.8	
	250+	5	2	1395	2272	162.8		1970	2440	123.9		7403	10104	136.5	
	Total	99	73	53532	32460	60.6		62240	53528	86.0		78783	62368	79.2	

Summary of replies to question 5 - 'How much of the I.T.B. literature sent to your firm do you read personally?'

Sample	Size-band of Firms	Response						Total Replies	
		All		Some		None			
		No.	%	No.	%	No.	%	No.	%
First	11-25	0	0	4	80	1	20	5	100
	26-100	13	40.6	15	46.9	4	12.5	32	100
	101-250	4	30.8	8	61.5	1	7.7	13	100
	250+	1	100	0	0	0	0	1	100
	Total	18	35.3	27	52.9	6	11.8	51	100
Second	11-25	1	12.5	7	87.5	0	0	8	100
	26-100	11	50.0	9	40.9	2	9.1	22	100
	101-250	5	38.5	7	53.8	1	7.7	13	100
	250+	1	25.0	3	75.0	0	0	4	100
	Total	18	38.3	26	55.3	3	6.4	47	100
Both	11-25	1	7.7	11	84.6	1	7.7	13	100
	26-100	24	44.4	24	44.4	6	11.2	54	100
	101-250	9	34.6	15	57.7	2	7.7	26	100
	250+	2	40.0	3	60.0	0	0	5	100
	Total	36	36.7	53	54.1	9	9.2	98	100

Insert VII.6

Summary of replies to question 6 - 'Which I.T.B. literature has proved of help to your firm?' (✓ for helpful, ✓✓ for most helpful)

Sample	Size-band of Firms	General		Management Training		Technical Training		Clerical Training		Operator Training		Helpful		Not Helpful		Total Firms	
		✓✓	✓	✓✓	✓	✓✓	✓	✓✓	✓	✓✓	✓	No.	%	No.	%	No.	%
First	11-25	0	0	1	1	0	0	0	0	0	1	2	40.0	3	60.0	5	100
	26-100	0	10	2	2	0	5	0	3	4	4	15	46.9	17	53.1	32	100
	101-250	0	5	1	2	0	1	0	1	1	4	8	61.5	5	38.5	13	100
	250+	0	1	0	0	0	0	0	0	1	0	1	100	0	0	1	100
	Total	0	16	4	5	0	6	0	4	6	9	26	51.0	25	49.0	51	100
Second	11-25	0	1	0	1	0	1	0	0	0	0	2	25.0	6	75.0	8	100
	26-100	1	8	1	4	0	2	0	0	0	5	12	54.5	10	45.4	22	100
	101-250	1	9	0	6	0	3	0	2	1	6	13	92.8	1	7.2	14	100
	250+	1	2	1	4	0	1	0	0	1	2	4	100.0	0	0	4	100
	Total	3	20	2	15	0	7	0	2	2	13	31	64.6	17	35.4	48	100
Both	11-25	0	1	1	2	0	1	0	0	0	1	4	30.8	9	69.2	13	100
	26-100	1	18	3	6	0	7	0	3	4	9	27	50.0	27	50.0	54	100
	101-250	1	14	1	8	0	4	0	3	2	10	21	77.8	6	22.2	27	100
	250+	1	3	1	4	0	1	0	0	2	2	5	100.0	0	0	5	100
	Total	3	36	6	20	0	13	0	6	8	22	57	57.6	42	42.4	99	100

Very helpful

Operator training -	8 firms
Management training -	6 "
General -	3 "

Helpful

General -	36 firms
Operator training -	22 "
Management training -	20 "
Technician training -	13 "
Clerical training -	6 "

C. VISITS OF I.T.B. ADVISERS

From Insert VII.7, which summarises the replies to Question 7 - 'How many visits have you had from an I.T.B. Adviser' - it will be seen that, of the 99 which replied:

57 (57.5%)	had several visits
15 (15.2%)	" two visits
11 (11.1%)	" one visit
16 (16.2%)	" no visits

An assessment of the value of the visits (Question 8) was made by 83 firms and their replies are summarised in Insert VII.8. From this it will be seen that

45 (54.2 per cent)	considered the visits worthwhile
22 (26.5 " ")	were doubtful of their value
16 (19.3 " ")	considered them not worthwhile.

The replies were then analysed with respect to the number of visits made by I.T.B. Advisers. This analysis is given as Insert VII.9

Summary of replies to question 7 - 'How many visits have you had from an I.T.B. Adviser?' Insert VII.7

Sample	Size-band of Firms	No. of Visits								Firms replying in size- band	
		Several		Two		One		None			
										Firms	%
		Firms	%	Firms	%	Firms	%	Firms	%		
First	11-25	2	40.0	1	20.0	0	0	2	40.0	5	100.0
	26-100	16	50.0	7	21.9	5	15.6	4	12.5	32	100.0
	101-250	7	53.8	2	15.4	1	7.7	3	23.1	13	100.0
	250+	1	100.0	0	0	0	0	0	0	1	100.0
	Total	26	51.0	10	19.6	6	11.8	9	17.6	51	100.0
Second	11-25	2	25.0	1	12.5	3	37.5	2	25.0	8	100.0
	26-100	14	63.6	4	18.2	1	4.5	3	13.7	22	100.0
	101-250	12	85.8	0	0	1	7.1	1	7.1	14	100.0
	250+	3	75.0	0	0	0	0	1	25.0	4	100.0
	Total	31	64.6	5	10.4	5	10.4	7	14.6	48	100.0
Both	11-25	4	30.8	2	15.4	3	23.0	4	30.8	13	100.0
	26-100	30	55.6	11	20.4	6	11.1	7	12.9	54	100.0
	101-250	19	70.4	2	7.4	2	7.4	4	14.8	27	100.0
	250+	4	80.0	0	0	0	0	1	20.0	5	100.0
	Total	57	57.5	15	15.2	11	11.1	16	16.2	99	100.0

Insert VII.8

Summary of replies to question 8 - 'Do you consider that the (I.T.B. Adviser) visits were worthwhile to your firm?'

Sample	Size-band of Firms	Whether considered worthwhile						Total Replies	
		Yes		Doubtful		No			
		No.	%	No.	%	No.	%	No.	%
First	11-25	2	66.7	1	33.3	0	0	3	100
	26-100	14	51.9	6	22.2	7	25.9	27	100
	101-250	6	54.5	3	27.3	2	18.2	11	100
	250+	1	100.0	0	0	0	0	1	100
	Total	23	54.8	10	23.8	9	21.4	42	100
Second	11-25	1	16.7	3	50.0	2	33.3	6	100
	26-100	11	57.9	3	15.8	5	26.3	19	100
	101-250	7	53.8	6	46.2	0	0	13	100
	250+	3	100.0	0	0	0	0	3	100
	Total	22	53.6	12	29.9	7	17.1	41	100
Both	11-25	3	33.3	4	44.5	2	22.2	9	100
	26-100	25	54.4	9	19.5	12	26.1	46	100
	101-250	13	54.2	9	37.5	2	8.3	24	100
	250+	4	100	0	0	0	0	4	100
	Total	45	54.2	22	26.5	16	19.3	83	100

Summary of replies to question 8 (contd.). Analysis by number of Visits of I.T.B. Advisers.

Insert VII. 9

Sample	No. of Visits	Whether considered worthwhile						Total Replies		
		Yes		Doubtful		No		No.	%	Total Replies
		No.	%	No.	%	No.	%			
First	Several Two One	17	65.4	6	23.1	3	11.5	26	100	
		2	20.0	2	20.0	6	60.0	10	100	
		4	66.7	2	33.3	0	0	6	100	
	Total	23	54.8	10	23.8	9	21.4	42	100	
Second	Several Two One	17	54.8	11	35.5	3	9.7	31	100	
		2	40.0	0	0	3	60.0	5	100	
		3	60.0	1	20.0	1	20.0	5	100	
	Total	22	53.6	12	29.3	7	17.1	41	100	
Both	Several Two One	34	59.7	17	29.8	6	10.5	57	100	
		4	26.7	2	13.3	9	60.0	15	100	
		7	63.6	3	27.3	1	9.1	11	100	
	Total	45	54.2	22	26.5	16	19.3	83	100	

from which it will be seen that the findings were as follows:

No. of I.T.B. Visits	Worthwhile		Assessment Doubtful		Not worthwhile	
	No.	%	No.	%	No.	%
Several	34	59.7	17	29.8	6	10.5
Two	4	26.7	2	13.3	9	60.0
One	7	63.6	3	27.3	1	9.1

The numbers involved where firms had only been visited once or twice are, unfortunately, too low to permit one to read any significance into these findings. It does suggest, however, that it would be worth testing a much larger sample, to assess the influence of the Field Advisers, with respect to the number of visits they make to a firm within the limits of the role they are expected, by their respective Boards, to play (i.e. their terms of reference as to the areas in which they are expected or permitted to provide advice).

The areas in which the firms considered that the visits were helpful (Question 9) are summarised in Insert VII.10. As will be seen, 49 (59.0 per cent) of the above 83 firms replied to this question and, of these, 45 firms had found the visits of value with respect to grant; the assessment being as follows:

Area	Very helpful	Helpful	Total	
			No.	%
Grant	6	39	45	91.8
Craft/Operator	6	14	20	40.8
General Management	3	17	20	40.8
Supervision	1	14	15	30.6
Technician	1	9	10	20.4
Clerical	0	7	7	14.3

Summary of replies to question 9 - 'In what areas were the visits helpful?'
(✓✓ very helpful, ✓ helpful)

Sample	Size-band of Firms	Area										Firms which found visits helpful in some areas	
		Grant		Gen.Man.		Superv.		Technical		Clerical	Craft/Op.		
		✓✓	✓	✓✓	✓	✓✓	✓	✓✓	✓	✓✓	✓	No.	% of total
First	11-25	1	1	0	0	0	0	0	0	0	1	2	66.6
	26-100	1	12	0	0	0	9	0	4	1	4	15	55.6
	101-250	0	6	0	0	0	0	0	0	1	2	6	54.5
	250+	1	0	0	1	0	1	0	0	1	0	1	100.0
	Total	3	19	1	9	0	10	0	4	3	7	24	57.1
Second	11-25	0	2	0	1	0	0	0	1	0	0	2	33.3
	26-100	1	9	0	3	0	0	0	0	0	3	12	63.2
	101-250	0	8	1	3	1	2	0	3	2	3	8	61.5
	250+	2	1	0	1	0	2	1	1	1	1	3	100.0
	Total	3	20	2	8	1	4	1	5	3	7	25	59.5
Both	11-25	1	3	1	1	0	0	0	1	0	1	4	44.4
	26-100	2	21	0	10	0	9	0	4	1	7	27	58.7
	101-250	0	14	1	4	1	2	0	3	3	5	14	58.3
	250+	3	1	0	2	0	3	1	1	2	1	4	100.0
	Total	6	39	3	17	1	14	1	9	7	14	49	59.0

D. COURSES AND SEMINARS FOR MANAGEMENT DEVELOPMENT PURPOSES

As will be seen from Insert VII.11, 98 firms replied to Question 10 - 'Have you attended any courses for management--development purposes'. Of these, 48 (49 per cent) had and 50 (51 per cent) had not. It will also be noted that there was remarkable correlation between the replies of all the firms of both samples.

Insert VII.12 (summary of response to Question 11) shows that 46 firms answered the question 'Was it in consequence of I.T.B. encouragement that you attended'. Of these, 14 (30.4 per cent) replied in the affirmative and 32 (69.6 per cent) in the negative.

A summary of the subjects of the courses attended (replies to Question 12) is given in Insert VII.13. As will be seen, 48 of the 50 which had attended courses replied. The course subjects and incidence were as follows:

General Management	-	27
Financial Control	-	20
Management by Objectives	-	15
Cost Control	-	13
Marketing	-	9
Budgetary Control	-	8
Work study	-	7
Production Planning & Control	-	4
Sales Management	-	3
Value Engineering	-	0
Other (miscellaneous)	-	12

Insert VII.11

Summary of replies to question 10 'Have you attended any courses for management development purposes?'

Sample	Size-band of Firms	Response				Total Replies	
		Yes		No			
		No.	%	No.	%	No.	%
First	11-25	3	60.0	2	40.0	5	100
	26-100	16	51.6	15	48.4	31	100
	101-250	5	38.5	8	61.5	13	100
	250+	0	0	1	100.0	1	100
	Total	24	48.0	26	52.0	50	100
Second	11-25	2	25.0	6	75.0	8	100
	26-100	9	40.9	13	59.1	22	100
	101-250	9	64.3	5	35.7	14	100
	250+	4	100.0	0	0	4	100
	Total	24	50.0	24	50.0	48	100
Both	11-25	5	38.5	8	61.5	13	100
	26-100	25	47.2	28	52.8	53	100
	101-250	14	51.8	13	48.2	27	100
	250+	4	80.0	1	20.0	5	100
	Total	48	49.0	50	51.0	98	100

Summary of replies to question 11 - 'Was it in consequence of I.T.B. encouragement that you attended (courses for management development purposes)?'

Sample	Size-band of Firms	Response				Total Replies	
		Yes		No			
		No.	%	No.	%	No.	%
First	11-25	2	66.7	1	33.3	3	100
	26-100	4	26.7	11	73.3	15	100
	101-250	2	40.0	3	60.0	5	100
	250+	0	0	0	100.0	0	100
	Total	8	34.8	15	65.2	23	100
Second	11-25	0	0	2	100.0	2	100
	26-100	4	44.4	5	55.6	9	100
	101-250	2	22.2	7	77.8	9	100
	250+	0	0	3	100.0	3	100
	Total	6	26.1	17	73.9	23	100
Both	11-25	2	40.0	3	60.0	5	100
	26-100	8	33.3	16	66.7	24	100
	101-250	4	28.6	10	71.4	14	100
	250+	0	0	3	100.0	3	100
	Total	14	30.4	32	69.6	46	100

Insert VII.13

Summary of the replies to question 12 - 'What were the subjects of the courses or seminars (which you attended)?'

Sample	Size-band of Firms	Gen. Man.	Fin. Cont.	Cost Cont.	Bud. Cont.	Mktg. Cont.	Prod. P & C	Work Study	Sales Man.	Val. Eng.	M.b.O	Other	Firms	
													No.	%
First	11-25	1	0	0	0	0	1	1	0	0	0	1	3	60.0
	26-100	8	6	4	3	4	1	2	1	0	2	1	16	51.6
	101-250	3	3	1	1	2	1	1	0	0	3	0	5	38.5
	250+	0	0	0	0	0	0	0	0	0	0	0	0	-
	Total	12	9	5	4	6	3	4	1	0	5	2	24	48.0
Second	11-25	1	1	0	0	0	0	0	0	0	1	2	2	25.0
	26-100	4	1	0	0	2	0	0	2	0	1	6	9	40.9
	101-250	7	7	6	2	0	0	2	0	0	6	1	9	64.3
	250+	3	2	2	2	1	1	1	0	0	2	1	4	100.0
	Total	15	11	8	4	3	1	3	2	0	10	10	24	50.0
Both	11-25	2	1	0	0	0	1	1	0	0	1	3	5	38.5
	26-100	12	7	4	3	6	1	2	3	0	3	7	25	47.2
	101-250	10	10	7	3	2	1	3	0	0	9	1	14	51.8
	250+	3	2	2	2	1	1	1	0	0	2	1	4	80.0
	Total	27	20	13	8	9	4	7	3	0	15	12	48	49.0

The above order is not surprising, although one may feel that it would have been advantageous if a greater interest had been shown in Production Planning & Control and Sales Management, two inter-dependent functions which are often very weak in the smaller firm.

A summary of replies to Question 13 - 'What total session hours was the longest course or seminar you attended' - is given in Insert

VII.14. From this, it will be seen that it was overwhelmingly a week or less; almost half of them being a day or less.

A summary of the replies to Question 14 - 'Which (courses or seminars) did you find of relevance and helpful to you in your business' - is given in Insert VII.15.

It is interesting here to compare these replies with those to Question 12, and the table of Insert VII.16 has been constructed to facilitate this. It will be seen from this table that firms only found about 34.0 per cent of the courses or seminars which they had attended were relevant or helpful to them in their businesses.

A significant point which it also reveals is that only 1 in 20 and 1 in 13 attending sessions on Financial Control and Cost Control respectively found them relevant or helpful. This suggests that the subject matter of these courses or seminars was presented by functional specialists to meet the needs of the staff of larger businesses, without the necessary attention being given to the requirements imposed upon the manager of the small firm by the scale of activities and nature of his particular type of business.

The writer has had the privilege of perusing the feed-back report forms of a number of institutions promoting or sponsoring courses for the

Summary of replies to question 13 - 'What total session hours was the longest course or seminar you attended?'

Total length of longest course or seminar	Response		
	First Sample	Second Sample	Combined Samples
3 - 8 hours	5	8	13
9 - 30 hours	8	6	14
52 hours	-	1	1
1 day	1	1	2
2 - 3 days	4	1	5
10 days	-	1	1
33 days	-	1	1
1 week	-	2	2
3 weeks	1	-	1
4 weeks	-	1	1

Summary of replies to question 14 - 'Which (courses or seminars) did you find of relevance and helpful to you in your business?'

Course or Seminar	Response		
	First Sample	Second Sample	Combined Samples
General Management	1	8	9
Marketing	3	3	6
Management by objectives	3	2	5
Control and development of the small business	1	2	3
Budgetary control	1	2	3
Production planning and control	1	1	2
Workstudy	-	2	2
Organisation and control	-	2	2
Management Information	-	1	1
Financial control	-	1	1
Sales management	-	1	1
Cost control	-	1	1
Management training	-	1	1
Safety	-	1	1
Decimalisation	-	1	1
Instructions on regulations affecting the Industry	-	1	1

Comparison of replies to questions 12 and 14

Course or Seminar Subject	Firms which have attended	Firms which have found it helpful	%
General Management	27	9	33.3
Financial Control	20	1	5.0
Management by Objectives	15	5	33.3
Cost Control	13	1	7.7
Marketing	9	6	66.7
Budgetary Control	8	3	37.5
Workstudy	7	2	28.6
Production Planning & Control	4	2	50.0
Sales Management	3	1	33.0
Other	12		
Control and development of the small business		3	83.3
Organisation & control		2	
Management information		1	
Management training		1	
Safety		1	
Decimalisation		1	
Instructions on regulations affecting the Industry		1	
	118	40	33.9

managers of small businesses in a number of different industries.

In each case, where the institutions have been particularly concerned with the relevance of the course content to the needs of the manager of the smaller business, and time and money have been spent in surveys by experienced persons to ensure this, the managers have given a high rating (on average, around 80 per cent) for relevance. In the Financial Control and Cost Control areas in particular, a regular unsolicited comment has been of the nature 'I found this most interesting and an eye-opener. My own strengths are in production (and/or sales, marketing, design, etc.) and I certainly want more of this'.

Furthermore, where an appreciation course, covering the range of management functions, has been given to groups of general managers from the same Industry, it has been found that the general managers have usually asked afterwards for this to be followed by a course in Financial Control and Cost Control to a greater depth than was possible in the composite appreciation-course.

On the other hand, the writer has been present at course sessions where the lecturer has exhibited an undoubted expertise in the technique he was expounding, but treated the technique as an end in itself rather than as a means to an end, and has never got in tune with the needs of the small-business managers present. This has particularly been so in some sessions given by functional specialists with little general experience.

The replies to Question 15 - 'Did the fact of whether or not you were able to obtain Grant have any bearing on which (courses or seminars) you attended?' are summarised in Insert VII.17.

As will be noted, 42 firms replied to this question and, excluding the

Insert VII.17

Summary of replies to question 15 - 'Did the fact of whether or not you were able to obtain Grant have any bearing on which (courses or seminars) you attended?'

Sample	Size-band of Firms	Response				Total Replies	
		Yes		No		No.	%
		No.	%	No.	%		
First	11-25	0	0	2	100.0	2	100
	26-100	4	30.8	9	69.2	13	100
	101-250	2	40.0	3	60.0	5	100
	250+	0	-	0	-	0	100
	Total	6	30.0	14	70.0	20	100
Second	11-25	0	0	2	100.0	2	100
	26-100	3	33.3	6	66.7	9	100
	101-250	2	25.0	6	75.0	8	100
	250+	1	33.3	2	66.7	3	100
	Total	6	27.3	16	72.7	22	100
Both	11-25	0	0	4	100.0	4	100
	26-100	7	31.8	15	68.2	22	100
	100-250	4	30.8	9	69.2	13	100
	250+	1	33.3	2	66.7	3	100
	Total	12	28.6	30	71.4	42	100

variation within size-bands because of the very small numbers involved, there was remarkable correlation in reply from the two samples. Only 12 (28.6 per cent) appeared to have been influenced by Grant provisions when selecting which courses they would attend.

E. VALUE OF THE I.T.B. TO THE FIRM

The replies to Question 16 - 'Do you consider that the guidance and advice you receive from your I.T.B. is a) helping you to improve your financial performance, b) worth the net cost (Levy less Grant) to you?' - are summarised in Insert VII.18.

Fifty-two firms replied to part a) and fifty to part b), as follows:

	Yes		No		Replies	
	No.	%	No.	%	No.	%
Helping to improve financial performance	20	38.5	32	61.5	52	100
Worth the net cost	16	32.0	34	68.0	50	100

Again, excluding size-band variations, there was a high correlation between the two samples.

A summary of the replies to Question 17 - 'Would you opt out of scope of the I.T.B., if you could?' - is given in Insert VII.19. From this, it will be seen that of the 97 firms which replied:

77 (79.4 per cent) would opt out

20 (20.6 per cent) would remain in.

(The probable accuracy of the above figures

$$= 2 \sqrt{\frac{79.4 \times 20.6}{97}} \quad (\text{see R.W. Barnes and others})$$

$$= \pm 8.2\%$$

It therefore follows that between 71.2% and 87.6% of smaller firms would probably opt out of scope of I.T.B's, if they could do so. It

Summary of replies to question 16 - 'Do you consider that the guidance and advice you receive from your I.T.B. is a) helping you to improve your financial performance b) worth the net cost (Levy less Grant) to you?'

Sample	Size-band of Firms	Response to part a)						Response to part b)					
		Yes		No		Total Response		Yes		No		Total Response	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
First	11-25	2	50.0	2	50.0	4	100	1	50.0	1	50.0	2	100
	26-100	5	33.3	10	66.7	15	100	4	25.0	12	75.0	16	100
	101-250	2	40.0	3	60.0	5	100	1	20.0	4	80.0	5	100
	250+	1	0	0	100.0	1	100	1	100.0	0	0	1	100
	Total	10	40.0	15	60.0	25	100	7	29.2	17	70.8	24	100
Second	11-25	0	0	2	100.0	2	100	0	0	2	100.0	2	100
	26-100	3	27.3	8	72.7	11	100	3	30.0	7	70.0	10	100
	101-250	6	54.5	5	45.5	11	100	5	45.5	6	54.5	11	100
	250+	1	33.3	2	66.7	3	100	1	33.3	2	66.7	3	100
	Total	10	37.0	17	63.0	27	100	9	34.6	17	65.4	26	100
Both	11-25	2	33.3	4	66.7	6	100	1	25.0	3	75.0	4	100
	26-100	8	30.8	18	69.2	26	100	7	26.9	19	73.1	26	100
	101-250	8	50.0	8	50.0	16	100	6	37.5	10	62.5	16	100
	250+	2	50.0	2	50.0	4	100	2	50.0	2	50.0	4	100
	Total	20	38.5	32	61.5	52	100	16	32.0	34	68.0	50	100

Summary of replies to question 17 - 'Would you opt out of scope of the I.T.B. if you could?'

Sample	Size-band of Firms	Response				Total Replies	
		Yes		No			
		No.	%	No.	%	No.	%
First	11-25	3	75.0	1	25.0	4	100
	26-100	24	77.4	7	22.6	31	100
	101-250	8	61.5	5	38.5	13	100
	250+	0	0	1	100.0	1	100
		35	71.4	14	28.6	49	100
Second	11-25	8	100.0	0	0	8	100
	26-100	20	90.9	2	9.1	22	100
	101-250	11	78.6	3	21.4	14	100
	250+	3	75.0	1	25.0	4	100
		42	87.5	6	12.5	48	100
Both	11-25	11	91.7	1	8.3	12	100
	26-100	44	83.0	9	17.0	53	100
	101-250	19	70.4	8	29.6	27	100
	250+	3	60.0	2	40.0	5	100
		77	79.4	20	20.6	97	100

N.B. See following page concerning tests for difference in Samples.

Test of Replies to Question 17 from the two Samples

Chi-Square Test and 2 x 2 Table.

Hypothesis. That there is no difference between the answers obtained to Question 17 in the two samples.

Reply	Actual		Total
	Sample 1	Sample 2	
Yes	35	42	77
No	14	6	20
Total	49	48	97

If there were no difference between the two samples the expectation of replies would be as follows:

Reply	Expected		Total
	Sample 1	Sample 2	
Yes	38.9	38.1	77
No	10.1	9.9	20
Total	49	48	97

χ^2 Test

$$\chi^2 = \sum \frac{(O - E)^2}{E} \quad \text{where } O = \text{actual} \\ E = \text{expected}$$

$$= \frac{(-3.9)^2}{38.9} + \frac{3.9^2}{38.1} + \frac{3.9^2}{10.1} + \frac{(-3.9)^2}{9.9} = 3.83$$

degrees of freedom = (rows-1) (cols-1) = (2-1)(2-1) = 1

at 5% significance level $\chi^2 = 3.84$ at 1 d.f.

using Cambridge Elementary Statistical Tables by D.V. Lindley and J.C.P. Miller.

Applying Yates' correction because it is a discrete function

(ref. Statistics for Business and Economics, Stephen & Shaw)

$$\begin{aligned} \chi^2 &= \sum \frac{(10 - E - \frac{1}{2})^2}{E} \\ &= \frac{(-3.4)^2}{38.9} + \frac{(3.4)^2}{38.1} + \frac{(3.4)^2}{10.1} + \frac{(-3.4)^2}{9.9} \\ &= 2.91 \end{aligned}$$

at 10% significance level $\chi^2 = 2.71$ at 1 d.f.

i.e. 1:10 chance of these sub samples occurring together in
combined sample.

will be noted that the replies from the constituent samples are just within these limits - see sheets 2 and 3, Insert VII.19.)

F. MANAGEMENT DEVELOPMENT AND THE I.T.B.

Ninety-eight firms responded to Question 18 - 'Do you consider that management development is essential to the well-being of your firm?' - and a summary of their replies is given in Insert VII.20. From this, it will be seen that 86.6 per cent replied in the affirmative. (The probable accuracy of this figure is $\pm 6.9\%$, i.e. the probable limits are 79.7 per cent and 93.5 per cent of all smaller firms. It will be noted that the figures for both samples are very close to that of the combined sample.)

Insert VII.21 summarises the reply to Question 19 - 'Do you consider that you need outside assistance in developing the managerial skills of your firm?'. As will be seen, 84 of the 85 firms which considered that management development was essential, replied as follows:

Outside assistance is needed	47 (56.0 per cent)
Outside assistance is not needed	37 (44.0 per cent)

(The statistical limits of accuracy of the above figures are ± 10.8 per cent.)

A summary of replies to Question 20 - 'Are there any directions in which you think that your I.T.B. could, or should, provide a better management training and development service to you, and other small firms, than it does at present?' is given in Insert VII.22. Of the 81 firms which responded, it will be seen that

26 (32.1 per cent) thought that there were directions in which the I.T.B. could provide a better service

Summary of replies to question 18 - 'Do you consider that management development is essential to the well-being of your firm?'

Sample	Size-band of Firms	Response				Total Replies	
		Yes		No			
		No.	%	No.	%	No.	%
First	11-25	5	100.0	0	0	5	100
	26-100	27	84.4	5	15.6	32	100
	101-250	11	84.6	2	15.4	13	100
	250+	1	100.0	0	0	1	100
	Total	44	86.3	7	13.7	51	100
Second	11-25	6	75.0	2	25.0	8	100
	26-100	19	86.4	3	13.6	22	100
	101-250	12	92.3	1	7.7	13	100
	250+	4	100.0	0	0	4	100
	Total	41	87.2	6	12.8	47	100
Both	11-25	11	84.6	2	15.4	13	100
	26-100	46	85.2	8	14.8	54	100
	101-250	23	88.5	3	11.5	26	100
	250+	5	100.0	0	0	5	100
	Total	85	86.6	13	13.4	98	100

Summary of replies to question 19 - 'Do you consider that you need outside assistance in developing the managerial skills of your firm?'

Sample	Size-band of Firms	Response				Total Replies	
		Yes		No			
		No.	%	No.	%	No.	%
First	11-25	2	50.0	2	50.0	4	100
	26-100	12	44.4	15	55.6	27	100
	101-250	7	63.6	4	36.4	11	100
	250+	1	100.0	0	0	1	100
	Total	22	51.2	21	48.8	43	100
Second	11-25	2	40.0	3	60.0	5	100
	26-100	12	63.2	7	36.8	19	100
	101-250	9	69.2	4	30.8	13	100
	250+	2	50.0	2	50.0	4	100
	Total	25	61.0	16	39.0	41	100
Both	11-25	4	44.4	5	55.6	9	100
	26-100	24	52.2	22	47.8	46	100
	101-250	16	66.7	8	33.3	24	100
	250+	3	60.0	2	40.0	5	100
	Total	47	56.0	37	44.0	84	100

Summary of replies to question 20 - 'Are there any directions in which you think that your I.T.B. could, or should, provide a better management training and development service to you, and other smaller firms, than it does at present?'

Sample	Size-band of Firms	Response				Total Replies	
		Yes		No		No.	%
		No.	%	No.	%		
First	11-25	2	50.0	2	50.0	4	100
	26-100	7	29.2	17	70.8	24	100
	101-250	1	8.3	11	91.7	12	100
	250+	1	100.0	0	0	1	100
	Total	11	27.0	30	73.0	41	100
Second	11-25	1	25.0	3	75.0	4	100
	26-100	6	33.3	12	66.7	18	100
	101-250	6	42.9	8	57.1	14	100
	250+	2	50.0	2	50.0	4	100
	Total	15	37.5	25	62.5	40	100
Both	11-25	3	37.5	5	62.5	8	100
	26-100	13	31.0	29	69.0	42	100
	101-250	7	26.9	19	73.1	26	100
	250+	3	50.0	2	40.0	5	100
	Total	26	32.1	55	67.9	81	100

55 (67.9 per cent) thought that there were no directions in which the I.T.B. could provide a better service.

Summarising the replies to these three questions: most firms considered that management development was essential to their well-being. Somewhat more than half the firms considered that outside assistance was needed. Only about one-third thought that there were directions in which the I.T.B. could provide a better service.

G. THE SERVICE FIRMS WOULD LIKE

Twenty-three firms offered suggestions in response to Question 21 - 'If the answer to Question 20 is 'Yes', what service would you like?' - and 13 stated, in response to Question 22, that they were prepared, if necessary, to pay more for the service. Some gave more than one suggestion. An analysis of all suggestions is given in Insert VII.23 from which it will be seen that a number fall under the following three common headings; the incidence being as shown in brackets.

1. Advisory/consultancy service (6)
2. Courses, including correspondence courses
(5 + 2 correspondence)
3. Field staff (4)

In addition, there were 11 miscellaneous suggestions from different firms. Nevertheless, by and large, there was a dearth of constructive suggestions for a better service.

H. FURTHER (UNRESTRICTED) COMMENT

In general, the firms were more forthcoming when they were invited to make further comment at the completion of the questionnaire than

Analysis of replies to Question 21 - 'If the answer to Question 20 is 'Yes' what service would you like?' and to Question 22 - 'If the Levy would not cover the cost of the improved service you suggest, would you be prepared to pay more money?'.

(N.B. See end of appendix for key to information in brackets)

A. Advisory/Consultancy Services

1. We are not a large enough company to enable us to provide ourselves with complete training facilities and we would like to be able to call for more assistance from the Board. This is too limited at present owing to their own staffing arrangements. (11.250+D- willing to pay more if necessary)
2. By providing consultancy services (57.26-100C - willing to pay more).
3. Assistance with preparation of training plans (44.26-100N - no indication whether the firm would be prepared to pay more).
4. By having people - or advisers - come here and do the work themselves rather than just advise and leave the work to us. Improvement of the performance of managers and supervisors should - to a degree - be able to be bought like any other service to industry (44b 101-250H - willing to pay more).
5. A consultancy service on an economical basis not involving long stays with the company but in an advisory capacity by people with some technical know-how (36b 250+B - willing to pay more).
6. Advice on a more reliable method of selecting personnel (22b 26-100C - willing to pay more).

B. Courses

1. Some of the courses to be held in Scotland and not all in England as at present (2.11-25D - not prepared to pay more).
2. A provision of very short concentrated courses to brief top management of current developments (technical, commercial, and other). Too many courses which may seem to fulfil this function are too broad in subject and are run and staffed by people with insufficient breadth of experience (51b 26-100H - prepared to pay more).
3. Cost Control, Budgetary Control, Marketing, M.b.O., General Management, Man Management (10b 101-250S - not prepared to pay more).
4. Practical advice on the value of the vast number of training courses and seminars now available. It is difficult for the non-specialist to separate the wheat from the chaff (54b 250+R - prepared to pay more).

5. Accounting, in general, or long-term budgetary control (2.11-25D - not prepared to pay more).
6. Correspondence courses.
 - a. As it is difficult for a director/manager of a small firm to absent himself from work to attend seminars, training courses, etc., could not correspondence courses on management training be implemented, perhaps with a one-day polishing-up course at the end (46 26-100T - no indication whether firm would pay more).
 - b. In-company training is essential because it can be supervised properly, and the present use of seminars is an unprofitable waste of scarce resources. Encouragement should be given to specially adapted training methods for specific purposes. Books and correspondence courses should be raised from the position of unimportance to which they have been relegated; they are relevant (26.26-100T - not prepared to pay more).

C. Field Staff

1. More personal visitations from I.T.B. Officer (2.11-25D - not prepared to pay more).
2. More frequent visits by Advisers (44.26-100N - no indication whether or not firm is prepared to pay more).
3. The organisation is sound but our Field Officer's knowledge of the trade was nil in the early stages - improved quality of Field Officer would reduce tutorial hours by firm's directors or senior personnel'. (27b 101-250O - prepared to pay more).
4. A more practical understanding of the needs of individual companies - much more flexibility in approach. Most of the Board staff have not themselves the knowledge or understanding of the objectives of top management - i.e., they are not recruited from the real decision-makers of industry. Perhaps I expect too much - but few (very few) Board staff have the breadth of experience and flair which could have such an effect in any particular company waiting for a spark to enable it to go forward and fully exploit its potential (51b 26-100H - prepared to pay more).

D. Miscellaneous

1. Consideration - other than that which is at present given - to take into account the more comprehensive service we provide ourselves; other than the present attitude the I.T.B. has had that 'Jobs for the Boys' seems to be the over-riding factor - and individual firms are not capable of determining their own destinies (46.26-100A - not prepared to pay more).

2. Our Group runs its own training centre and schemes. Therefore it is up to us to organise our own schemes (61.26-100A).
3. I would like to see more publicity given to our trade in order to attract more young people. Perhaps the I.T.B. could help in this, or else give more encouragement to individual firms to advertise and promote the trade (51.26-100 - not prepared to pay more).
4. Move away from the stereotype records on Training meantime required but which do not suit the organisation requirements of every firm (44.26-100N - not prepared to pay more).
5. By contacting the small firm and trying to understand their particular problem, especially when it means sending key personnel away (28b.26-100A - prepared to pay more).
6. Abolition of the Board (39b 11-25I).
7. The best service which the I.T.B. could offer would be to allow each management to develop its own training and not be involved with this complicated levy expense and consequent employment of unnecessary I.T.B. Officers (14b 26-100J).
8. Any service which showed a profit (19b 26-100N - prepared to pay more).
9. Regular I.F.C. exercises to pinpoint strengths and weaknesses and education in use and interpretation of management ratios (46b 26-100P - prepared to pay more).
10. Training arrangements should be wholly delegated to Local Group Training Associations. Members could then have direct control over the scope and direction of the local training requirements. The I.T.B. should then merely function to co-ordinate the operations of the local associations (24b 101-250S - prepared to pay more).
11. The cutting of existing grants and the elimination of grants for certain management training are currently proposed by our I.T.B. This is a retrograde step (25b 101-250U - not prepared to pay more).

Key to information in bracket. Order is number of firm in sample, size-band of firm, letter indicating Industry - i.e. Board.

they were when asked in Question 21 for suggestions concerning what improvements in I.T.B. service they would like to see. This is probably because it is easier to be critical than constructive, and there were less constraints imposed in the invitation to further comment.

Further comment was offered by 48 firms and some firms covered more than one topic. In consequence, all comment was analysed and assembled under common headings. The complete comments, appropriately analysed, are given in Insert VII.24. The common headings under which comments fell are as follows; their incidence being as shown in brackets.

1. Excessive administration and paper-work (11)
2. External training facilities sufficient without I.T.B. (6)
3. Irrelevant to needs of specialised sections of Industries (5)
4. Levy/Grant complaints (4)
5. Further activities proposed for I.T.B's (3)
6. I.T.B's should be discontinued (3)
7. Appreciation of I.T.B. service (2)
8. Advisory service needed (2)
9. Training would proceed irrespective of I.T.B's (2)
10. No time for training (2)
11. Training unnecessary (2)
12. Abuse of Levy/Grant schemes (2)

In addition, there were 9 other miscellaneous individual comments.

The comments - mostly critical, some hostile, a few constructive and a few appreciative of the services given by the I.T.B's - provide a fairly representative cross-section of what one hears in conversation

Further comment supplied by the firms at the completion of the questionnaire.

I. ADMINISTRATION AND PAPER-WORK

1. Training is the responsibility of each firm in its own way without being organised by an expensive collection of bright boys from Head Office of the Training Board. At first, we were enthusiastic supporters of the I.T.B. but quickly got sickened by the form filling and rules and regulations, and now pay our levy and just consider it an extra overhead (63 107-250A).
2. In our particular case, too much time is spent in operating the administrative machinery for making claims, reading circulars, etc., which time could be better spent in genuine training (22b 26-100C).
3. We have to advise that the help given by the I.T.B. Advisers is most helpful, but one always seems to be concentrating on the paper-work with a view to obtaining maximum grant, and this we feel should not be the object of the exercise (18 101-250N).
4. Our company is training orientated and would prefer to completely control all its own training without interference from any I.T.B., regardless of the amount of levy or grant involved. Our training is no different from prior to the Act, but now a considerable amount of time has to be wasted in documentation (13 101-250D).
5. This company has had adequate training facilities for many years. The formalised recording required by the I.T.B. has caused us considerable increase in administrative costs with only a slight increase on the amount of training already undertaken (37b 250+N).
6. The time necessary to prepare claims is out of all preparation. We - like most smaller firms - find that in-works operator training at present is a farce, we have to pretend to do it in order to recoup our levy.

The management training obtained was valuable - but could equally well have been obtained from some private training organisation. More could be said on the subject (8b.26-100O).

7. Reference Question 4. The I.T.B. Grant Claim Form for the Training year 1969/70 was returned to them endorsed across the front page (as follows)

"No claim. Our chaps have done plenty of courses - but this paperwork is too much for me We'll pay your levy, but we cannot afford to waste time answering analytical questions. NO CLAIM - we earn more from export than by making claims on this Government (26b 101-250G).

8. No doubt for larger firms the I.T.B. has proved to be a successful and useful exercise. However, in our particular instance, I found the time needed to do all the necessary paperwork was taking far too much time and the running of the firm was suffering as a result of this. In small firms such as ours, one tends to know all the staff personally and in the case of 90% of the staff their wives, parents and children are also known. Also who is likely to gain promotion and who will never leave the shop floor, without having to consult a filing system for a personnel record. Should we expand our labour force or have a large turnover of labour then I would find the I.T.B. system not only useful but necessary (7b 26-100N).
9. These Boards subsidise the larger combines at the expense of the small companies who have neither the time nor the resources to complete returns (or who do not feel disposed to file bogus trainers' reports). They maintain an army of unproductive civil servants which mainly increases retail prices (39b 11-25I).
10. 'No' to Question 19 does not mean that we think that we are perfect! Our Board consists of: and myself, a manufacturer. We have more expertise available within the Company - entrepreneurial, financial, managerial and practical - than, I venture to say, any training board in existence. That apart, to complete the plethora of forms, many of puerile concept, such as a signed certificate that each new employee has been shown the lavatory, costs more than the levy (3.101-250N).
11. In our type of business, 90% of training is on-the-job training and must be, because of the nature of the work. The remainder is covered adequately by day-release at the technical college. I consider the Training Board to be an imposition, a parasite organisation secure in the knowledge of government backing. Their levy is a form of legalised robbery and their help and advice is useless. An enormous amount of time and effort is wasted in preparing pages and pages of returns, presumably to prop up and enlarge 'the Empire'.

If our profit margin could stand it we would pay the levy and wash our hands of the shocking business of preparing sheets and sheets of trivia (52b 26-100S).

II. EXTERNAL TRAINING FACILITIES SUFFICIENT

1. There are courses run by Management Consultants, Technical Colleges, major industrial companies and profit-making bodies who specialise in management courses. Our executives and staff have attended these over a number of years and they are more pertinent than the specialist service offered by the Training Board. Any cost-saving to off-set the expense is always appreciated (37b 11-25P).

2. It is felt that artificial constraints imposed by the present I.T.B. structure are wasteful in time and effort. Responsible management has access to external training agencies as required, without this form of surveillance (9b 101-250N).
3. To implement a comprehensive training programme we utilised the services of a firm of consultants. We found that a small firm such as ours needed this kind of outside help in obtaining full value from the opportunity offered (25b 101-25U).
4. We have no use for our I.T.B. as it will not pay grants in respect of operator on-the-job training - we now pay our levy as a form of additional Corporation Tax.

So far as management training is concerned, there are plenty of independently organised courses for which we are very happy to pay the fee required, so here again the I.T.B. is irrelevant. Overall we have a low labour-turnover rate and our productivity per employee has risen steadily for the past few years and we make a profit - no thanks at all to the I.T.B. (41.101-250U).

5. Adequate training and advice has already been available, prior to the foundation of the I.T.B., from Technical Colleges and other sources (34b 101-250G).
6. The Training Board, as structured at present, is unsuitable for helping smaller firms. We would derive greater benefit from being able to send selected personnel to established educational establishments (e.g. technical colleges) for specialised training we are unable to provide in our own organisation - e.g., certain aspects of engineering, cost accounting, production planning etc. (5.101-250L).

III. SPECIALISED SECTIONS OF INDUSTRIES

1. We are a specialist company. No outside organisation is likely to be able to teach us anything new about our function in industry which we serve. Individuals could have their management skills improved by outside agencies. We should prefer to pay for such as might be useful from time to time, and have none of the palaver of levy, grant, bogus job specifications and formal training periods which are nonsense and unworkable in a small specialist business (60.26-100H).
2. The I.T.B. does not cover the specialist process carried out. Any type of labour can be used provided that experienced engineers are employed. These cannot be trained off the job. The company was told that it had to belong to an I.T.B. and was not allowed to opt out (47.26-100R).
3. Our business is wide-ranged and contains such complications and ramifications that we have to train 'on the job', thereby accumulating knowledge by experience plus some years of patience and fortitude

within the Company from Directors and executives - so much so that it renders 'outside assistance' of little value except in case perhaps of professional accounting (18b 26-100I).

4. In our case, this levy is an absolute waste of our resources and an utter injustice as ours is an isolated unique industry and we must train our men in our own way (42.26-100C).
5. The Boards should be relevant to the industries they cover. As Merchants, we are subsidising the powerful companies (45.26-100F).

IV. LEVY/GRANT

1. From now on we shall not qualify for any training grants as we have no Training Instructor (in our opinion, we do not consider this necessary). This will mean paying a levy of £2/300 per annum based on the levy for which we shall derive no benefit at all. There is also the possibility of the levy being increased as the staff of the Board increases (35.26-100T).
2. In answer to Question 22, we already have great difficulty in benefitting from the levy we pay because of unskilled labour being excluded from any grant and a low turnover of labour which does qualify. Why should we have to pay extra for something which could benefit us? (6.26-100T).
3. The levy/grant system and the bureaucratic/academic attitudes, which are the main features of the present system, should be eliminated (45.26-100F).
4. We feel the levy is a tax and the I.T.B. just another tax collector (49b.26-100D).

V. FUTURE ACTIVITIES OF I.T.B.'s

1. A small staff employed by a Training Board to consult and check with Industry about Training would be a cheaper, and certainly as efficient, training as at present (27.16-100S).
2. Liaison with the Industry Research Association, which has been in existence for years, could enable the I.T.B. to bring some expertise to bear on its problems, and might well show a vast improvement on the services offered by both organisations. An integrated and practically experienced service of this sort could be brought in for specific purposes - e.g., at national level to improve quality throughout the Country. At the level of individual firms to organise a costing system. There are a multitude of such tasks which the service could be expected to do for a tenth of the price charged by industrial consultants, whose activities are even more dubious than those of the Training Boards (19b.26-100N).

3. Could it be the role of I.T.B's to help in the rationalisation of industrial structure - much needed in this Industry? If so, it would need the active participation of top management. Many top managers still do not know enough about the I.T.B's and regard it as another form of taxation and leave all the details to their staff - poor communications from I.T.B's (51b 26-100H).

VI. I.T.B's SHOULD BE DISCONTINUED

1. The I.T.B. now seems to be reaching the large civil service department stage - far too much paper; rigidity, pompous statements - too established and too secure. Time to scrap it and run a similar body on a voluntary basis. The seeds have been sown and thinking people in industry now see the value of training (51b 26-100H).
2. A great saving in expense is possible if I.T.B's wound up and a statutory level of training imposed as a legal company requirement (26 26-100T).
3. We feel that the I.T.B. is completely unnecessary, irrelevant, unfair and should be discontinued (14b.26-100J).

VII. APPRECIATION OF I.T.B. SERVICE

1. Being a small concern (just expanding by 50%) the Training Grant has proved useful and the method of training an improvement. Whilst not wishing to pay increased levy we feel the service offered is quite reasonable and hope that it will develop with the years (25 101-250D).
2. We have just acquired this old, very traditional, business and are currently developing a new style of management. This requires management development, and a significant input of training. In this task, we have found the I.T.B. very willing to help with advice (54b.250+R).

VIII. ADVISORY SERVICE

1. Training Boards would be most efficiently employed in providing an Advisory Service and in endeavouring to ensure that the right type of training facilities are available (45.26-100F).
2. Further to Question 22, we feel that this additional cost (of extra advisers) could be covered by a re-allocation of the Boards resources (11-250+D).

IX. TRAINING IRRESPECTIVE OF I.T.B's

1. I.T.B. levies are further costs which a smaller firm can ill afford. Unless we train our future operatives a Company would not exist and therefore, as far as we are concerned, I.T.B. or not, training will take place here as and when necessary (24b 101-250A).
2. The I.T.B. is a waste of manpower and time and money. Any competitive firm must arrange their own training to suit their own needs (57b 26-100G).

X. NO TIME FOR TRAINING

1. Management of most small firms simply has not the time for extra-mural studies (26.101-250G).
2. The past attitude of pious and elephantine advice, which is delivered and laid on the backs of managers who are trying to keep the business going is at last - thank goodness - dying away. In our own particular context, we are pulling this company out of a financial mess and the few senior people not only cannot find the time to direct the training themselves, but they cannot at this point of time be allocated time for training, vital as it may be (44b 100-250H).

XI. TRAINING UNNECESSARY

1. In my opinion, the whole system of apprentice training sponsored by the I.T.B. is unsuitable for the smaller company which, also, does not require management training (2b 101-250U).
2. Shortage of capital hampers our development. Since this scheme started our sales have diminished considerably, this making the need for more training unnecessary (35b 26-100K).

XII. ABUSE OF LEVY/GRANT SCHEMES

1. I consider that the I.T.B. Levy and Grant system is so much abused that the whole system should be scrapped. Training Officers main function in the majority of companies is maximising the grant irrespective of the results. Small companies are most badly hit as a result, as they cannot afford to pay specialists for this job (34b 101-250G).
2. The I.T.B. seems to be an extension of Bureaucracy to a degree of complete 'head in the sand' attitude which takes no account of the obvious fiddles which are perpetrated in the name of training (48 26-100A).

XIII. MISCELLANEOUS COMMENT

1. The idea of a system and standards of training is good and should be continued. Assistance to the Manufacturer should be improved and the cost reduced (1.101-250G).
2. Very much better help since we joined a Group Training Scheme two years ago and most of the help has come from the Training Officer (58.26-100L).
3. We feel that training, particularly Operator/Craft training, could be dealt with by industry without having a Training Board looking over our shoulder (27.16-100S).
4. Too much time is spent on 'appreciation of various subjects with too little on constructive teaching or training including practical case studies (36b 250+B).
5. The Company welcomes any advice from educationalists which produces better results (16b.101-250S).
6. As I.T.B. is a Compulsory Regulation, we work along with them in the best possible way (24b 101-250A).
7. The I.T.B. is a complete waste of money to the small firm. Their staff are of poor quality and do not understand your problems, and do not provide any material help whatsoever (15b 26-100S).
8. In our case, the Board has a particularly good adviser, but the Field Officer in our district lacked knowledge of the trade (11b.11-25P).
9. We were in scope with the (X) I.T.B. until December 1969, since when we have been in scope with the (Y) I.T.B. regretfully (27.26-100S).

with chief executives of small firms. The most widespread complaint was the great amount of administration and paper-work which the Levy/Grant schemes imposed upon the small firms.

I. CONCLUSIONS

1. Most small firms do not consider that the guidance and advice that they are receiving from their respective Boards is helping them to improve their financial performance, and the majority would like to opt out of scope if they were free to do so.
2. This image which the small firms hold of the Boards is only likely to be improved at the level of personal contact, by experienced Field Staff giving managers diagnostic assistance in the actual work situation, and subsequent help as needed to implement the advice.
3. The above on-the-job coaching and assistance should be supported by the availability of courses relevant to the needs of managers of small firms.
4. Every effort should be made by the Boards to reduce their administrative and paper-work demands upon small firms to an absolute minimum.

(This would inevitably necessitate a devolution by the Boards of certain decision-processes to field staff, with the introduction of the necessary internal management controls to permit of this.)

5. The views of the firms suggest that it would be better to divert some of the funds, at present utilised in the provision of grants to small firms, to reinforce and extend field service. (For example, if the 73 firms in the study which each, on average,

received £854 grant last year had received instead, say, £654 grant and five days' practical assistance during the year from experienced field officers, it is considered that more firms would have felt that the advice and guidance provided by their respective Boards had helped them to improve the firm's performance, and correspondingly less would have signified a desire to opt out of scope of the Board.)

6. Lastly, but not of least importance if Boards are to direct their efforts in those directions which will most improve their image, it is worth their reflecting on the significance of the pattern of the following replies received from the firms which replied to the questionnaire:

57 firms found the I.T.B. literature helpful

45 firms considered the visits of I.T.B. Advisers
worthwhile

20 firms considered the guidance and advice of the

I.T.B. helped to improve the financial performance of
the firm.

16 firms thought that the help was worth the net cost
to the firm

and 20 firms, given free choice, would remain in I.T.B. scope.

It suggests that, if they wish to increase the number of firms who, of their own free-will, would remain in scope, the Boards need to concentrate on those services which are most likely to be seen by the firms to improve their performance, measured in financial terms.

In the next chapter, we will consider the management-training needs of small firms, and the methods by which these needs can be fulfilled, prior to a review - in the light of their consideration at a meeting with Board representatives - of the findings and conclusions drawn from the replies to the questionnaires to Boards and chief executives of small firms respectively.

VIII. THE MANAGEMENT-TRAINING NEEDS OF SMALL BUSINESSES

For well over a decade, a great deal of attention has been paid by the more progressive of the larger firms to their management-training needs, and a number of them have made a significant contribution to the development of those techniques which have proved extremely useful tools to management in improving corporate performance.

Because of the scale of activities of such firms, many of these techniques are operated by specialists, within departmental confines, who rarely have an opportunity to become familiar with the total operating situation or have to face the problem of diminishing returns from too intensive an application of a technique within the scale of activities of the business. In such circumstances, skill in the use of the technique itself is often developed to a much greater extent than is the ability to judge the degree to which, in widely-differing circumstances, the application of the technique would be economically tenable, and how best it should be fashioned to meet each of these widely varying needs.

Since, as was inevitable, most management-training specialists and teachers of management subjects have gained much of their practical experience within larger firms, it would not be surprising if many tended automatically to assume that the training needs of managers of small firms were in the development of their knowledge and skills in the various recognised management techniques, in the manner and to the degree practised with advantage by management and its functional specialists in the larger firms. There appears some evidence that this has happened, in view of the fact that many owner-managers and chief executives of small firms have complained that external courses available to them were not relevant to their needs in the running of their small businesses.

Following his appointment as Director of the Small Business Centre of the University of Aston in Birmingham, the writer came to the conclusion that any courses, if they were to be of value to the owner-managers and chief executives of small businesses, must be relevant to their own specific needs for the more effective running of their businesses, and they must also be recognised by the managers themselves to be so.

In the process of running courses, it was also found that many managers gained little or nothing which changed their attitudes or approach to problems, merely from listening to an explanation of abstract principles. Most of them needed concrete examples of the application of these principles related to their own work situations and taken from their own particular industries, if they were going to be stimulated sufficiently to attempt to apply the newly-acquired knowledge within their own firms.

The writer therefore decided that, before one could be sure that one was actually catering for the management-training needs of small firms, it would be necessary to proceed by means of the following steps:

1. Define what we mean by the term 'the management-training needs' with respect to small firms.
2. Determine how we would diagnose these needs.
3. Carry out a programme for diagnosing the needs.
4. Determine how these needs could best be fulfilled.
5. Disseminate our findings and also play our part in the fulfilling of these needs.
6. Evaluate, validate and follow-up suitable programmes.

A. DEFINITION OF MANAGEMENT-TRAINING NEEDS

Management-training within a company is a means to an end, and not an end in itself. Its purpose as far as the company is concerned

is to effect an improvement in its performance; this being measured in terms of profitability and growth of the enterprise.

Thus, one may define the management-training needs of a company as those changes in attitudes, knowledge, skills and practices of its management which would result in improvement of the company's overall performance.

B. THE DIFFERENCE BETWEEN MANAGEMENT TRAINING AND MANAGEMENT DEVELOPMENT

Management development is an objective, whereas management training is not an objective, but a facility towards the objective of developing managers. It would not be precisely correct to say that management training is a means to management development, because it is possible to provide training in one of the management techniques without the person developing at all as a manager, or in the art of management. It will depend upon what happens within the person himself when he imbibes the knowledge involved in the technique, and on its consequent effect upon his attitudes and perception with respect to the total situation of his firm, whether or not he develops as a manager, or only learns a technique of use to management without it in any way changing his insight or approach to the problems of his firm.

C. ESTABLISHING THE CRITERIA FOR IDENTIFYING THE DEVELOPMENT - AND CONSEQUENT MANAGEMENT TRAINING - NEEDS OF SMALL FIRMS

A great deal of thought and attention has been given to the identification of the attitudes, knowledge, skills and practices required of the management team in larger companies to facilitate their high overall

performance, and any shortcomings of the team from these criteria are deduced to be the management-training and development needs.

Such effort has not yet been expended with respect to similar identification in the small firms, in which the chief executive often plays a dominant role in functional, as well as general, management, and in which the economic scale of activities is very different from that of the large firm. It therefore follows that, to identify the management-training needs of smaller firms, one has first to determine what attitudes, knowledge, skills and practices of the management team are most likely to yield a high performance. Having established these criteria, one can assess, in the actual work situation, the shortcomings of the managers of the individual small firm and, therefrom, their individual and overall training needs.

In early 1968, prior to the start of this study, the writer therefore decided that the Centre should, as opportunity permitted, gather the necessary data from which to establish the criteria which had to be satisfied if the management team of a small firm were to ensure a high company performance.

The first step in this process needed to be in the form of one or more surveys of a significant number of small firms, to establish what correlation, if any, existed between the level of performance (measured in profitability, or added value per employee) and the knowledge and skills which their managers displayed in the running of their firms. To minimise variables, it was decided that each survey should preferably be carried out within one industry, and the writer designed a check-list to facilitate such investigation.

The first opportunity which presented itself to gather such information occurred when the Carpet Industry Training Board commissioned the Centre to undertake on its behalf a survey of the smaller companies (less than 100 employees) in the Carpet Industry, for the purpose of identifying the kinds of training generally needed at management, supervisory and operator levels. The sample consisted of 19 firms. This was followed a few months later by a pilot survey commissioned by the Knitting, Lace and Net Industry Training Board. The Board asked the Centre to carry out a pilot investigation in depth into a sample of fifteen smaller companies (less than 100 employees) covering the principal different activities within its scope. The purpose of the pilot investigation was to give guide lines for the construction of a questionnaire which could be applied to a wider sample by the Board's field staff. The aims of the survey were to investigate a) the training problems of smaller firms, b) the constraints which prevented smaller firms from taking action in the training field and c) the training techniques and methods most appropriate to smaller firms.

The Carpet I.T.B. survey and the Knitting Lace and Net I.T.B. survey are briefly outlined, together with their findings in Appendix VI.1 and Appendix VI.3 respectively, of Chapter VI. At this point, we will consider each of them only within the context of the information which the findings afford us regarding the criteria upon which to base the management-training needs of smaller firms..

1. Information from the Carpet I.T.B. survey.

The field work of this survey was carried out during the period March to December 1969 by W.H. Perry, on behalf of the Centre, whom it was decided by the writer should make a subjective assessment of the knowledge and use made by the firms of the techniques available to management in five areas (financial, costing, budgetary control, production control, and labour control). They were assessed as strong (S) if they had sufficient knowledge in the area and made good use of it, as average (A) if they had some knowledge and made some use of it, and as weak (W) when they had no knowledge or made little use of the knowledge which they possessed.

It was also decided to assess performance objectively in terms of return on capital or, if that was not readily available or the firm was unwilling to provide it, by added value per employee where this figure was made available to us.

During the survey, no difficulty was encountered in assessing the knowledge and use made by the firms of the techniques available to management in the five areas under observation, but some firms were not willing to divulge all the financial information necessary to determine the key ratios of both return on capital and added value per employee.

In consequence of the limited amount of financial information made available by the firms, it was not possible to rank the firms

exclusively in descending order of return on capital. It was, however, possible to effect a compromise by also taking into account the added value per employee. The table so constructed is shown in Insert VIII.1. The sample was too small to have any general validity. Nevertheless, as will be seen from the table, the findings did suggest the possibility of some correlation between performance and the knowledge and use made by the firm of recognised techniques available to management.

It was therefore decided that the investigations should continue when the next opportunity presented itself and that, in the next study, we would concentrate on added value per employee (Total Net Sales less Material Costs, divided by total number of employees) instead of return on capital, since the latter could be greatly affected by policy decisions concerning depreciation, the valuation of assets, and the treatment of certain areas of capital and revenue expenditure. This opportunity occurred a few months later, through the good offices of the Knitting, Lace and Net I.T.B.

2. Information from the Knitting, Lace and Net I.T.B. Survey

a. From the Pilot Survey

This survey, which covered 15 companies selected by the Board, was carried out by the Small Business Centre in April and May 1970; the investigators being W.H. Perry and R.A. Hutton. The approach again was that the purpose of training is to assist a firm to attain its potential, and that the training needs would be reflected in the practices and

Survey of Training Needs of a Sample of Small Firms in the Carpet Industry
(Sponsored by the Carpet I.T.B.)

Insert VIII.1
Sheet 1

1 Company	2 Return on Sales %	3 Return on Capital %	4 Added Value per Employee £, 000	Knowledge and use of Techniques of Management				
				5 Financial	6 Costing	7 Budgetary	8 Production Control	9 Labour Control
A	17	62	2.3	S	S	S	S	S
B	over 10	over 30	1.8	S	S	S	W	S
C	10	31	2.0	S	S	S	S	S
D	12	30	2.8	A	A	W	W	W
E	11	22	2.9	S	S	W	A	A
F	6	20	1.8	A	W	W	A	A
G	N.A.	N.A.	3.1	A	A	A	A	W
H*	N.A.	N.A.	over 3	A	A	W	S	S
I	N.A.	N.A.	2.5	A	A	W	A	A
J*	N.A.	N.A.	2.1	S	S	S	S	S
K	Nil	Nil	1.7	A	A	W	A	A
L	0.2	5	1.6	A	A	W	A	A
M	Nil	Nil	1.6	W	W	W	A	A
N*	N.A.	N.A.	1.5	S	A	W	A	S
O	Nil	Nil	1.5	W	W	W	W	W
P	N.A.	N.A.	N.A.	A	A	W	A	A
Q	Nil	Nil	N.A.	W	W	W	A	W
R	N.A.	N.A.	N.A.	W	S	A	A	S

See Notes on Sheet 2

Notes:

1. *

Companies J, H, N had been formed or re-organised recently.
Results in future years would probably warrant higher positions.

2.

Code used in last 5 columns:-

S - Strong.

A - Average.

W - Weak.

Make good use of knowledge.

Some knowledge and some use made.

No knowledge or little use made.

procedures which had been adopted; the measure of success being the profitability and growth record of the firm.

The information was obtained in a similar way to that employed during the Carpet Industry survey. The writer decided, however, to concentrate most on added value per employee, for the measurement of performance, rather than on return on capital or return on sales (although these ratios would still be obtained) since sales turnover, material costs, and number of employees could be obtained with much greater reliability than net profit or capital employed.

In this investigation, the number of areas in which an assessment was made by the investigator of the knowledge and use made by the firms of the techniques available to management were increased to thirteen, and were as follows:

- a. Vital to current needs
 - i) Financial control
 - ii) Cost control
 - iii) Technical aspects
 - iv) Stock control
 - v) Marketing
- b. Other aspects
 - i) Production control
 - ii) Budgetary control
 - iii) Labour control information
 - iv) Job descriptions
 - v) Method study and layout
 - vi) Work measurement

c. Future needs

- i) Forward plans
- ii) Succession plans.

As in the case of the Carpet Industry survey, composite assessment of the firms' knowledge and use of each of the above constituent management techniques or practices was simply S for strong, F for fair and W for weak.

When the field-work was completed, the firms were then ranked in descending order of added value per employee (two, however, having to be omitted because they were units of larger concerns and their selling prices were not 'arm's length' - i.e. determined on the open market) and the management strengths' assessment was entered. This stage is shown in Table 1 of Insert VIII.2.

It was then decided to give some simple weighting to the assessment, 1 point being allowed for strong, $\frac{1}{2}$ point for fair, and 0 for weak.

Table 2 of Insert VIII.2 was then constructed to compare the differences between the upper and lower half of the performance ranking, the median-ranked firm (G) being left out for this purpose.

Survey of Activities of a Sample of Small Firms in the Knitting, Lace and Net Industry

(Sponsored by the Knitting, Lace and Net I.T.B.)

Insert VIII.2
Table 1

ANALYSIS OF MANAGERIAL STRENGTHS AND WEAKNESSES - TABLE 1

COMPANY	£000 ADDED VALUE PER EMPLOYEE	VITAL TO CURRENT NEEDS								FUTURE NEEDS			OTHER ASPECTS						NUMBER OF TOP MANAGERS
		FINANCIAL CONTROL	COST CONTROL	TECHNICAL ASPECTS	STOCK CONTROL	MARKETING		FORWARD PLANS	SUCCESSION PLANS		PRODUCTION CONTROL	BUDGETARY CONTROL	LABOUR CONTROL	INFORMATION	JOB DESCRIPTIONS	METHOD STUDY AND LAYOUT	WORK MEASUREMENT		
A	5.3	S	S	S	S	S		S	F		S	S	S	S	W	F	S		6
B	3.6	S	F	S	S	F		S	S		F	F	S	S	W	F	W		2
C	3.5	S	S	W	S	W		S	S		F	S	F	F	W	S	W		2
D	3.1	S	S	S	F	S		W	W		F	F	W	F	F	S	W		3
E	2.9	W	F	S	F	W		W	F		F	W	F	F	W	F	W		3
F	2.5	S	S	S	S	S		S	S		S	S	S	S	F	F	S		3
G	2.0	W	W	F	F	S		W	W		W	W	W	W	W	F	W		1
H	1.9	F	F	S	S	F		W	W		W	S	W	W	W	W	W		2
I	1.4	F	F	S	S	S		S	N.A.		S	F	W	W	W	F	S		2
J	1.2	W	W	W	W	S		W	W		W	W	W	W	W	F	W		1
K	1.1	S	S	S	S	S		F	F		F	F	F	F	W	S	W		3
L	1.0	W	W	S	W	W		W	W		W	W	W	W	W	W	W		2
M	0.9	W	W	S	F	W		W	W		F	W	F	F	W	F	F		1

ANALYSIS OF MANAGERIAL STRENGTHS AND WEAKNESSES - TABLE 2

Insert VIII.2

Table 2

COMPANY	VITAL TO CURRENT NEEDS					FUTURE NEEDS					OTHER ASPECTS				
	GRADING			TOTAL SCORE	MAX. POSS. SCORE	GRADING			TOTAL SCORE	MAX. POSS. SCORE	GRADING			TOTAL SCORE	MAX. POSS. SCORE
	S	F	W			S	F	W			S	F	W		
A	5	-	-	5		1	1	-	1½		4	1	1	4½	
B	3	2	-	4		2	-	-	2		1	3	2	2½	
C	3	-	2	3		2	-	-	2		2	2	2	3	
D	4	1	-	4½		-	-	2	0		1	3	2	2½	
E	1	2	2	2		-	1	1	½		-	3	3	1½	
F	5	-	-	5		2	-	-	2		4	2	-	5	
Upper Six Cumulative Total	21	5	4	23½	30	7	2	3	8	12	12	14	10	19	36
% Maximum Possible Score	70%	17%	13%	78%	100%	58%	17%	25%	66%	100%	33%	39%	28%	53%	100%
H	2	3	-	3½		-	-	2	0		1	-	5	1	
I	3	2	-	4		2	-	-	2		2	2	2	3	
J	1	-	4	1		-	-	2	0		-	1	5	½	
K	5	-	-	5		-	2	-	1		1	3	2	2½	
L	1	-	4	1		-	-	2	0		-	-	6	0	
M	1	1	3	1½		-	-	2	0		-	4	2	2	
Lower Six Cumulative Total	13	6	11	16	30	2	2	8	3	12	4	10	22	9	36
% Maximum Possible Score	43%	20%	37%	53%	100%	17%	17%	66%	25%	100%	11%	28%	61%	25%	100%

See Notes on Sheet 3

Notes to Table 2

1. Table 2 has been constructed by dividing the 13 companies for which added value figures are available into two groups of six with the median ranked firm (letter G) being ignored for the present purpose.
2. The strengths and weaknesses for each company have been totalled under each of the three main headings used in Table 1.
3. A score column has been added for each group together with total score columns and lines and a percentage of maximum total score line.
4. The score has been calculated by awarding 1 point for each 'strength' $\frac{1}{2}$ a point for each 'fair' and zero for each weakness.

ANALYSIS OF MANAGERIAL STRENGTHS AND WEAKNESSES - TABLE 3

Insert VIII.2
Table 3

		VITAL TO CURRENT NEEDS						OTHER ASPECTS								FUTURE NEEDS					
RANKING OF FIRM BY ADDED VALUE		FINANCIAL CONTROL	COST CONTROL	TECHNICAL ASPECTS	STOCK CONTROL	MARKETING	TOTAL SCORE	MAX. POSS. SCORE	PRODUCTION CONTROL	BUDGETARY CONTROL	LABOUR CONTROL	INFORMATION	JOB DESCRIPTIONS	METHOD STUDY AND LAYOUT	WORK MEASUREMENT	TOTAL SCORE	MAX. POSS. SCORE	FORWARD PLANS	SUCCESSION PLANS	TOTAL SCORE	MAX. POSS. SCORE
1		1	1	1	1	1	5		1	1	1	0	0	$\frac{1}{2}$	1	$4\frac{1}{2}$		1	$\frac{1}{2}$	$1\frac{1}{2}$	
2		1	$\frac{1}{2}$	1	1	$\frac{1}{2}$	4		$\frac{1}{2}$	$\frac{1}{2}$	1	0	0	$\frac{1}{2}$	0	$2\frac{1}{2}$		1	1	2	
3		1	1	0	1	0	3		$\frac{1}{2}$	1	$\frac{1}{2}$	0	0	1	0	3		1	1	2	
Score		3	$2\frac{1}{2}$	2	3	$1\frac{1}{2}$	12	15	2	$2\frac{1}{2}$	$2\frac{1}{2}$	0	0	2	1	10	18	3	$2\frac{1}{2}$	$5\frac{1}{2}$	6
% Score							80%	100%								55%	100%			92%	100%
4		1	1	1	$\frac{1}{2}$	1	$4\frac{1}{2}$		$\frac{1}{2}$	$\frac{1}{2}$	0	$\frac{1}{2}$	$\frac{1}{2}$	1	0	$2\frac{1}{2}$		0	$\frac{1}{2}$	0	
5		0	$\frac{1}{2}$	1	$\frac{1}{2}$	0	2		$\frac{1}{2}$	0	1	0	0	$\frac{1}{2}$	0	$1\frac{1}{2}$		0	1	2	
6		1	1	1	1	1	5		1	1	1	0	0	$\frac{1}{2}$	1	5		1	0	0	
7		0	0	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	2		0	0	0	0	0	0	0	$1\frac{1}{2}$		0	0	0	
8		$\frac{1}{2}$	$\frac{1}{2}$	1	1	$\frac{1}{2}$	$3\frac{1}{2}$		1	1	$\frac{1}{2}$	0	0	0	1	3		0	0	$1\frac{1}{2}$	
9		$\frac{1}{2}$	$\frac{1}{2}$	1	1	1	4		1	$\frac{1}{2}$	0	0	0	$\frac{1}{2}$	1	3		1	$\frac{1}{2}$	0	
10		0	0	0	0	1	1		0	0	0	0	0	$\frac{1}{2}$	0	$1\frac{1}{2}$		0	0	0	
Score		3	$3\frac{1}{2}$	$5\frac{1}{2}$	$4\frac{1}{2}$	$5\frac{1}{2}$	22	35	3	3	$1\frac{1}{2}$	$1\frac{1}{2}$	1	$3\frac{1}{2}$	2	14	49	2	2	4	14
% Score							63%	100%								29%	100%			29%	100%
11		1	1	1	1	1	5		$\frac{1}{2}$	$\frac{1}{2}$	0	$\frac{1}{2}$	0	1	0	$2\frac{1}{2}$		$\frac{1}{2}$	$\frac{1}{2}$	1	
12		0	0	1	0	0	1		0	0	0	0	0	0	0	0		0	0	0	
13		0	0	1	$\frac{1}{2}$	0	$1\frac{1}{2}$		$\frac{1}{2}$	0	0	0	0	$\frac{1}{2}$	$\frac{1}{2}$	2		0	0	0	
Score		1	1	3	$1\frac{1}{2}$	1	$7\frac{1}{2}$	15	1	$\frac{1}{2}$	$\frac{1}{2}$	1	0	$1\frac{1}{2}$	$\frac{1}{2}$	$4\frac{1}{2}$	21	$\frac{1}{2}$	$\frac{1}{2}$	1	6
% Score							50%	100%								22%	100%			17%	100%

It will be seen that the scorings, in terms of percentage of maximum possible, were as follows:

Areas	Upper half	Lower half
Vital to current needs	78%	53%
Future needs	66%	25%
Other aspects	53%	25%

Table 3 of Insert VIII.2 was then constructed for the top and bottom quartiles of the ranking. From this it will be seen that the scorings were

Areas	Upper Quartile	Lower Quartile
Vital to current needs	80%	50%
Future needs	92%	17%
Other Aspects	55%	22%

An interesting new finding from this small sample and study is the indication that performance of the firm is more sensitive to the attention given to future needs than to any other areas. This would support the hypothesis postulated that the chief executive will have his most beneficial impact upon the firm when he gives as much time as possible to forward planning - i.e., assessing future opportunities and risks of the markets available to the company, and endeavouring so to steer the company that it takes as much advantage as possible of the opportunities offered by the market and leaves itself exposed as little as possible to the risks.

b. From the wider survey undertaken by the Board's Field Training Advisers

The wider survey was carried out during August and September 1970 and embraced 53 out of 118 firms which the Board invited to participate. It was undertaken by the Board's Field Training Advisers, each of whom attended a briefing session given by the Small Business Centre. In addition, they received some instruction from the Board's Finance Officer, prior to visiting the firms, in the interpretation of company balance sheets. From Appendix VI.4, Addendum 2, Chapter VI, it will be seen that the Field Training Advisers' assessment of the use made by the firms in nine of the main areas of management activity, was as below for the upper and lower quartiles of performance ranking:

Area	Use	
	Ave. % Score	
	Upper	Lower
Financial Control	58	45
Cost Control	70	50
Budgetary Control	56	15
Marketing	50	20
Production Control	49	42
Stock Control	50	36
Labour Control	59	50
Technical Products	85	68
Production Methods	83	45

The above supports the findings of the Small Business Centre and, as further information is obtained by the Centre in the course of surveys of small firms, it will be added to that body of data available for analysis and subsequent testing for statistical validity.

D. DIAGNOSING THE MANAGEMENT TRAINING NEEDS OF INDIVIDUAL FIRMS

The investigations which have been carried out by the Small Business Centre, and those subsequently undertaken by the Field Training Advisers of the Knitting, Lace and Net I.T.B. and based upon a check-list developed by the Centre, lead one to the conclusion that the management team of the smaller firm requires knowledge of, and the skills to use, the same techniques to improve company performance which are employed with advantage by the management teams of larger firms. There are, however, two main differences between the situations which respectively confront the management teams of the large and the small firms.

The first is that, because of the difference in the economic scale of activities, the law of diminishing returns is likely to have a significant effect in the application of a technique much earlier in the small firm than in the large firm. The management team of the smaller firm therefore depends more on its ability to judge to what degree it can economically apply a technique than upon its skill in using the technique to a high degree of penetration or sophistication.

The second difference is that, unlike in the larger firm, where the chief executive is usually economically able to appoint a specialist to whom he can delegate direct responsibility for the application of a technique to the activities of the company, in the smaller company the management team is usually so small that the chief executive himself, perhaps sharing the load with one or two subordinates at most, needs to be equipped with an operating knowledge of a wide gamut of techniques of value to the business. His knowledge therefore has to be in breadth of techniques, but only in sufficient operating depth to meet the economic needs of the firm.

Thus, any person assessing the management training needs of a smaller firm requires to take into account the degree of penetration of a technique which is economically justifiable for the scale of activities which the firm has reached, or plans to reach within the near future, and to assess the shortcomings - and therefore training needs - of individual managers within the firm against these requirements.

These needs will differ considerably from firm to firm. For example, two firms might be of equal size; one having a relatively simple standard product and the other having a fairly wide product mix. The requirements of knowledge and use of marginal costing techniques in the latter case will be considerably greater in the case of the firm with the product mix, and the training needs of its management would be assessed against these greater requirements.

One may therefore summarise by stating that the diagnosis of the management training needs of individual firms has the following

stages

1. A survey of the operations of the firm, with respect to the defined objectives.
2. Assessment of the knowledge and practices required by the management team to attain potential performance and to achieve objectives.
3. Assessment of the strengths and weaknesses of the individual members of the management team with respect to the requirements of 2. above.
4. Determination of what organisational changes should be made to ensure more effective deployment of individual members of the management team to achieve objectives.
5. Following decision on organisational changes, a review of the strengths and weaknesses of individuals against the requirements of 2. and decisions of 4. above.
6. Determine what are the shortcomings of the individual members of the team and, in consequence, their individual training needs.

Whilst this is a subjective process, a remarkable consistency in judgment can be obtained between different highly-trained and experienced investigators, as the Small Business Centre has found in conducting such enquiries. It is extremely doubtful whether a sufficiently reliable assessment would be made by the average chief executive of the smaller business himself, on a 'do-it-yourself' basis with the aid of a check-list or questionnaire, no matter how well the list of questions may have been devised.

E. BASIC MANAGEMENT TRAINING NEEDS OF MANY SMALL FIRMS

By following through the stages enumerated as 1 to 5 in section C above, in the course of undertaking surveys in a wide range of small firms, the staff of the Small Business Centre has found a number of management training needs were common to many of these firms in consequence of two basic shortcomings, viz:

1. Insufficient or ineffective delegation by the chief executive. This results in the chief executive being so pre-occupied with the day-to-day activities of the firm that he devotes little or no time and attention to
 - a. monitoring and improving the efficiency of current operations
 - b. planning for the future - by identifying where the firm's future opportunities lie, and setting objectives and harnessing resources to take advantage of these opportunities.
2. Insufficient skills and knowledge on the part of the chief executive and his management team to introduce or maintain effective, but relatively simple, controls and appropriate management information services, to permit of sound decision making. This might be general, or confined to specific areas of the business.

As we shall see later, the former of these basic shortcomings is frequently the more difficult to rectify - even though it is relatively easy to convince the chief executive of the advantages which could derive to the firm, and to him personally, as a result of greater, or more effective delegation. This is because it usually involves relatively great changes - changes in style of management and in habits, often of long-standing, on the part of the chief executive himself, and

in relationships between him and his subordinates and between the subordinates themselves. The management training to overcome this shortcoming cannot, in general, be provided in any other way than on the job, by a skilled and sympathetic mentor, who is prepared and able to give the necessary coaching to the chief executive and the equally important assistance within the firm in changing attitudes and habits sufficiently to permit the chief executive to achieve his objectives.

In the case of the latter shortcoming - i.e., that of insufficient skills and knowledge on the part of the chief executive and his subordinates to recognise and introduce suitable controls and information services to meet the needs of the firm - much of the training can be carried out off the job and outside the plant, through the medium of relevant courses and seminars. This does, however, require the diagnosis by a sufficiently experienced person as to where the shortcomings actually lie and what courses or seminars are actually relevant to the needs of management to overcome these shortcomings. If the courses or seminars match the needs, the requisite knowledge can be acquired and the skills can subsequently be developed in the course of applying the knowledge to the needs of the firm.

We see from the above, that the management training requirements to overcome these two basic shortcomings differ considerably - in the one case they mainly involve change of attitudes, habits and relationships and in the other they are mainly concerned with the acquisition of knowledge and skills in the application of techniques.

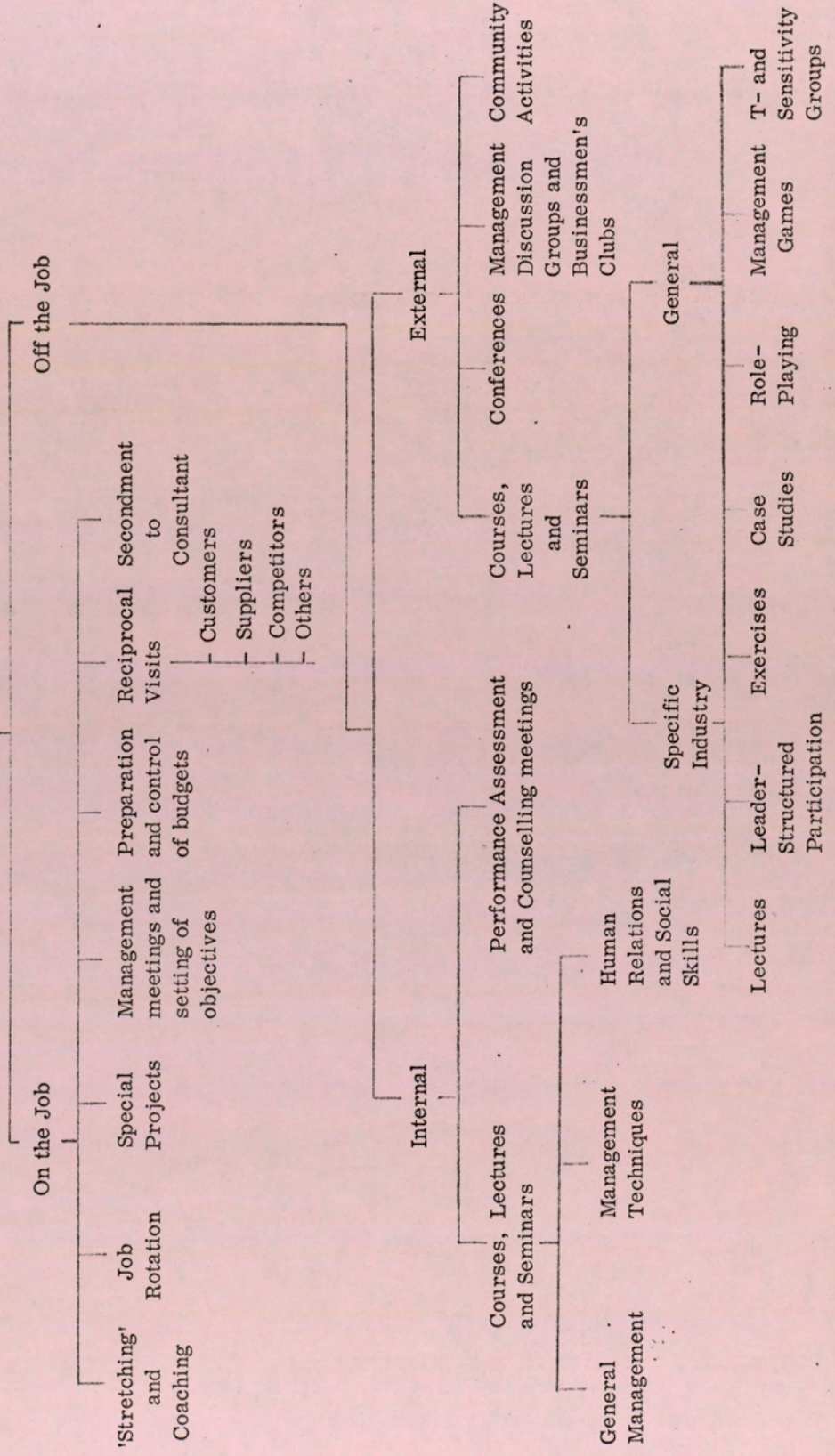
The various methods shown schematically in Insert VIII.3 are suitable for providing training necessary to overcome the basic shortcomings briefly described in paragraph 2 above - i.e., skills in the use of simple management tools essential to the effective control of the firm. The other basic shortcoming - too great an involvement of the chief executive in the day-to-day operations of the firm, at the expense of the firm's future welfare, due to insufficient or ineffective delegation - can only be overcome on the job, and often only with on-the-job coaching and assistance by a person skilled in recognising and implementing the changes needed.

In consequence, before considering the methods shown in Insert VIII.3, we will give thought to the on-the-job training of the chief executive, for the purpose of freeing him from his day-to-day activities sufficiently to enable him to make his proper contribution to improvement of operations and the future development of the firm. Without this being accomplished, he is unlikely to be able to give sufficient attention to satisfying the other management training needs of the firm.

F. ON-THE-JOB TRAINING OF THE OWNER-MANAGER IN DELEGATION

In many small firms, the chief executive controls the firm in a manner which became the practice when it was much smaller, and which at that time may well have been very successful, but which is no longer appropriate if he is to make his proper contribution to the prosperity of the firm. It is not unknown for this to reach the stage where the chief executive - who may well have been a great asset in earlier days - becomes an incubus to growth and profitability.

Methods Available for Management Training and Development



Greater delegation is consequently needed. This, in turn, necessitates organisational changes, with corresponding clearly defined new areas of authority, responsibility and duties of some of the subordinates, if the delegation is to be effective. Furthermore, the changes need to be understood and observed throughout the firm.

The solution, however, is not generally just one of the chief executive intellectually mastering the principles of delegation and organisation - which are disarmingly simple - and how they should be applied in the interests of the firm. It is the considerably more difficult one of the chief executive learning to adjust his style of management, and to recognise, respond to, or change the situational demands of his subordinates, to the extent necessary to achieve his prime objective of increasing his own effectiveness.

The demands which this makes upon the chief executive, and upon his staff, in the small firm can probably be most succinctly explained, as follows, in terms of the conceptual framework of the 3-D Theory developed by ¹Professor W.J. Reddin.

1. The Delegation Problem of Chief Executives of Small Firms, expressed in '3-D Theory' terms

The 3-D Theory is a situational theory which was developed by W.J. Reddin following the work of a number of researchers

1. Management Effectiveness. W.J. Reddin, McGraw-Hill, 1970

(² L. Coch and J. R. P. French Jr: ³ R. C. Anderson: ⁴ J. R. P. French Jr., J. Israel and A. Dagfinn; ⁵ E. A. Fleishman and D. R. Peters: ⁶ G. Duntzman and B. M. Bass: ⁷ S. M. Sales: ⁸ A. K. Korman) into the effectiveness of different management styles.

-
2. Overcoming Resistance to Change. L. Coch and J. R. P. French. Human Relations, Vol. 1, pp512-532, 1947.
 3. Learning in Discussions : A Resumé of the Authoritarian - Democratic Studies. R. C. Anderson. Harvard Educational Review. Vol. 29, pp201-215, 1959.
 4. An Experiment in Participation in a Norwegian Factory. J. R. P. French Jr., J. Israel and A. Dagfinn, Human Relations, vol. 13 pp3-19, 1960.
 5. Interpersonal Values, Leadership Attitudes and Managerial Success. E. A. Fleishman and D. R. Peters. Personnel Psychology, Vol. 15, pp127-143, 1962.
 6. Supervisory and Engineering Success Associated with Self, Interaction and Task Orientation Scores G. Duntzman and B. M. Bass, Personnel Psychology, Vol. 16, pp13-21, 1963.
 7. Supervisory Style and Productivity Review and Theory. S. M. Sales Personnel Psychology, Vol. 19, pp275-285, 1966.
 8. Consideration, Initiating Structure and Organisational Criteria - A Review. A. K. Korman, Personnel Psychology, Vol. 19, pp349-361 Winter 1966.

It had been found that the two main elements in managerial behaviour were concerned with the task to be done and the relationships with other people, and that a manager used these two elements in varying amounts. Reddin developed the concept of four basic styles of managerial behaviour which he labelled as follows:

separated style - low task orientation and low relationships
orientation

dedicated style - high task orientation and low relationships
orientation

related style - high relationships orientation and low task
orientation

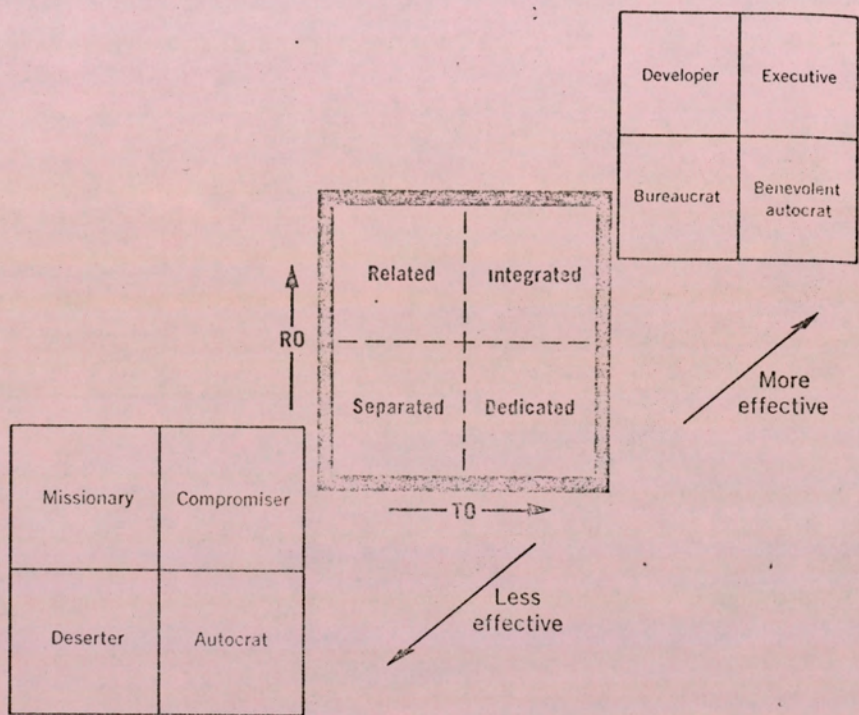
integrated style - high relationships orientation and high task
orientation.

As research had shown that each of these basic styles of behaviour could be effective in some situations and not effective in others, he gave each of these basic styles different labels for when they were being used appropriately and inappropriately respectively - in other words, when they were effective by meeting the situational needs and when they were ineffective. These, he labelled as follows:

<u>Basic Style</u>	<u>When appropriate (effective)</u>	<u>When inappropriate (ineffective)</u>
Separated	Bureaucrat	Deserter
Dedicated	Benevolent Autocrat	Autocrat
Related	Developer	Missionary
Integrated	Executive	Compromiser

Reddin's diagrammatic illustration, and his definition of these terms, are given in Insert VIII.4.

Reddin's Conceptual Framework of
Management Styles



Diagrammatic Illustration

DEFINITION OF MANAGEMENT-STYLE CONCEPTS

Autocrat: A manager who is using a high Task Orientation and a low Relationships Orientation in a situation where such behaviour is inappropriate, and who is, therefore, less effective; perceived as knowing what he wants and how to get it without creating resentment.

Bureaucrat: A manager who is using a low Task Orientation and a low Relationships Orientation in a situation where such behaviour is appropriate and who is, therefore, more effective; perceived as being primarily interested in rules and

procedures for their own sake, as wanting to control the situation by their use, and as conscientious.

Compromiser: A manager who is using a high Task Orientation and a high Relationships Orientation in a situation that requires a high orientation to only one or neither and who is, therefore, less effective; perceived as being a poor decision maker, as one who allows various pressures in the situation to influence him too much, and as avoiding or minimizing immediate pressures and problems rather than maximizing long-term production.

Deserter: A manager who is using a low Task Orientation and a low Relationships Orientation in a situation where such behaviour is inappropriate and who is, therefore, less effective, perceived as uninvolved and passive or negative.

Developer: A manager who is using a high Relationships Orientation and a low Task Orientation in a situation where such behaviour is appropriate and who is, therefore, more effective; perceived as having implicit trust in people and as being primarily concerned with developing them as individuals.

Dominant Style: The basic or managerial style a manager most frequently uses.

Executive: A manager who is using a high Task Orientation and a high Relationships Orientation in a situation where such behaviour is appropriate and who is, therefore, more effective; perceived as a good motivating force and manager who sets high standards, treats everyone somewhat differently, and prefers team management.

Managerial Style: An assessment of the appropriateness and, therefore, effectiveness of a particular basic style in a situation.

Managerial-Style Point (MSP): A point score for Task Orientation, Relationships Orientation, and managerial effectiveness, each scaled from 0 to 4.

Missionary: A manager who is using a high Relationships Orientation and a low Task Orientation in a situation where such behaviour is inappropriate and who is, therefore, less effective; perceived as being primarily interested in harmony.

Overrejected Style: A basic or managerial style a manager uses far less frequently than the average manager.

Supporting Style: The basic or managerial style a manager uses next most frequently after the dominant style.

When a firm is very small, the chief executive is usually found to be using a high Task Orientation and a low Relationship Orientation. He knows what he wants, how he wants things done, makes most or all of the decisions, directly carries out or supervises many of the more responsible day-to-day operations himself, and achieves a measure of success, without creating significant resentment, which would not have been attained without his own direct daily contribution - and he attains this without sacrificing time which should have been directed to the longer-term needs of his business. In terms of the 3-D theory, the chief executive is using the dedicated style in a situation in which it is effective because he attains his best overall performance - his style is therefore that of a Benevolent Autocrat. Furthermore, he generally does not need to show much flexibility in the style of his management to meet the situational needs. He therefore is not called upon to any significant degree to exercise and develop the management skills of style flexibility, to meet various situational needs.

As the firm grows, if the chief executive does not appropriately change his management style, increase his style flex, and change the subordinate situation to the organisational and technological extent necessary, he will in due course become so stretched in contributing in the manner which had been his practice, that he will have insufficient time to give to the longer-term needs of the firm. In these circumstances, his dedicated style leads to ineffective management, because it prevents him from achieving the potential performance of the firm. His style is therefore that of Autocrat.

Many small firms are, to varying degrees, in the above situation.

The requirements to overcome this shortcoming are:

- a. delegation of certain tasks and responsibilities of the chief executive to subordinates.
- b. re-organisation of authority and responsibilities to permit the above.
- c. training of the subordinates in their new duties and regarding new relationships.
- d. adjustment of the management style of the chief executive, and development of his management style flex to meet the varying needs of the situation (usually involving a development of his Relationships Orientation and of his Situational Sensitivity).
- e. last, but not least, the changing of habits, often deep-seated and of long-standing.

In the majority of such firms, the day-to-day load on the chief executive is so great that he has little prospect of effecting the necessary changes without on-the-job coaching, and temporary skilled assistance in implementing the necessary changes, including changes in attitude, of the subordinates with respect to their new relationships with one another and with the chief executive. For example, when subordinates have been directly responsible to the owner-manager for many years (and sometimes to his father before him) they understandably do not take kindly to the idea that they will henceforth 'receive orders from a fellow employee'.

The training necessary for remedying the situation can only be given on the plant, although some of the outside facilities discussed below can contribute, especially courses and seminars, in providing the chief executive and his staff with the facilities for gaining knowledge of the principles and practices of which they have not had the opportunity to obtain within the confines of the firm, and which will be required of them in the new situation which is being developed.

G. METHODS AVAILABLE TO FACILITATE MANAGEMENT TRAINING AND DEVELOPMENT

There are many methods open to a firm to facilitate the development of its present and prospective managers for the purpose of achieving its immediate and longer-term objectives. They are tabulated schematically in Insert VIII.3.

Because of the impracticability of small firms releasing managers, particularly senior managers, for very long periods from their daily tasks, they are unable to avail themselves of those methods necessitating long absence from the plant. For example, it is the experience of the Small Business Centre, and confirmed by that of other bodies which have been involved in the training of managers of small firms, that very few of them will release staff to attend courses of training of more than two or three days' duration. Even allowing for these limitations, the small firm still has a variety of methods open to it for implementation of its management development plan.

From Insert VIII.3, we see that the methods available for management training and development can be classified as follows:

1. On the Job

a. 'Stretching' and Coaching

- b. Job Rotation
- c. Special Projects
- d. Management meetings and setting of objectives
- e. Preparation and Control of Budgets
- f. Reciprocal Visits
 - i) Customers
 - ii) Suppliers
 - iii) Competitors
 - iv) Other Bodies
- g. Secondment to consultant.

H. ON-THE-JOB TRAINING AND DEVELOPMENT

1. 'Stretching' and Coaching

The most effective way to facilitate development of a person is to provide him with a challenging job which just 'stretches' his capabilities, and to measure his performance against an agreed target. In such circumstances he needs guidance and coaching as to how, and in what directions, he could improve his performance. Anyone who has been privileged to undertake such coaching of a subordinate will know what a rewarding and satisfying operation such coaching is.

2. Job Rotation

Job rotation is a method of training often found in 'family' firms. It can be effective providing the person is taught the job properly and not left to fend for himself in the process of mastering it. The Furniture and Timber I.T.B., in its survey of owner-managers and managers of small firms (Report No. II, 'The Managers', 1970) found that 'the most common kind of in-company training for owner-managers was what has been called rotation training'.

3. Special Projects

Assignment to undertake a special project is a very valuable means of development, providing it has the full support of top management and is also of some significance with respect to the firm's objectives. The person undertaking the assignment will only get real value from such a project if he feels that his findings and recommendations are of importance to the firm and will be given proper consideration by top management when he presents

them. Furthermore, he should be given well-defined terms of reference for the project.

4. Management Meetings and Setting of Objectives

Management meetings can prove a complete waste of time or a first-class opportunity for the managers to develop. It depends entirely upon the chief executive which they prove to be. If he chairs the meetings well, and gets each of his subordinates to contribute constructively in the discussions leading to the formulation of objectives and proposals for achieving them, his subordinates will feel fully involved and will be most likely to respond well to any 'stretching' to which they are subsequently submitted. Otherwise, such meetings can prove a waste of time.

5. Preparation and Control of Budgets

Budgetary control also provides a useful method of management development. In too many cases, however, and this applies to large as well as small firms, budgetary control is seen merely as an accounting operation, with the budgets mainly being developed by the accountant and 'imposed' upon operating areas of the company. If the budget is what it should be, a statement in monetary terms of the intent of management for the forthcoming period, the managers directly responsible for the various operating areas of the firm will each be responsible for the development of their respective budgets; the accountant supplying them with a specialist service in this process.

The former approach, with the accountant being the prime mover and main participant in the budgeting operation, can at best assist

the company to know what profit it is likely to make if the level of sales is achieved and other operations go to plan, and provide information against which performance can be periodically checked. The latter approach, where the manager is responsible for the preparation of his own detailed budget, and for agreement of it with top management, ensures his complete involvement and commitment to its achievement. It is his statement, for a given level of activity of the firm, of what resources he will require to make the contribution to the plan which is expected of the area of activities for which he is responsible.

Initially, the manager will think of these resources in terms of men, time, materials, services, etc., which are then converted into the lowest common denominator of money and consolidated into the overall budget.

To do his job properly, the manager will have to consider the alternative methods by which he can achieve the output targets which have been set him, the feasibility and cost of the various methods, and then select those which will be most economical and effective. In this process, he is much more likely to take a dynamic approach to the use and purpose of budgets and, as he becomes more familiar with the full significance of the figures and how they were derived, he will be in a much better position to make full use of the control information periodically presented to him, of performance against budget, for the purpose of quick and reliable interpretation of the significance of any departures of performance from budget, and where, and how, remedial action is necessary and possible.

Thus, the direct development of budgets in this manner, for discussion and agreement with his superior, provides an opportunity for the subordinate to develop himself in setting targets, in considering the various methods available to him to meet his targets, and in developing his judgement in selecting those methods which will be the most economical and, therefore, the most effective. Furthermore, in controlling subsequent performance, training by his superior to report to the latter on departure of performance from budget and to offer constructive suggestions for remedial action, instead of just being 'policed' by his superior, also offers an opportunity to facilitate the subordinate's development.

6. Reciprocal Visits

The arranging of reciprocal visits is, by and large, not a practice of small firms. They do not appreciate the value which they are likely to gain from the questions of an observant outsider.

Nevertheless, the very process of managers of small firms having to answer questions posed about their operations and facilities is likely to create within the management team fresh insight into the significance of its own approach to the problems and activities of the business. Such visits provide a certain mind-loosening opportunity for the management team of the small firm which, through lack of exposure to outside minds, often risks becoming myopic. In consequence, encouraging visits of competitors, customers, suppliers, and others to see the activities carried out by the firm is a very useful means of facilitating the development of the management team of the small firm. It exposes the

team to questions, fresh ideas, fresh outlooks, and links with the outside environment.

Just after the conclusion of the second world war, the writer visited a number of U.S. firms in the engineering industry.

What surprised him most of all was how often, in well-known firms, he met visitors from equally well-known competitors being taken around by their opposite numbers to see the operations as they were carried out by the host company. The writer commented upon this to the chief executive of one such firm. He replied that he considered it was a poor manager of his who did not gain at least as much from the visit as did the visitor.

7. Working alongside consultant

Finally, the small business can often profit greatly by having its managers work alongside a consultant, when the latter is assisting the firm to implement some improvement in operations or procedures. If a manager can be relieved of some duties to undertake such work, the change can often be carried out with the intermittent supervisory presence of the consultant. This can keep fees to a minimum. What is more important, however, is that the manager involved has an opportunity for self-development and the firm is in a much stronger position subsequently to maintain the new operations or procedures than would have been the case had the consultant implemented the scheme without the close involvement of a member of the management team.

I. OFF-THE-JOB FACILITIES

1. Internal

The main internal facilities which can be provided for off-the-job

training are a) courses, lectures and seminars and b) assessment and counselling meetings.

Internal courses, lectures and seminars are usually impracticable for firms with a management and supervisory team of less than, say, six persons. Otherwise, they have the advantage that they can be tailor-made to meet the firm's specific requirements, and need be no more costly than sending the managers on outside courses or seminars, not necessarily so relevant to their needs. Suitable subjects include an appreciation of general management and organisation of a business; an appreciation of those techniques of value to the business; an appreciation in some depth of cost control and budgetary control to the business; the development of job descriptions to meet the requirements of the firm, and lectures or discussions on human relations and social skills, including methods to develop high motivation and job satisfaction.

A great advantage of such in-plant courses, lectures and seminars is that they help each manager and supervisor to obtain a much better understanding of the functions, methods and responsibilities of the other members of the team. In this manner, each person is more likely to appreciate the problems and requirements of his colleagues, and how he himself can help to minimise the load of others, whose tasks inter-relate in some aspects with his own. It is also a useful exercise for managers to have to describe their jobs to their colleagues.

The other internal off-the-job method of facilitating the development of managers is through assessment and counselling meetings. This

is an extremely important aspect. Every manager wants to know how his superior considers that he has performed, the directions in which improvement can be effected, and to receive guidance on how to effect the improvement. Such meetings are of great value providing the superior genuinely participates in the discussion with the one objective of his subordinate's welfare in mind, and this needs to be sensed by the subordinate. If such rapport is developed, the subordinate can be encouraged to offer his own assessment of his performance, the directions where he considers he needs training, and what that training should be. The superior can then set the scene for his own comment by first complimenting the subordinate on those aspects of the job which have been well done, followed by confirmation of those aspects of the diagnosis of shortcomings and training needs with which he is in agreement, and leading into comment or suggestions regarding those areas in which he considered the diagnosis at fault, or superficial. From this should emerge a mutually-agreed training-programme, or fresh targets, for the forthcoming period.

2. External Facilities

The external facilities available to small firms for the training and development of their managers can broadly be divided into four categories: a) courses and seminars, b) conferences, c) management discussion groups and business clubs, and d) service on outside committees.

We will briefly consider each of these in turn, with respect to their relevance and suitability to the needs of the small firm.

First, however, we may pause to reflect that, although there is a

great deal known about how people learn, very little experimentation appears to have been carried out to see how best this knowledge could be applied to facilitate the learning processes of managers of small firms, many of whom have received little or no formal instruction since they left school. It has been found, however, that the orthodox lecture does not provide a very good learning situation for the post-experience student. This is not surprising when one bears in mind from learning theory that no piece of information or theory will be learned unless it is reinforced. With most people, for a piece of information to be retained, it needs to go through the mind a number of times in quick succession. Thus, stating a fact once, twice or even thrice within a lecture is not necessarily sufficient. Furthermore, the manager has to see the relevance of the information to his own work situation.

a. Courses and Seminars

Courses and seminars may either be provided to meet the requirements of a specific industry or be organised to meet the requirements of a cross-section of industries.

The advantage of courses or seminars designed to meet the needs of one industry is that the application of the various principles and techniques involved in the subject matter can be illustrated with material and examples taken from that specific industry. In these conditions, with concrete examples related to his own work situation, instead of abstractions which he has to translate himself, the manager is most likely to recognise the relevance of the training. This is of great importance if he is to retain a lesson and need the minimum of

reinforcement for it to 'stick', and for him to be tempted to put his newly-found knowledge to the test of practice when he returns to his own work situation.

b. Specific Industry versus Miscellaneous Industry Course

It follows from the above that, in providing courses for the managers of small firms in a specific industry, a pre-requisite is the gathering of suitable material from that industry to provide pertinent examples of the application of the knowledge being imparted from the work situations of those managers present. Furthermore, it is important that those leading and structuring such sessions should have had sufficient contact with the industry and the work situations of such managers to have gained both the familiarity and the knowledge necessary to be able to stimulate and control a high level of participation in discussion from all managers present; taking full advantage the contributions offer for reinforcement of the points the session leader is endeavouring to put over.

Courses and seminars provided for industry-at-large cannot have the above advantage. Since they have to endeavour to cater for the needs of managers from many different industries, the manager who attends such courses is likely to find very few examples chosen to illustrate the application of the principles involved are directly from his own industry. He therefore has to translate the application to the needs of his own work situation himself. Nevertheless, such courses do have an advantage. They encourage cross-fertilisation of ideas by exposing the manager to the views and experience of managers

from industries other than his own, providing the session leader has engendered the necessary level of participation.

The manager finds that some of those problems which he thought were peculiar to his firm or industry occur with varying degrees of intensity in other industries, and that different industries have tackled these problems, with varying degrees of success, in different ways.

Thus, 'single-industry' and 'industry-in-general' courses each have their respective advantages and disadvantages.

3. Ensuring Relevance of Courses

Where the manager has had little or no formal training since leaving school, and is more used to thinking about concrete situations than dealing in abstractions - which is the case of the majority of managers in smaller firms - the 'single-industry' course or seminar, providing it is based on adequate material from the industry and presented by people with the necessary experience, will provide the better learning situation.

The preparation for such a course, however, is costly. It needs survey work within the small firms of the industry to ascertain their actual training needs and to provide the necessary material for illustrative and presentation purposes, as well as to give the leaders of the sessions the necessary exposure to the industry and work situations of those who will attend the course.

One cannot expect the costs of adequate preparation of such

'single-industry' courses to be borne by educational establishments from their relatively slender resources. Such costs need to be borne by the Industrial Training Board and/or the Employers' Association, supported by any other body interested in the development of management standards within the particular industry.

The manager who has attended a number of the 'single-industry' courses, or who has spent a number of years in the larger firm and been exposed to professional and specialist colleagues and abstract discussions, will probably gain more from 'industry-in-general' courses, because of the opportunity it provides him to gain from the cross-fertilisation of ideas between managers of different industries which this permits.

4. Methods used for facilitating learning process

The different methods available for transmitting knowledge and facilitating the learning process are the same, whether the courses or seminars are 'single-industry' or 'industry-in-general' orientated. We will briefly consider these methods, as far as they are applicable to the needs of small businesses.

a. Leader-structured participation

As stated earlier, the orthodox lecture, with little or no participation on the part of the post-experience student, does not provide a very effective learning situation.

Leader-structured discussions, on the other hand, are more suitable. They provide opportunities for reinforce-

ment, and generate the interest of the manager. They also provide him with an opportunity to develop his ability to communicate. The circulation of adequate 'handout' notes for reading before the start of the session, followed by the leader spending a short period at the beginning of the session in explaining or commenting upon the subject-matter of the notes, and its implications and relevance to the problems of the small firm, naturally generates questions and subsequent discussion. For such sessions to be effective, however, the leader needs experience of the work situation and must be quick-witted enough to be able to take advantage of comment to steer the discussion in those directions which will be of most value to the participants and will ensure the coverage which was intended.

It has been the experience of the Small Business Centre that, for such sessions, the participants profit most when the numbers involved are not less than seven or eight, nor more than fourteen or fifteen. When the number is too small, there is a tendency for one or more persons to dominate the situation and dwell on the individual problems in their own firms, at the expense of the other participants. When the number is too large, the group tends to lose its intimacy and it is difficult, if not impossible, for the leader to ensure that each member of the group participates in the discussion to the extent necessary to promote his development.

b, Exercises

Such sessions can, with advantage, be supported by suitable exercises. This is particularly so where quantitative techniques are involved. They have the dual advantages of reinforcing the information provided and of giving the participants an opportunity to test their knowledge and develop their skills in the application of the technique to the situation defined in the exercise. Such an exercise might be carried out individually or, in those cases where the participants are likely to gain from joint discussion, by small teams. If it is appropriate, it will encourage the manager to test his newly-acquired and developing skill within his own work situation.

The preparation of suitable exercises, which are sufficiently realistic and stretching to capture the interest and imagination of the participants, is well worth the investment. It is important that they are closely related to the situations which are likely to confront the manager in his own business.

(The writer recalls an occasion when he was invited to be an observer at a short management course which a management training establishment, of very high reputation for over twenty years, had been asked to mount for managers of small businesses by the Industrial Training Board and an Employers' Association of a particular Industry. Over the years, the establishment had gathered a considerable amount of case and exercise material from the Industry, by and large

from the larger firms, and many managers from the larger firms had attended its courses.

The training establishment submitted that it would be a wise precaution if the course was preceded by a survey of the work situation of the small firms, to ensure relevance of material and information, but this was turned down by the sponsoring bodies on the grounds of the expense involved. It was therefore necessary to fall back upon the material, albeit from the larger firms within the Industry, which was already available.

This decision, accepted with regret by the training establishment, adversely affected an otherwise excellent course. For example, in reinforcing the probabilistic effect of random happenings, and how one coped with random events in the decision-making process, the managers were given an exercise concerning the arrival of delivery lorries at the goods-inward entrance of the plant. Adequate supporting information was provided, together with random-number sheets, and they were asked to determine whether it was in the economic interest of the firm to extend its unloading facilities from two to three bays.

The managers carried out the exercise and most of them arrived soundly at the right decision, which happened to be that it was in the firm's economic interest to invest in the additional bay.

In discussing later the value of the exercise with some of the participating managers, and how the approach could be applied within their own firms, the consensus of opinion was that it had been an interesting exercise whilst it lasted but the time could really have been better spent on other matters since, as small firms, they would never need more than one unloading bay!)

c. Case Studies

Case studies are other valuable methods of support of the leader-structured discussion sessions, or they may provide the prime subject matter for consideration and discussion.

The case study is no substitute for lack of industrial experience and familiarity on the part of the person who presents the case history for study. There is the danger that the person equipped with the theory of management, but with little or no experience of the work situation or of the practice of management, will be tempted to use case histories and case studies developed by other people from their own personal observation of suitable and relevant situations, as a substitute for experience. The writer has reservations as to whether anyone other than the person who directly observed the real-life situation is equipped to lead a very exhaustive discussion on the case - or to elaborate sufficiently accurately, when asked to do so, on various aspects of the specific situation which were not fully recorded (e.g. personalities and background of people involved in decision-making processes and subsequent implementation) but which could have had some bearing upon the course or success of events. At best, the observer of a case will only be able to commit to

paper, within the confines of a record of practical length which will retain interest, those factors which might have appeared in any way to have had some bearing, however slight, upon events. Thus, if the leader has no first-hand knowledge of the case and some penetrating question is asked during discussion about an aspect not specifically covered in detail in the available write-up, there is a risk of a reply being given by the leader of the discussion which is either unsatisfactory to the students or not necessarily in accord with the situation which actually obtained.

It has been the experience of the writer, when illustrating or reinforcing a point by drawing upon a real-life situation which he has directly witnessed, that managers have sometimes asked very pertinent questions which have necessitated the former delving in his memory for fringe facts of the situation, long almost-forgotten, which deserved further consideration in the study of the case. It has shown that one only describes on paper a small part of the whole situation which one observes; this small part being that which appeared to have significance when it was written.

One could conclude that the presentation of first-hand case material for study by a discussion group is of value in assisting the learning process of managers of small firms taking part in such activities providing, of course, that the cases can be seen to have something in common with their own work situations and are not used as a substitute for work-situation experience by the discussion leader.

d. Role Playing, Management Games etc.

There is insufficient experience or evidence as yet of the value which role playing, management games, T-groups and sensitivity groups could be in facilitating the learning process of managers of small firms. Furthermore, it is possible that courses of the duration which such managers are prepared to attend (i.e. in general two days and at most a week) are too short to permit of that experimentation which is necessary in these areas.

Experiments in all these areas would be worth while, and it probably would be best to carry out such work initially on an industry basis, providing the necessary funds could be made available by interested bodies for this purpose.

The need for investigation into the most suitable methods for facilitating the learning process of post-experience students from small firms, and into the most effective means of evaluating or validating the results from the various methods has seriously concerned the writer. It resulted in discussions with the Head of the Department of Education of the University, and it has been agreed to undertake a joint project as soon as resources can be made available for this purpose.

e. Conferences

Conferences, when well organised, with a suitable theme and balance of programme between platform speakers, small discussion groups and reports back on each group's deliberations, can be of value in the development of the manager from the small firm. The exposure to views expressed by other people, whether the conference is limited to one industry or has a much broader

base, is likely to have some 'window-opening' effect and make the manager somewhat more aware of the environment within which his firm operates.

f. Management Discussion Groups

Management discussion groups, especially those in the form of luncheon meetings, are a very convenient method for managers to broaden their knowledge and to act as mental whipping posts to one another in discussing their individual, or common problems. Such luncheon clubs are much more common in the U.S.A. than they are, as yet, in the U.K. It is a common feature for a small town in North America to have its business club, and owner-managers of small firms in the locality usually join. The luncheon club becomes a forum for discussion of current problems, both at individual and group level, and it contributes to the business life of the town and to the development of the managerial experience of the business community.

g. Service on Committees

There is a wide range of external activities, within the social, industrial and commercial groupings, for community service from which a manager or prospective manager can enrich his experience. In the process, he can take advantage of the opportunity to develop in knowledge and skills of value to him in discharging his management or supervisory activities, particularly his skills in dealing with people.

This is particularly so if the person holds office, or serves on the committee, of a body which attracts his interest. This may occur in trade associations, senior or junior chambers of

commerce, rotary clubs, businessmen's clubs, and various local community ventures. Whether it be the owner-manager, one of his senior subordinates, a junior manager, a supervisor, or a charge-hand, there is a part for him to play in such activities which can broaden his experience.

In the small firm, there is frequently insufficient constructive discussion between members of the management and supervisory team, and membership of outside committees can help to offset this lack of opportunity for development in constructive thinking which results from such a situation.

It may well be that, if owner-managers of small firms encouraged their subordinates to undertake such external activities, there would be less of a problem in ensuring effective small-firm representation on committees, at regional or national level, designed to reflect the views, problems and needs throughout the whole of an industry.

In conclusion, one would re-emphasise that there has as yet been very little investigation in depth into the relative efficacy of the various methods available as learning situations for post-experience students and, in particular for managers of small businesses.

Neither has there been sufficient experimentation into what methods are feasible.

Such investigation requires evaluation and validation by more objective means than the completion of a questionnaire by each manager at the end of a course, or even several weeks after he has returned to his own work situation - even though the completion

of a well-designed questionnaire might still have some part to play in the evaluation process.

Since the purpose of such courses is to improve the manager's performance, any sound evaluation must be concerned with the improvement in performance which results from attending them, and therefore requires to start at the manager's actual work situation with a measurement of his performance and determination of his training needs. It also requires measurement of the improvement of the manager's actual performance in his own work situation after he has returned from the course.

Such a programme would need financial support, but the economic benefits which could derive from the findings could far outweigh the costs.

IX. REVIEW OF FINDINGS AND CONCLUSIONS FROM RESPONSE
TO QUESTIONNAIRES, FOLLOWING THEIR CONSIDERATION
AT MEETING OF BOARD REPRESENTATIVES

As stated in Section IIC, para.4, it was considered that it would be of value to obtain the views of the Boards on the findings and conclusions provisionally drawn from the information provided respectively by the Boards and the small firms, and to review the conclusions in the light of their comment. This was facilitated to the extent that a number of the Boards, when returning the questionnaires which they had completed, expressed their interest in the investigation and added that they would like in due course to learn of the findings.

In consequence, when the replies to both questionnaires had been analysed and Chapters V, VI and VII covering the findings and recommendations had been completed, an *interim report was prepared. Copies were sent to each of the Boards which had participated in the survey with an invitation to each to send a representative to a meeting which it was proposed to hold at the University of Aston in Birmingham for the purpose of providing them with an opportunity to pose questions to the investigator and to discuss the findings and conclusions contained in the report. The report was substantially as Chapters V, VI, and VII, and copies were sent to the Boards some three weeks before the meeting, so that their Officers could consider the substance of the report prior to discussion at the meeting.

* INDUSTRIAL TRAINING BOARDS AND THE SMALLER FIRMS, WITH PARTICULAR REFERENCE TO MANAGEMENT TRAINING - An Interim Report based on the replies of 22 Boards and 99 Smaller Firms to Postal Questionnaires.

The meeting took place on the 22nd September, 1971, and representatives of twenty-one Boards attended. Six of the Boards, at their request, each sent two representatives. A copy of the proceedings of the meeting is given as Insert IX.1: the list of Boards represented, and the names of the Officers representing them, are given as an addendum.

It was considered of importance, if the minimum of bias was to be introduced by external influences, that the meeting be chaired by a representative of one of the Boards. The representatives were therefore asked at the meeting to elect one of their number as chairman, and they unanimously elected R. Duncan, Director of the Iron and Steel I.T.B., to chair the meeting.

From the proceedings, which were recorded by Mrs. J.M. Dunn, the investigator's secretary, and approved by the chairman, it will be seen that the meeting was in two stages. The first stage was the provision of an opportunity to Board representatives to obtain from the investigator any amplification or clarification they might desire concerning any points within the report; the second and major stage being the representatives' detailed discussion of the report.

As will be seen from Insert IX.1, the meeting proceeded as follows:

1. First Stage

Questions and comment in the preliminary phase were concerned with

- a. the size of sample of small firms and the statistical validity of findings
- b. why consideration was given in the report to Levy rates with respect to training needs

THE UNIVERSITY OF ASTON IN BIRMINGHAM

INDUSTRIAL TRAINING BOARDS AND THE SMALLER FIRMS,
WITH PARTICULAR REFERENCE TO MANAGEMENT TRAINING

Proceedings of Meeting held at the University of Aston in Birmingham
Wednesday, 22nd September, 1971.

Those present: Please see Addendum 1.

Opening of Meeting

The meeting was opened by the Pro-Vice-Chancellor, Professor T.B. Worth, who welcomed the guests and mentioned the long connection, both of the University and of himself, in training to meet the needs of industry. He concluded by wishing those assembled a useful meeting and stated that the University would be particularly interested in the outcome of the exercise.

Election of Chairman

Mr. R. Duncan was unanimously elected as the chairman of the meeting.

Mr. Duncan then took the chair. In his opening comments, he said that he had found the report interesting, although he could not agree with all the views it seemed to be putting forward, particularly with regard to levy. He felt more information would be needed on this for the final report.

The chairman then invited preliminary questions, regarding amplification or clarification of the report, before proceeding to discussion on the implications of the findings and conclusions of the report.

Amplification and Clarification of the Report

The questions and comment were concerned with

- a) Size of sample and statistical validity of findings
- b) Differences in training needs of small firms
- c) The final report.

The first questioner said that he considered the sample of firms was very small, and was there not a possibility that too much weight could be attached to the findings from this sample. The investigator replied that it was, of course, a very small sample compared with the total number of small firms in the country, and he would have liked the opportunity to have used a much larger sample. Nevertheless, he had submitted the results to certain statistical tests, which gave reasonable confidence limits as to the probability of accuracy of the findings for the population of small firms as a whole. Furthermore, the two separate samples which he used (randomly chosen by two people other than himself) each gave results in accord with those of the combined sample.

On the other hand, he added, it was not beyond the bounds of possibility that only those with axes to grind had replied to the questionnaire, but he would be willing to conduct another survey on a face-to-face basis if the Boards wished it, although he doubted whether significantly different results would emerge.

There was then a short discussion on the relevance of the size of the sample, and one participant said that he seemed to remember having seen somewhere in standard text books that, for significance of findings, there is a relationship which has to be observed between size of sample and the total population, and he thought that the sample was probably too small to fulfil it.

The chairman summed up by saying that there seemed to be a little bit of doubt about the validity of the statistics.

The chairman raised the question about levy. He said that the political element is there all the time, but he would have thought that the main point was how a Board wanted things developed and how the levy was used to fulfil this purpose.

The investigator replied that his purpose in this section of the study was to ascertain whether the levies of different Boards bore any relationship to the relative magnitude of their respective tasks, or whether they appeared to have been influenced more by other factors. Furthermore, he was interested in finding whether any Boards had rates of levy which made it financially impossible for them to carry out management training commitments to the smaller firms within their scope.

Following a short discussion, the chairman summed up by saying that the writer of the report was probably thinking more of the political influences having an effect upon the rate of levy, but he (the chairman) did not think that this could be a major issue at this meeting.

The chairman then said that he would be interested to hear more about Section F (page 7) 'Differences in Training Needs of Small Firms'. In reply, Mr. Perrigo said that most of the Boards had stated that they considered that there were differences. They had not specifically been asked in the questionnaire what they considered these differences were. Nevertheless, he was rather surprised that only two Boards outlined the differences. It would doubtless be of value to all to hear the views of those who had been involved in this area.

There was a short discussion regarding these differences, during which one participator pointed out that an important factor was the relatively small amount of self-help which the smaller firms could muster in any management training or development programme. There appeared a general consensus of opinion that this had an important bearing upon the training needs of the small firms.

At the conclusion of this preliminary session, the chairman asked whether the information from the Boards would be updated in the final report. Mr. Perrigo replied that he hoped that the Boards would be good enough to co-operate by providing that information which would up-date the report, particularly concerning how their plans (Question 14) had fared in the past year and what modifications or innovations had occurred since August 1970.

The chairman then asked that those present would endeavour to let Mr. Perrigo have such information by the end of October.

Main Discussion

In opening the main discussion, the chairman invited comment first on the Conclusions (page 22) of the report.

The first participant asked upon what evidence the conclusion of paragraph 6 was based. Mr. Perrigo replied that the activities of the Small Business Centre in the smaller firms had led it to the conclusion that there was a greater need for management training and development in many of the smaller firms than was the case in medium or larger firms. The chief executive often had to operate personally over the whole gamut of the managerial functions of the business, and had little internal specialist support. There had also been much written lately about their record of successful innovation in some of the small companies, which compared more than favourably with that of large groups with much greater resources. Finally, many small firms had a return on investment which was better than that of the majority of large and medium firms, and many of the others were capable of considerable improvement if the firms were willing to accept the help which, in most cases, had to come from outside the company.

Training Needs of Smaller Firms

Discussion then followed concerning the training needs of smaller firms, and the following comment was made by different participants:

1. Size category was not a good one for identifying training needs.
2. Company objectives become more important the smaller the company is.
3. The small firm manager first and foremost needs practical help, to learn to run his business better.
4. When we talk to small firms, they are not aware of what they are trying to do or where they want to go.
5. If we think that the development of the manager in the small firm is best stimulated by initially exposing him to the techniques available to him, we are likely to be going too fast for him. What he first requires is on-the-job coaching, and help in developing his skills. This creates a stimulus for management development and an interest in techniques to his needs.

The chairman then asked 'Have we in fact got sufficient information ourselves to pin-point the difference in training needs'?

Discussion followed as to whether or not the training activities could be discussed with a firm in isolation from the other operations. Opinion varied from such comment as 'To talk strictly of training and training problems was best' to 'One could not separate the training function from the other activities'.

Growth of firms was then touched upon. One person mentioned the need to find out which generation managed the company, as this very often had a bearing upon growth. Another commented that he had found that many firms stated that they wanted growth, but did not seem very clear on what they meant by growth. Some definition was needed.

One Board officer described the wide variety of jobs, some quite menial, which the manager of a small firm in his industry would carry out in a typical day. This was the type of man his Board was trying to help and its special grant scheme, though originally interesting many only as a means of recovering levy, had gradually helped

them to see the benefit of the training in the running of the business.

The meeting then broke up for lunch.

The chairman opened the afternoon session with the question 'From a training standpoint, can positive arguments be produced as to how to define a small firm'? In the discussion which followed, there appeared a consensus of opinion that it was the level of sophistication in a firm, rather than its actual size, which determined the approach. Small firms tended to have few sophisticated skills or a sophisticated structure, in which case their training needs required a non-sophisticated approach. The chairman concluded with the comment that, when looking at training needs, it was important to take a flexible approach in relation to the company environment.

The chairman then posed the question 'Is there a service which Training Boards should provide to small firms and, if so, what resources have we to meet them in terms of finance and staffing?'

In discussion, there seemed a general consensus of opinion that the service they needed to provide was an adequate field service to small firms, since it was at the level of personal contact that the greatest impact could occur, but this necessitated credibility of the field officer in the eyes of the manager of the small business.

The chairman concluded by stating that, even though the number of firms in the sample are so small, one can take little satisfaction in the figures reflecting the image of the Boards in the eyes of the managers of the smaller businesses, and thought needed to be given to this problem.

The chairman then steered the meeting to consideration of the provision of consultancy services to small firms.

In the subsequent discussion, there was a wide divergence of views expressed. Some Boards were providing consultancy and charging fees for it. Other Boards considered that the Act did not permit of such activity. Some provided consultancy specifically and only within the training field. Some persons present doubted whether it was possible effectively to isolate advice or consultancy specifically to the training function, without impinging on other activities of the firm and the officer of one Board which formally limits its consultancy to training matters admitted that it was necessary to go beyond the training function in some matters in order to give sound advice on training. Another participant stated that his Board had run a programme of courses for the managers of small businesses and endeavoured to encourage the firms to use consultants where appropriate but, in general, response was not as great as he would have liked it to be.

Other comment which was made was as follows:

1. I think we are on dangerous ground - consultancy induces bankruptcy. It is very dangerous to walk into a firm and hope to solve its problems for it.
2. We must be careful if we are giving free advice to industry.
3. We try and look at the total development of an organisation and see where training action is needed. If there is a need for work-study, or cost control, etc., we would bring in an outside concern and, vice versa, we hope that the outside concern would put our small firms needing training in touch with us.

A participant asked whether Mr. Perrigo would explain what he meant by the word 'beyond' in the sentence 'There is a need for Boards to be able to provide consultancy service to small firms beyond that of assistance in identifying training needs and preparation of suitable training programmes.'

The latter replied that it was not enough to provide the small firm (having little self-help) with a diagnosis of its training needs and assistance in preparation of a suitable training programme. It needed assistance in implementation of the programme and also on-the-job coaching to develop the skills necessary to improve managerial performance. This is an important consultancy role in the small firm. He did not want to suggest, however, that the Boards need provide the whole gamut of consultancy services offered by the commercial consultants.

The chairman then summed up the discussion on this item by saying that there were obviously widely different views concerning whether or not Boards should provide consultancy services, and what limits should be observed. Nevertheless, whatever service is provided, there were two important questions, viz:

1. How should it be financed?
2. What sort of priorities do we set?

The chairman then drew attention to the draft proposals for the course designed for the development of field staff in the diagnosis of the training needs of small and medium firms. He said that he saw a certain amount of difficulty in a consultant from the Centre accompanying a field training officer on a survey, but it was explained that this had already occurred in industries within scope of three different Boards and, as yet, it had posed no problems.

The chairman then suggested that those present might like to take the proposals away with them for consideration, and that Mr. Perrigo would welcome, in due course, any comments which they or their Boards would like to make about them.

The chairman then asked if there were any other points which anyone would like to put forward concerning the development of staff and there was one respondent to the effect that what was really needed was a closer working relationship between specific Boards.

The chairman then thanked the University for its hospitality and the opportunity it had permitted of getting together for discussion.

Those present:

Carpet ITB	Mr. A. MacKinnon
Ceramics, Glass & Mineral Products ITB	(Mr. R.W. Lyne
Chemical & Allied Products ITB	(Mr. G.T. Kell
" " "	Mr. P. Terry
Clothing ITB	Mr. I. Mottershaw
Construction ITB	Mr. Chuter
Cotton ITB	Mr. N.H. Bovey
Distributive ITB	Mr. J.E. Rothwell
Engineering ITB	Mrs. Hughes
" "	Mr. C. Blackwell
Food, Drink & Tobacco ITB	Mr. J.R. Lloyd
Footwear, Leather & Fur Skin ITB	Mr. J. Edgar
Foundry ITB	Mrs. J. Campbell
Furniture & Timber ITB	Mr. A.J. Chappell
Hotel & Catering ITB	Mr. J.S. Deeks
Iron & Steel ITB	Mr. J.J. Lanning
Knitting, Lace & Net ITB	Mr. R. Duncan
" " "	Mr. K. Tetlow
Paper & Paper Products ITB	Dr. J.M. Smith
Petroleum ITB	Mr. P. Rickard
Printing & Publishing ITB	Mr. W.H. Morris
" " "	Mr. E. Gee
Road Transport ITB	Mr. C. Winchester
Rubber & Plastics Processing ITB	Mr. S.J. Rayfield
" " "	Mr. J. Bradshaw
Wool, Jute and Flax ITB	Mr. A.F.N. Worth
	Mr. W.M. Mitchell

Mr. L.B. Murray
Dr. J.D. Van Rest
Mr. J. Edmonds
Mr. A.E.B. Perrigo

Department of Employment
University of Aston in Birmingham
University of Aston in Birmingham
The Small Business Centre

- c. what differences in training needs of small firms had been revealed by the Boards' replies
- d. a request that, in due course, the report would be up-dated regarding how the plans of the various Boards to overcome obstacles to progress in management training in small firms (replies to question 14) had actually fared, and what modifications or innovations had been introduced, since the Boards completed the questionnaires.

2. Second Stage

The main discussion of the meeting was concerned with the conclusions drawn within the report and, in particular, with

- a. the training needs of small firms
- b. the service which Boards should provide to small firms
- c. consultancy and training boards
- d. the development of field staff in the diagnosis of the management training needs of small and medium firms, and in implementation of recommendations.

During the discussion of d. above, draft proposals for a management development course for training staff of industrial training boards were circulated to the participants. These are shown in Insert IX.2 and were developed by the investigator as a means for equipping field staff with the knowledge and skills required in the diagnosis of management training needs in small and medium firms, and in the provision of the necessary advice and in-plant assistance to implement recommendations.

A. COMMENT ON THE MEETING

The main observations of the investigator concerning the discussion which occurred, and the views which were expressed, at the meeting

THE SMALL BUSINESS CENTRE

THE UNIVERSITY OF ASTON IN BIRMINGHAM

DRAFT PROPOSALS FOR MANAGEMENT DEVELOPMENT COURSE
FOR TRAINING STAFF OF INDUSTRIAL TRAINING BOARDS

AIM OF COURSE

To develop I.T.B. Staff in the knowledge and skills required in the diagnosis of management training needs in small and medium firms (up to about 400 employees) and in the provision of the necessary advice and in-plant assistance to fulfil them.

LENGTH OF COURSE

Two sessions of three weeks each with an interval of 8 weeks, during which each member of the course will carry out two or more two-day surveys of management training needs of firms within scope of his Board. In the first of these, he will be accompanied by a consultant from the Centre.

SYLLABUS (Programme attached)

Weeks 1 and 2

The needs of a business. The role of the chief executive. The respective roles of the adviser and of the consultant. Organisation and Delegation. Identification of different management styles and situations and impact upon effectiveness. Financial Control. Capital Structure. Interpretation of Accounts. Cash Flow. Sources of Capital. Investment Analysis. Budgetary Control. Cost Control. Job Costing. Marginal Costing, Profit Planning and Price Fixing. Marketing, Selling and Distribution. Production Planning and Control. Stock Control. Industrial Relations. Motivation, Workstudy, Incentives and Productivity. Management by Objectives in the Small and Medium Firm. The 3-D (Reddin) approach to managerial effectiveness. Long-term Planning. Management Audit and Key Ratios.

Week 3

How to survey a business. Developing a procedure and check-list. Interviewing the Chief Executive. Interviewing subordinates. Identifying the objectives, strengths and weaknesses, and market opportunities and risks facing the company. Reviewing objectives and performance levels. Determining strategy for redefining objectives, overcoming shortcomings and agreeing course of action with management. Assisting the company to

ensure implementation of plan. Reviewing and refining check-list to meet the specific requirements of the Training Officer in his own Industry.

Fieldwork

During weeks 4 to 11

For project work in this period, each member of the course will select two or more firms within his Industry in which he will undertake a survey. In the first survey, a consultant from the Centre will accompany him to provide any help and guidance needed. The surveys will each necessitate $1\frac{1}{2}$ to 2 days at the plant.

Workshop

Week 12

Analysis of survey findings. Key ratios.
Preparation of recommendations

- a. long-term
- b. short-term

Preparation of programmes
Discussion in open sessions of individual survey findings, recommendations and proposed programmes.
Role-playing of interviews with managers and supervisors to secure acceptance and co-operation in implementation of proposals.

Week 13

Organisational improvements in surveyed firms.
Preparing job descriptions and defining key target areas.
Preparation of management development programmes.
Identification of common problems and management training needs

- a) in one's own Industry
- b) in the various Industries represented on course.

Determining what needs could most effectively be met

- a. on-the-job
- b. internally, off-the-job
- c. externally.

Week 14

Revision of check-list by each member of course so that it will more adequately meet the requirements within his own industry.
Determining, from survey findings, areas where research is desirable and how that could best be carried out - by individual Boards or co-operatively.
Revision of coursework of weeks 1 and 2 in the light of intervening survey and workshop experience.
Making most use of findings in the field. Advantages and disadvantages of packaged procedures.
Open Forum.

The course will be residential at a good hotel.

Price £585 per registrant. (Including full board from Sunday night to Friday evening for the 6 weeks of the residential course).

I. T. B. TRAINING OFFICERS' COURSE
(1st Week)

Insert IX.2
Sheet 4

DAY	MORNING	AFTERNOON
MONDAY	Introduction to the Course. The Role of the Adviser. The Role of the Consultant.	The Role of the Chief Executive. The Needs of the Firm. Possible conflict between needs and his personal objectives. Organisation and Delegation.
TUESDAY	Relieving pressure on the Chief Executive. The Skills and Personal Problems of Delegation. Exercise in Organisation Structure.	Financial Control. Capital Structure. Interpretation of Accounts. Cash Flow. Sources of Capital.
WEDNESDAY	Key Ratios and Interfirm Comparisons. Budgetary Control. Preparation of Budgets. Performance Review and Corrective Action.	Exercise in Interpretation of Accounts. Exercise in Key Ratios and Interfirm Comparison.
THURSDAY	Cost Control. Job Costing. Marginal Costing. Profit Planning.	Exercise in Budgetary Control.
FRIDAY	Marketing and Selling. Marketing Methods. Selling and Distribution Methods.	Exercise in Costing, Price Fixing and Profit Planning.

I.T.B. TRAINING OFFICERS' COURSE
(2nd Week)

Insert IX.2
Sheet 5

DAY	MORNING	AFTERNOON
MONDAY	Production Planning and Control. Stock Control.	Exercise in Marketing. Exercise in Selling and Distributive Channels.
TUESDAY	Work Study and Activity Sampling - Scope and Application.	Exercise in Production Control. Exercise in Inventory Policy and Stock Control.
WEDNESDAY	Industrial Relations. Motivation in the Small Firm. Job Satisfaction and Hygiene Factors. Wages and Salaries Policy. Incentives and Productivity.	Case History and Exercise in the Design of Incentive and Productivity Schemes.
THURSDAY	Management by Objectives in the Small and Medium Firm. Film followed by discussion on scaling of scheme to meet need.	The 3-D Approach (Reddin) to Managerial Effectiveness..
FRIDAY	Long-term Planning.	Exercise in preparation of Management by Objectives Programme. (Role-playing).

I.T.B. TRAINING OFFICERS' COURSE
(3rd Week)

Insert IX.2
Sheet 6

DAY	MORNING	AFTERNOON
MONDAY	How to Survey a Business.	Exercise Management Audit and Key Ratios.
TUESDAY	Developing a Procedure and Check List. Interviewing the Chief Executive.	Identifying the Objectives of the Company, its strengths and weaknesses, and the opportunities and risks offered by the Market and changing environment.
WEDNESDAY	Role-playing Exercise (using Material from Survey)	Continuing the Survey through Operational Levels of Firm.
THURSDAY	Determining Strategy for Exploiting Risks, and overcoming shortcomings of Company.	Formulation of Programme (Short and Long-Term) and Presentation to Chief Executive for Consideration and Approval.
FRIDAY	Assisting the Company to Ensure Implementation of Plan.	Reviewing and Refining Check List to meet the Specific Requirements of the Training Officer in his own Industry. (Individual work, assistance provided).

I.T.B. TRAINING OFFICERS' COURSE
(Week 12 - Workshop)

Insert IX.2
Sheet 7

DAY	MORNING	AFTERNOON
MONDAY	Analysis of survey findings and determination of key ratios. (Individual activity, with consultant aid available as required)	Analysis of survey findings (continued)
TUESDAY	Preparation of recommendations a. longer-term b. short-term (Individual activity - aid as required)	Preparation of recommendations (continued)
WEDNESDAY	Individuals report first survey findings and proposed recommendations to Group. Discussion.	Individual survey reports to Group (continued)
THURSDAY	Role-playing of discussions with chief executive or owner-manager to secure acceptance of recommendations.	Role-playing of discussions with the management team and supervisors.
FRIDAY	Individuals report second survey findings and proposed recommendations to Group. Discussion.	Individual survey reports (No.2) to Group (continued)

I.T.B. TRAINING OFFICERS' COURSE
(Week 13 - Workshop)

Insert IX.2
Sheet 8

DAY	MORNING	AFTERNOON
MONDAY	Organisational improvements in surveyed firms. Preparing job descriptions and defining key target areas. (Individual work, consultant aid available)	Organisation improvements (continued)
TUESDAY	Preparation of management-development programmes for firms surveyed. (Individual activity, with consultant aid as required)	Preparation of management-development programmes (continued)
WEDNESDAY	Identifying the problems and management-training needs common to firms of several industries, as revealed by surveys (Group activity)	Advantages and limitations of in-plant and external courses. Selecting and assessing courses. Group Training Schemes. (Group participation)
THURSDAY	Determining how the training needs could best be met a. on-the-job b. internally, off-the-job c. externally (Syndicate work) Management succession. Preparation of a detailed management-development programme for grooming a man for a more senior post. Exercises based on survey work.	The provision of on-the-job training. Exercises based on survey findings.
FRIDAY		Management succession exercises (continued)

I.T.B. TRAINING OFFICERS' COURSE
(Week 14 - Workshop)

Insert IX.2
Sheet 9

DAY	MORNING	AFTERNOON
MONDAY	Revision of check-list by each individual, in the light of field and workshop experience, more effectively to meet the needs in his Industry. (Individual activity, aid as required)	Revision of check-lists. Group discussion following presentation by individuals of their proposals.
TUESDAY	Determining areas where research would be desirable to identify assistance required by businesses in defining and achieving objectives and how best it could be provided. (Individual activity)	Determination of common research areas. (Group Discussion)
WEDNESDAY	Revision of weeks 1 and 2 (Note: This will be programmed to accord with feedback received from the members of the course as to those areas where they wish further discussion, or information in greater depth, to meet their needs)	Revision of weeks 1 and 2
THURSDAY	Revision of weeks 1 and 2	Revision of weeks 1 and 2
FRIDAY	Making the most use of findings in the field. An investigation into the pros and cons of packaged solutions and procedures.	Open Forum. Course Assessment (First stage)

were:

1. Many of the representatives found it very hard to accept that a large proportion of small firms within scope of their respective Boards would opt out of scope if free to do so. There was substance in their point that there was a possibility that those chief executives who answered the questionnaire were the ones who were most biased against the Boards. Therefore, very different opinions might be held by those who did not reply to the postal questionnaire, and a much larger proportion of the sample might well be of the view that, given free choice, they would still remain in scope of their respective Boards.

The investigator accepted this point and stated that it would be worthwhile ascertaining from a number of firms which had not responded to the postal questionnaire whether or not they would opt out of scope of their respective Boards if they were free to do so.

(Subsequent to the meeting, for the purpose of carrying out an independent test, the investigator sought the co-operation of a colleague - K.N. Matthews - who selected at random twenty five firms from those of the combined sample which had not responded to the questionnaire, and which were within reasonable telephoning distance of the university, and telephoned the chief executive of each to ask whether, given free choice, his firm would remain in, or opt out of, scope of his Board.

An analysis of the replies is given in Insert IX.3, from which it will be seen that, of the eighteen which gave replies, thirteen (72.2 per cent) would opt out, four (22.2 per cent) would stay in

Analysis of Telephone Replies of Small Firms
to Question 17 of the Questionnaire

No. of firms contacted	25	
No. of firms which replied to question	18	
Replies:	No.	Per cent
Would opt out	13	72.2
Would stay in	4	22.2
Too early to judge	1	5.6
	—	—
	18	100.0

(Of the seven which did not reply to the question, one firm was too small to be in scope, three were subsidiaries of other firms and did not control training matters, and three firms refused to reply to the question - the chief executive of one firm stating that he was tired of filling up forms and answering questions).

Actual Results				Expectation			
	Postal Replies	Telephone Replies	Total		Postal	Telephone	Total
Yes	77	13	90	Yes	75.9	14.1	90
No	20	5	25	No	21.1	3.9	25
Total	97	18	115	Total	97	18	115

Applying Yate's Correction

$$77 - 75.9 = 1.1, \quad 1.1 - 0.5 = 0.6$$
$$13 - 14.1 = -1.1, \quad -1.1 - 0.5 = -1.6$$
$$20 - 21.1 = -1.1, \quad -1.1 - 0.5 = -1.6$$
$$5 - 3.9 = 1.1, \quad 1.1 - 0.5 = 0.6$$

$$\begin{aligned} \chi^2 &= \frac{0.6^2}{75.9} + \frac{0.6^2}{14.1} + \frac{0.6^2}{21.1} + \frac{0.6^2}{3.9} \\ &= .0047 + .0255 + .0171 + .0923 \\ &= 0.1396 \end{aligned}$$

i.e. There is no difference between postal and telephone replies.

and one (5.6 per cent) thought it was too early to judge. It can be seen from Insert IX.3 that statistically there was no significant difference between the postal and telephone replies. This indicated that there was no substance in the suggestion that those firms which did not respond to the postal questionnaire were the ones which would have been more likely to prefer to remain in scope of their respective Boards).

2. Very few of the representatives at the meeting appeared to appreciate the value of determining the relative costs which would face different Boards in the task of supplying a similar standard of training service to the firms within their respective Industries, as a preliminary measure to examining the variations existing between the various levy rates and patterns obtaining from Industry to Industry.
3. There was a wide difference of opinion concerning the training needs of small firms and
 - a) how these training needs should be met
 - b) what role the Boards' field officers should play in the fulfilment of these needs, e.g. whether or not they should
 - i) restrict themselves strictly to advice on purely training matters
 - ii) restrict themselves mainly to advice, but impinge upon operating matters which were linked with training.
 - iii) diagnose the training needs from a survey of the operating situation, and then assist management in the implementation of recommendations, with

on-the-job coaching as necessary.

4. There was a general consensus of opinion that it was the level of sophistication of a firm, rather than its size, which determined the training approach which was necessary. It was agreed, however, that small firms, in general, tended to have few sophisticated skills and the structure itself was non-sophisticated. In consequence, it was considered that small firms usually needed a non-sophisticated, but flexible approach.
5. It was recognised that, although the number of firms in the sample was very small compared with the number of small firms throughout the country, the Boards could take little satisfaction from the figures reflecting their image in the eyes of managers of small firms. In an attempt to improve this image, the greatest impact could only occur at the level of personal contact. This necessitated credibility of the field officer at top-management level within the small firms.
6. It was realised that credibility was dependent upon the field officers being equipped with the necessary knowledge, skills and experience to fulfil their task. No comment, however, was made to the effect that the Boards themselves would need to make adjustments in the relationships between headquarters and field staff to facilitate this. Furthermore, no-one raised the question as to whether it was possible for a field officer to carry out an inspectoral function (for headquarters in the administration of a grant scheme) and a truly advisory role, without one or both facets of his task suffering.

7. The question as to whether or not consultancy services should be provided by the Boards raised the greatest of heat and the widest divergence of views. At one extremity the view was expressed that the Boards should 'stick to training', with the firm conviction that this was an activity which could be treated in isolation with respect to operating matters. At the other extremity were a few who advocated the provision of a consultancy service which should start with the small firm's objectives, and follow on to diagnosis of training needs, preparation of a suitable training programme, and assistance in the implementation of the programme - including on-the-job coaching where necessary. They felt, however, that the consultancy service ought not to be so wide-ranging as that offered by independent consultancy firms.
8. During the above discussion it emerged that Boards had no consistent interpretation of the Industrial Training Act, with respect to whether or not it permitted them to engage in consultancy activities. Some Boards were of the view that the Act did not permit of such activity, but one or two Boards were providing consultancy and charging fees for it. One Board officially limited its consultancy activities to training matters, but in practice its field officers found it necessary to concern themselves with operating matters if they were to provide firms with sound training advice.

Finally, the most important conclusion which the investigator came to during the course of the meeting was the need for regular dialogue between the senior training officials of different Boards, conducted as professionals within their own right. Such a forum, independent of

the constraints and training policies of individual Boards, is essential if the training officials of Boards are to make the most of their developing corporate experience and therefrom to create that sound corpus of knowledge, under continuous critical scrutiny, which is necessary if they are to reach that high professional standard of corporate opinion to which the Boards themselves will give serious consideration. It is hoped that the Department of Employment will encourage the development of such a forum.

B. UPDATING OF INFORMATION PROVIDED BY BOARDS

In the interim report circulated to the Boards, it was stated that, in view of a year having elapsed since they had completed the questionnaire, they had had an opportunity meanwhile to gain valuable experience with respect to the efficacy and progress of the lines of action (which they respectively indicated in reply to the final question of the questionnaire, that they were taking, or planned to take) to overcome the obstacles they saw to the progress of management training and development in small firms. Furthermore, some Boards had modified their plans in the light of subsequent experience, and some had introduced other innovations. In consequence, it was hoped that Boards would extend their already valuable co-operation by making such new information available for inclusion in the final report.

At the meeting, the chairman asked that the representatives would endeavour to provide this information by the end of October, 1971, and in due course, the following information was provided:

1. Modification of Grant and Levy Schemes

There is a trend for Boards to modify their Grant and Levy

schemes; less reliance gradually being placed upon the 'carrot and stick' and more upon the identification and meeting of the specific training needs of the individual firm, and also - what is equally important - identification of those areas where no significant training requirements exist in a firm.

Such new systems recently introduced by two Boards, each in Industries with relatively long histories of training, are as follows:

The one, termed an 'abeyance' system, recently introduced by one Board has reduced the levy to around one-quarter of its previous rate, the balance of levy being in abeyance, and certain parts of the grant are likewise held in abeyance.

That part of the grant scheme which is held in abeyance relates to a series of general and related grants based on an assessment of training provisions at each establishment in terms of the Board's published training recommendations. The other part, which will be paid, is for the purpose of directly encouraging aspects of training which the Board considers of particular importance, and to meet existing long-term commitments.

The Board will meanwhile monitor training progress in the Industry, through the medium of the information arising from the 'abeyance' part of the scheme. It will consider the state of progress at regular intervals and, if it is not satisfied, it will make appropriate recommendations to the Secretary of State, Department of Employment, for reintroduction of all, or part, of the financial provisions which have been put in abeyance.

Another Board has moved to an 'assessment of training' approach. This, again, is a departure from conventional grant and levy schemes and an advantage is that it permits of greater flexibility than the conventional approach.

In this system, which was introduced in August 1971, the training in each company is assessed separately for each of the following five categories of employees:

- a. training administration
- b. managers and supervisors
- c. administrative, commercial and clerical staff
- d. all others in jobs requiring training of a year or more
- e. all others in jobs requiring training of less than a year.

There is an assessment sheet for each of the above categories and this poses questions concerning the employees' training needs and the extent to which they are being met. Against the relevant questions are included, as guidance to the employer regarding what might be expected of him, details of the standards of training which the Board recommends; this information being based solely on the conditions which applied under the grant scheme.

The assessment is arrived at by discussion between one of the Board's training advisers and such members of the firm as its director responsible for training and the training officer. The extent to which a firm is meeting its training needs is given a score; this corresponding to the cumulation of a points rating applied to each aspect of training covered in the sheets. Where questions appearing on the sheet, including complete areas of training, are not relevant to the needs of the firm, there is no

loss of score.

The revised levy arrangements associated with the scheme have been aimed to be simple and self-adjusting in operation. Under this system, which does not place such heavy reliance as previously on the 'financial carrot and stick', the firm cannot receive more in grant than it pays in levy. The levy itself is divided into two parts - an amount to finance the Board's services and to provide working capital, and an amount to cover training assessments which is wholly returnable to the Industry.

The latter element is sub-divided into five separate portions, relating to the five categories of employees listed above; each of which may be varied according to the need found by the Board to encourage training in any particular category.

Where it has been assessed that a firm has no training need in a particular category for that year, the assessment shows the training requirement as having been met. Otherwise, the proportion of grant relates directly to the score achieved by the firm in each of the categories.

Provided that a firm meets its full training requirements, as agreed between it and the Board, the whole of the returnable part of the levy raised on that firm constitutes its grant for that year.

An advantage claimed for this arrangement is that the artificial financial aspects of training associated with the previous scheme are less important and concentration is focused instead on what is required to be done to achieve better performance from personnel. It has been found that the increased personal contact between Board staff and the firm results in better relations and makes it possible

for the individual circumstances of each firm to be recognised and allowed for, which should facilitate fulfilment of the purpose of the Act.

2. Trends

The other changes in practices of Boards were not innovations within the training board system but a more widespread adoption by Boards of schemes already being run by others with some degree of success. They indicate trends, rather than new approaches to problems.

These trends to a greater use of some of the schemes, have been in the following areas:

- a. Group training-schemes
- b. Courses for managers
- c. Consultancy.

The sponsoring of group training-schemes and of courses for managers have both significantly extended during the past year.

There are now some 700 training schemes encompassing around one million employees. Furthermore, businessmen's clubs which have been fostered, have also had encouraging results.

A number of Boards have recently developed special courses to meet management-training of owner-managers. One Board, for example, has recently set up a series of one-week courses 'Progress to Profit' for owner-managers. This course basically covers general management, and is followed up by modular development leading to 'exchange of experience' groups. Another Board, which, for three years, has provided week-end courses in Financial Control and in Production Planning and Control for owner-managers and

other senior managers in its Industry, has recently developed a general management course as a follow-on activity.

There is now a very gradual tendency for more Boards to offer some form of consulting service to small firms. For example, one Board recently announced the introduction of such a service, at £30 per consultant-day, from 1st January, 1972.

The two special grant schemes described in Section VI.K5, which at that time were just being introduced and had been developed with the aim of meeting the special needs of small firms, have now been in operation for a sufficient length of time to permit of an initial evaluation. In both cases, owner-managers are better disposed to the new grant schemes than the more conventional ones which they replaced. They see a greater relevance between the training programmes which, in discussion with a Board Training Adviser, they are now preparing, and the particular needs of their own firms. One anticipates that, gradually, other Boards will be introducing similar schemes for the small firms within their scope.

C. IMPACT OF MEETING ON FINDINGS AND CONCLUSIONS ARISING FROM THIS STUDY

The discussion and comment which took place at the meeting of the Board representatives, whilst confirming many of the problems and problem areas with respect to management development in the small firms, yielded no information meriting any modification of the findings or conclusions already drawn from this study. However, as touched upon in section A above, the meeting did reveal the great need for more frequent interchange of views and experience between the professional

training-staff employed by the different Boards. Such meetings, outside the policy influence of Boards, are essential for the purpose of cross-fertilisation of ideas and the building up of a sound corpus of knowledge and experience of that standard necessary to serve the Boards well in their efforts to meet the management training and development service-needs of the small-firm sector.

D. SUMMARY OF FINDINGS AND CONCLUSIONS

In summary, the main findings and conclusions arising from this study are as follows:

1. The majority of small firms, given free choice, would opt out of scope of the industrial training board system.
2. They are not all unmindful of the benefits which they have received from the various activities of their respective Boards, as will be seen from the following replies received from firms within the sample:

57 firms found the I.T.B. literature useful

45 firms considered the visits of I.T.B. Advisers worthwhile

20 firms considered the guidance and advice of the I.T.B. helped to improve the financial performance of the firm.

16 thought that the help was worth the net cost to the firm and 20 firms, given free choice, would remain in I.T.B. scope.

With better field service to the small firms, it is considered that the last, and most important, figure could be increased considerably.
3. The greatest criticism levelled at the Boards was regarding the excessive time which the firms had to spend in administration and paper-work to meet the needs of the Boards.

4. Of the sample, the great majority of chief executives (86 per cent) considered that management development is essential to the well-being of their firms, and over half (56 per cent) thought outside assistance was needed in developing their management skills.
5. About half (51 per cent) of the chief executives had attended courses for management development purposes, about one third of these (30 per cent) in consequence of I.T.B. encouragement. Only about one third (34 per cent) of those who had attended courses or seminars had found them of relevance and helpful to them in their businesses. In the case of Financial Control and Cost Control, only 1 in 20 and 1 in 13 found the sessions relevant or helpful.
6. The above findings lead one to the conclusion that the small firms would have a considerably better opinion of the Boards, if the latter would
 - a) eliminate their administration and paper-work demands on small firms (this probably would necessitate the elimination of grant schemes)
 - b) provide a management-development service to small firms, with on-the-job coaching and implementation assistance (not necessarily free)
 - c) support the management-development service with the provision of management-development courses specially developed to be relevant to the needs of the small firms.

Allowing an average of, say, 3 'free' consultant days per year for each establishment within scope of all Boards listed in Insert VI.2, Chapter VI, except the Hotel and Catering, Distributive, and

Food, Drink and Tobacco I.T.B's, the cost of the service would be £18 million per annum - i.e., about 18 per cent of the levy yield to those nineteen Boards in 1969/70 - with a total field staff of about 3500 persons.

7. There is a wide difference between the magnitude of the task facing various Boards, in relation to their respective levy incomes.
8. The present levy patterns of Boards run counter to their financial needs - i.e., the per capita cost of providing a service to the small firm is greater than that to the large firm but, in general, the effective rate paid is lower, the smaller the firm.
9. The present trend to raise levy cut-off levels, thereby placing more firms outside the scope and responsibility of the Boards, is contrary to the needs (see Section V.L6) of the small firms, and will have an adverse effect upon the future performance of small firms.
10. The Boards recognise that, compared with larger firms, there are differences in the management training and development needs of small firms, but practically no Boards (with a few notable exceptions) have carried out any investigations in depth to identify the real problems of small firms, and what the most effective means are for overcoming them.

The research which has been carried out so far indicates a strong correlation between the performance of small firms and the knowledge and use made by their managers of the main techniques and practices available to management.

Pooling of resources by Boards for the purpose of investigating in depth some of the common problem areas in small firms ought to be given high priority.

11. Boards, in general, are not satisfied with the progress of management development in small firms. They have probably made more progress than they realise in making firms more aware than they were of the need for management training and development, but this needs to be followed up with
 - a. a good field service, including consultancy service as needed, and
 - b. suitable courses of relevance to the actual needs of the managers in their own work situations.
12. To meet the changing demands on their field staff, Boards will need first to ensure that the former are equipped to diagnose the specific management training needs of individual small firms, to persuade owner-managers as to what the needs are and how best they can be met, and to assist the firms in the implementation of recommendations.

Proposals for a suitable workshop/field course of training to meet the above needs are given in Insert IX.2.
13. Professional training-personnel employed by Boards should be encouraged to create for themselves an autonomous institution for the purpose of promoting that exchange of experience and cross-fertilisation of ideas essential to the development of a corpus of knowledge which would be of benefit to both the Boards and Industry.

The above findings and conclusions lead one to the overall conclusion that the Industrial Training Act has already had a beneficial effect upon the small-firm sector of Industry. Since the application of the Act, and in consequence of the industrial training board system which it created, many small firms have, to their advantage, given some thought to their training needs who otherwise would not have done so. If the steps indicated above were taken by the Boards, it is considered that the pace of acceptance of the Boards by the small-firm sector would accelerate considerably.

As a piece of major legislation, the Act has only been in operation for a relatively short period of time, and teething troubles in its implementation were inevitable. The intention underlying the Act, however, appears from this study to be sound, and at least as relevant to the needs of the small firm, particularly in the area of management development, as to those of the larger firms.

The findings of the investigation do suggest, however, that it would be advantageous if Boards were given a clear indication by the appropriate Authority of the extent to which the Act permits them to engage in advisory/consultancy activities. This has since been done, but the Boards still hold widely differing interpretations of their statutory position with respect to such activities.

There seems no evidence to suggest that Boards serving smaller industries are less effective than those covering larger industries, in terms of the initiative which they have displayed and the research work they have carried out for the purpose of providing an adequate and appropriate service to small firms within their scope. In fact, a number of them have contributed considerably more, proportionate to

their levy yield, in investigation and innovation, than have most of the Boards in larger industries with much greater levy yields. This should be borne in mind if and when consideration is given to the grouping together of a number of the smaller Boards.

Finally, thought needs to be given to the possibility of subsidy to those Boards which have an extremely high proportion of very small firms within scope, to enable them effectively to discharge their responsibilities under the Act. If this be accepted favourably and acted up, the scope of the original Act ought to be extended to provide for the inclusion of the owners of businesses, so that they contribute in some measure to levy income.

X. THE FINDINGS AND RECOMMENDATIONS OF THE BOLTON COMMITTEE

The Committee of Inquiry on Small Firms was appointed on 21st July, 1969, and it presented its ¹ Report on 21st September, 1971. Its composition and terms of reference are shown in Appendix X.1.

Prior to the appointment of the Committee, there had never been a comprehensive study, official or otherwise, of the small-firm sector in the United Kingdom. Furthermore, it was poorly documented and had been subjected to very little research.

In ² discussion subsequent to the publication of the Report, a Member of the Committee revealed that, early in the investigation, the Committee came to realise that research in the small-firm sector was extremely difficult because of the great number of firms and diversity of activities involved.

In consequence, for it to be able to report within a reasonable period, the Committee found it necessary to commission research in addition to that undertaken by its own small Research Unit. In consequence, eighteen Research Reports were commissioned by the Committee, as listed in Appendix X.2, and they are in the process of being published by H.M.S.O.

In addition, the Committee received written and/or oral evidence from some 450 institutions and individual persons in this country and from some 30 sources overseas. The Committee also carried out a postal-questionnaire survey of a substantial sample of firms. Although the sample was not fully representative, it covered all the Industries within the Committee's field of enquiry. Some 15,800 small firms were each

1. Report of the Committee of Inquiry on Small Firms. *op.cit.*

2. Staff Seminar of the Department of Industrial Administration, the University of Aston in Birmingham, 16th November, 1971. Address by Professor J.H.B. Tew on the Bolton Report.

sent two questionnaires; one questionnaire relating to general descriptive characteristics of the firm and the other to accounting aspects. There were 3500 firms (22 per cent) which replied to the former and 2115 (13.5 per cent) to the latter questionnaire.

It would be outside the scope of this study to comment upon the whole range of findings and recommendations presented in the Report. We will, however, briefly consider below those aspects which are relevant to the field of enquiry of this study; the numbers in brackets referring to paragraphs in the Report.

A. DEFINITION AND CHARACTERISTICS OF SMALL FIRMS

The Bolton Committee came to the same conclusion as that drawn from this study - i.e., that a small firm cannot be adequately defined in any one, or combination, of such quantitative terms as employment, assets, turnover, output, or any other arbitrary quantity. They decided that the most appropriate definition was one which emphasised those characteristics of small firms which might be expected to make their performance and their problems significantly different from those of larger firms, and that the following three main characteristics (1.4) had to be taken into account:

1. In economic terms, a small firm is one that has a relatively small share of its market.
2. An essential characteristic of a small firm is that it is managed by its owners, or part-owners, in a personalised way - and not through the medium of a formalised management structure.
3. It is also independent, in the sense that it does not form part of a larger enterprise and that the owner-managers should be free

from outside control in the taking of their principal decisions. The Committee stated that they considered the above three factors constituted what they termed an 'economic definition' but, for the practical purposes of the Inquiry, they were obliged to use a 'statistical definition'. In the words of the Report, they therefore 'adopted the 200 employee upper-limit for manufacturing firms, and a series of more-or-less arbitrary definitions in terms of whatever measures appeared appropriate for other trades'. The small-firm sector, as actually defined for the Inquiry, is shown in tabulated form in Appendix X.3; together with the statistical definitions adopted for the various industries listed. Also, for each industry, the small firms are shown as a percentage of all firms and as a percentage of the total employment in that industry. The average number of employees per firm in each industry is also listed.

This Committee finally came to the view (1.10) that, except possibly in the case of manufacturing firms, the definitions erred on the low side concerning what constitutes a small firm. This is in accord with the evidence of this study.

Concerning the three main characteristics, 1 to 3 above, which the Committee considered were the factors which constituted what they termed an 'economic definition', this commentator questions the first two on the grounds that they are too restrictive. He would modify them (the modification being underlined) to read as follows:

1. In economic terms, a small firm is one that has a relatively small share of its market or a significant share of a small, but specialised, market.

(For example, there are many small firms - e.g. in the field of instrumentation and others requiring a high level of specialised 'know how' - which have a large share of a highly specialised, often international, but small total market.)

2. A fairly common characteristic of a small firm is that it is managed by its owners, or part-owners, in a personalised way - and usually not through the medium of a formalised management structure.

(A firm can still be small, whether or not its owners, or part-owners, manage it in a 'personalised' or 'de-personalised' way. Furthermore, although the owners, or part-owners, of a small firm who manage it in a personalised way usually do so without a formalised management structure, there are small firms where the owner-manager operates in a personalised way, yet nevertheless through the medium of a formalised management structure. It must be conceded, however, that this is a much less common occurrence in the small firm.)

B. OWNER-MANAGERS AND CHIEF EXECUTIVES

It is pertinent to this study that the Bolton Committee questionnaire survey revealed that a) the average age of the chief executives in their sample was about 54 years of age, b) the majority of them had no higher education and c) an insignificant proportion had any 'formal post-school management educational qualifications at all'. Furthermore, in small manufacturing firms, 81 per cent of chief executives were members of the founder's family, 12 per cent were other persons appointed from the firm, and only 7 per cent were recruited from outside.

The above information indicates the extent to which the problem of

providing management education and training to managers of smaller firms differs from that encountered when meeting the needs of managers in the large firms.

It is the view of this commentator that the Bolton Committee was too superficial with respect to the motivation of owner-managers (2.44 to 2.47 in the Report). No attempt was made to ascertain what relationship exists between the motivation of the owner-manager and the performance of the small firm (in terms of profitability and growth). For example, it would have been of value to the Committee, in coming to their conclusions, to have known the extent to which owner-managers' motivation led to the pursuit of personal objectives which were in accord with, or ran counter to, the requirements of the firm if it were to take advantage of the opportunities open to it, and thereby attain its full potential.

Had such a survey been carried out in sufficient depth, as a 'grass-roots' operation by skilled investigators visiting the firms for the purpose of observing management practices, and comparing these with the corresponding performance of the firms, the Committee may have shown more concern at a later stage in the Report in setting that climate for improving the quality and attitudes of management in small firms, as a means of improving their well-being and performance, than in easing their tax problems to ensure their survival. However, we will return to this when we consider the Committee's conclusions concerning the subvention of management services to small firms.

C. THE ROLE OF SMALL FIRMS

Concerning the role of small firms: the Report recorded (3.10) the

Committee's attraction to the notion * of classifying the roles of small firms according to the type of market in which they sell their output, and that small firms are either a) satellites, i.e., firms which are heavily dependent upon one large customer, b) specialist firms carrying out functions that large firms do not find it economic to perform at all and c) marketeers, which compete in the same or similar markets as the large firms. Of the manufacturing sample of the Merrett Cyriax dynamics study (Research Report No. 12 - Appendix X.2) it was found (3.14) that 6 per cent were satellites, 16 per cent specialists and 78 per cent marketeers. The survey also revealed that, even amongst those firms which could not strictly be called satellites under the above definition, 35 per cent of small firms, in manufacturing firms as a whole, are dependent upon one customer for 25 per cent or more of their business and, in metals and metal manufacture, one half of small firms sold more than a quarter of their output to one customer. From the replies to letters sent by the C.B.I. and the Committee Chairman respectively to a number of the largest firms in the country, enquiring about the relative importance to them of small firms, the Report confirms (3.11) how dependent large companies are upon small firms as suppliers. It does not, however, pursue this to determine the underlying economic reasons why this should be so. This commentator submits that, if large firms had to produce all the

* H.F. Lydall, "Aspects of Competition in Manufacturing Industry", Bulletin of the Oxford Institute of Statistics, 20, 1958. P. Lund and D. Miner, "Three Studies on Small Firms (No.1)", Research Report No.11. See Appendix X.2.

component parts which make up their end products - and especially those parts which, as individual products, represent a small total volume - the costs, particularly in the overhead areas of planning and production control, would escalate. The automobile industry offers a good example of this. Large assembly plants often depend upon the flexibility of small suppliers for pilot runs and, what is more important, to change shop-floor production schedules quickly to meet their own unanticipated sudden changes in production requirements. It is by no means unknown for a small firm, late in the week, to be asked to change its production scheduling for the start of the next week, and for the owner-manager or his foreman to spend the week-end resetting machines to meet the new requirements of a key customer. The cost of the change to the large firm is little more than that of the telephone call and the time of a relatively junior buyer - insignificant compared with what it would have been if the large organisation, with its longer channels of communication and greater inertia, had been making the parts itself and, in consequence, had to effect the changes internally. Many small firms, in this manner, basically provide a service. Unfortunately, they often compete with one another on the value of the product alone, and no account is taken by them of the value of the service they additionally render, in their price-setting procedures.

D. THE ECONOMIC SIGNIFICANCE OF THE SMALL-FIRM SECTOR

The Report adds little of significance, with respect to this study, to our knowledge concerning the economic significance of the small-firm sector, or concerning its trends. Moreover, it is surprising that no attempt was made to compare the levels of performance, and the trends,

of manufacturing and non-manufacturing industries respectively, especially in view of the growth which it is known has occurred in the service industries of recent years.

E. VARIABILITY IN PERFORMANCE OF SMALL FIRMS

The information revealed in Table 4 VI (4.20) which was based upon the findings of the Committee Questionnaire Survey, provides the following interesting information concerning the variability in rates of return on capital in small firms.

Size-band (No. of employees)	Pre-tax Median %	Rate of Return Variability * %
1-24	18	35
25-99	17	21
100-199	17	14

It would have been helpful here if the Committee had included the larger firms in the above table to facilitate comparison of variability of return on capital between large and small firms. However, it is of interest to note (para. 4.21) that, although the Report puts forward a number of factors (each of which is valid in certain circumstances) as contributing to the greater variability of profit among small firms, it omits what some persons would consider to be the most important factor - the great variation in quality of management which occurs in small firms.

This indicates again the Committee's lack of curiosity concerning the

* Variability was measured as difference in percentage return on capital between top and bottom quartile, when ranked in descending order of performance.

effect of quality of management upon the performance of the small firm.

F. ORGANISATION IN GOVERNMENT

The Committee made a strong case (Chapter 9) for the creation of a focal point in Government to replace the existing inadequate system of what the Report described as 'dispersed non-specific responsibility' which, as it states 'has resulted in a virtual absence of coherent thought about or policies towards small firms'. It recommended the creation of a Small Firms Division within the Department of Trade and Industry, with a Minister of that Department expressly designated as the Minister responsible for small firms and for overseeing the work of the Division. On the day of publication of the Report, the Government announced its acceptance and implementation of this proposal.

Implementation of the detailed recommendations concerning the responsibilities and function of the Division, and of the proposed network of Small Firms Advisory Bureau should improve the present situation. Nevertheless, they do not go anywhere near so far as the measures taken by a number of other highly industrialised countries - notably the U.S.A., Germany, Japan and Italy - to assist small firms to improve performance. Furthermore, no reasoned argument was offered by the Committee as to why their recommendations fall considerably short of the measures taken by other industrialised nations; some of which have enjoyed considerably greater economic progress than has this country during the post-war years.

It was also surprising that, in view of the Report's comments about the dearth of research which has so far been undertaken in the small-firm

sector, no recommendation was made that the Small Firms Division should be responsible for ensuring that adequate research be undertaken henceforth into the problems and needs of small firms, and have the necessary funds made available to sponsor such work.

G. MANAGEMENT SKILLS AND ADVISORY SERVICES

The Committee's postal survey revealed (10.2) that over 85 per cent of the small firms which responded to the questionnaires were controlled and managed by one or two men, usually one. Only in the larger firms in the Inquiry size-range was there a subordinate management structure, and the delegation of specific functions, such as marketing, were found to be comparatively rare.

The Committee came to the conclusion that one of the outstanding characteristics of the small firm is the simplicity of its management structure; the typical small firm being directly managed by its owners - who themselves take nearly all important decisions and probably oversee their execution as well.

The Report comments that this direct dependence on the proprietor in every facet of the detailed running of the business is the source of most of the strengths, and many of the weaknesses, of small firms. For example, states the Report (10.2), it accounts

"for the rapidity with which decisions can be taken, it makes for high morale among employees and it should ensure that the main requirement for the survival and growth of the business - to make profits - is not forgotten. On the other hand, the skills and experience of any one man are necessarily limited. The majority of small firm proprietors have no professional or other

formal qualifications and only a tiny minority have specific qualifications in management. They run their businesses on the basis of their experience and common sense. This may be very effective so long as the scale of the firm's activities remains small enough for one man to control them all effectively, and so long as no serious crisis overwhelms his pragmatic management. Either of these eventualities, however - significant growth or a need to consider drastic changes in the firm's policy - is likely to reveal a need for certain specialist skills which are most unlikely to be found within the average small firm."

The underlining in the above quotation from the Report is by the commentator. He is in agreement with the above, except for the underlined passages. These ignore a crucial factor, viz, the limitation of time available to the chief executive in the growing small firm, and its consequential adverse effects.

The only manner in which he can effectively compensate for this limitation is through the process of greater delegation and corresponding reorganisation of the management structure.

In consequence, direct dependence on the proprietor in every facet of the detailed running of the business does not 'ensure that the main requirement for the survival and growth of the business - to make profits - is not forgotten'. As we have shown elsewhere, (Section IV. F) this detailed pre-occupation of the chief executive with the day-to-day affairs of the firm is much more likely to prevent him from devoting the necessary time to those two areas - forward planning and improvement

of operating effectiveness - where he could make his most vital contribution to ensuring the survival and growth of the firm. If he does not devote the necessary time to these activities, the making of profits in the longer term will effectively have been forgotten.

The Report recognises that the small firm is prevented by the scale of its operations from employing a specialist in every function. It points out that, so far as specialists are needed, and so far as the need is recognised by the manager of the small firm, sophisticated management skills and specialist knowledge must usually be brought in from outside and, it states, 'It is very often the case that the need is not recognised'. The experience of the commentator, and the consultancy staff of the Small Business Centre at Aston, confirms this and, in particular, the last sentence. Lack of recognition by management in small firms of their needs is central to the problem of improving their performance. These needs can most effectively be fulfilled by advisers and consultants but, as the Report rightly points out (10.19)

"Basically, there are two serious difficulties in providing consultancy for small firms: first, the consultancy operation is not, as might be thought, necessarily more simple than advising a large firm, but in some ways more difficult; and second, the strong sales-resistance of the typical small businessman necessitates a powerful marketing effort which the majority of consultants, given a high level of demand for their services, are not prepared to make. It is consequently very difficult to run such services profitably".

H. THE COMMITTEE'S APPROACH TO THE QUESTION OF SUBSIDISED SERVICES

Faced with the above findings and conclusions - i.e., that small firms

often do not recognise the need for outside assistance and that their resulting sales resistance makes it very difficult to run such services profitably - one would have expected the Committee to have looked objectively into what cost/benefit has arisen from the use of the various services at the level of the small firms themselves, and also at the level of the national exchequer (which is usually the major benefactor from increased profitability). It would have necessitated a programme of research to obtain this information but, in this manner, the Committee could have come to sound conclusions as to which services, if any, it was in the interests of the national economy to subsidise.

In approaching the question of subsidisation of services, the Committee stated (10.39) that, in their view, to justify the provision of free or subsidised services, the following four conditions should be satisfied:

1. that the service is needed
2. that private enterprise cannot or will not provide it
3. that the economic benefit to the nation deriving from the services is greater than their cost
4. that users of the services cannot or should not be expected to pay the full cost.

There is no problem in agreeing with the first three conditions. The fourth condition - i.e., that users of the services cannot or should not be expected to pay their full cost - requires clarification and amplification. It gives no indication as to on what grounds users 'cannot be expected' or 'should not be expected' to pay their full cost. For example, if the owner-manager did not recognise the need for, or the benefit which would accrue to his firm, from a service, should he be expected (of his own volition) to pay the full cost of the service; even

though his firm or the national exchequer stood to gain from the exposure of the firm to the service. Had the Committee this sort of situation in mind as one satisfying this condition, or as one not satisfying it?

Having set down the conditions which they considered should be met if subsidised services were to be justified, the Committee went on to discuss the case for subsidisation. Some of the most revealing comment occurs within the following quotation (10.42) from the Report:

"The view underlying Government policy has apparently been that much of industry, particularly small firms, would not of its own accord take the action necessary to improve its performance and that incentives were needed to make it do so. We think it wrong in principle that firms should in effect be bribed to take action which, if it is worthwhile at all, will increase their profitability. The evidence suggests that the main users of the advisory services have been the more dynamic and efficient small and medium-sized firms - precisely those who are best able to assess the pay-off from any course of action: the existence of the services appears to be comparatively ineffective in persuading the more reluctant, backward or inefficient firms to improve their performance. We therefore doubt the effectiveness of the 'missionary' role of the subsidised services and note that their successes have tended to be among the already converted".

It is not surprising that, in the absence of sound research information, the above 'hen or egg' type of argument led the Committee to the following conclusion (10.44)

"As a general principle therefore we suggest that all management

advisory services, whether in the public or private sector, should be self-supporting, since the readiness of clients to pay and the ability of the service to survive on this basis are the only reliable indicators of their value."

This commentator is of the view that the Report does not make a sound case against subsidisation of management advisory and consultancy services to the small-firm sector. The actual evidence which it cites from the enquiries of the Committee indicates that investigation to much greater depth would be necessary before one could reliably conclude that a withdrawal of subsidies from management services in the small-firm sector would have no adverse overall effect on the national economy and the national exchequer.

I. CREATION OF ADVISORY BUREAUX

The only proper field for permanent subsidy, in the view of the Committee, was the provision (10.46) of an information and referral service, vested in a single, easily identifiable organisation with a network of local offices in all the most important centres of industry and commerce. These Advisory Bureaux should be essentially local in character and report to a Small Firms Division of the Department of Trade and Industry. Their function would be (10.48) to provide information and assistance on technical, financial and management problems by providing introduction to the appropriate sources of professional, commercial or official advice. They would also act as a two-way channel of communication between the grass-roots of the small-firm sector and the Department.

It is difficult to visualise how this new service would prove other than a watered-down version of the present Industrial Liaison Service, which

assists manufacturing firms (with less than 500 employees) to improve their managerial efficiency and technological strength. There are some 75 Industrial Liaison Centres based on colleges of technology and universities throughout the country; two thirds of the direct running costs being paid by D.T.I. and the balance by the host establishment. Organisationally, however, the closer linkage of the Bureaux with the Department should result in better communication between the small firms and the policy-forming level of Government. Against this, the Bureaux service is likely to prove operationally somewhat less effective than that of the present Industrial Liaison Centres based on colleges of technology and universities.

The Committee recognised (10.49) that many of the Industrial Liaison Officers would not wish to join the Advisory Bureaux. They expressed the belief, however, that the work of the present Centres would not cease (10.50) but would continue on a commercial, instead of the present free, basis.

If they did so continue, the likelihood is that their activities would gradually be directed towards the larger firms. For example, this has already happened at one university which originally had an Industrial Liaison Centre within the D.T.I. (former Mintech) scheme, but which eventually created its own independent Industrial Liaison Service, no longer subsidised by D.T.I., so that it would be free to pursue the university's own and different aims of creating more rewarding linkages (often in the research field) with larger firms.

J. INDUSTRIAL TRAINING

The report concerns itself under this heading exclusively with the industrial training boards system and the reactions to it of the small

firms. Very little new information emerges. Concerning criticism of the Act and the industrial training boards, it states emphatically (14.5) 'The evidence we received leaves us in no doubt that the balance of opinion among small firms on this subject is heavily unfavourable to the system as it has evolved'. This is in keeping with the findings resulting from this study.

In the Report, the difficulties experienced by small firms, and in consequence the complaints which the Committee received, were classified (14.5) under the following three headings:

- a. the administrative cost of the system
- b. the unsuitability to small firms of board-sponsored training
- c. the financial drain imposed by the levy (whether recovered or not).

The above was similar to the difficulties revealed by this study, but no significant new information emerged.

The Report noted (14.9) that 'scarcely any systematic research has been conducted in small firms in order to identify their particular training problems'. Realisation by the Boards that the needs of the small firm required more study, resulted in a Committee of Chief Officers being set up (14.12) to study the training problem of small firms. The Report states that this Committee was not given precise terms of reference but, after discussion, defined its task as follows:

"The Committee's task is to try to identify the types of training problems encountered by small firms in different industries and to indicate the techniques and methods which boards have found helpful in dealing with these problems. The aim is to make available to all boards the best and most successful

practices which have been developed in the field by the training boards and also by the Industrial Training Service"

The Report states that the Committee of Chief Officers identified the same problems which the Committee found, and had made a number of detailed recommendations for the improvement of the provisions made for small firms by the Boards.

It is interesting to note that, as has been noted elsewhere (Section VI. K6) concerning investigation by committee, the Committee stimulated no 'grass-roots' research. Its recommendations, however, have to some extent been acted upon and have somewhat eased the situation.

Field work in sufficient depth, at the actual work situation, which committees do not and cannot do, would have provided a sounder basis for determining the needs and problems of the small firm.

The Report states (14.13) that the Chief Officers' Committee did not see its function as being to assess the suitability to small firms of the levy/grant machinery as such. It concentrated on particular areas of difficulty with a view to making the existing system work better and, since the Chief Officers' Committee reported, the following improvements in Board practices have resulted:

1. raising of exemption limits of small firms from levy (14.14)
2. the encouragement of group training schemes (14.16 14.17)
3. the provision of management training (14.18)
4. special training recommendations and grant schemes for small firms (14.19)
5. the provision of direct advice (14.20)
6. the paying of grant for in-company training (14.21).

None of this information adds significantly to that already available from the present study. What is interesting to note, however, is that all the Report has to say on the provision of management training is

"All the training boards recognise the need for management training. This should strictly be limited to managers who are employed persons because the Industrial Training Act makes no provision for the training of employers and the self-employed. The Engineering Industry Training Board, for example, now sponsors a number of courses aimed at management. In 1969/70 the Board ran 56 courses in financial control with over 900 members attending. There were in addition 42 parallel courses on production control, with over 700 members. This Board also sponsors week-end courses, which are particularly attractive to the management of small firms. The Construction Industry Training Board has also introduced a course on management appreciation for small firms and they are now planning to hold ten such courses throughout the country. Other training boards have also made provision for the training of managers. Early in 1970 the then Government introduced a Bill to extend the scope of the original Act to provide, inter alia, for the inclusion of the self-employed and the owners of businesses. The Bill did not, however, pass through the necessary stages before Parliament was dissolved for the General Election. The present Government has not reintroduced this legislation. However, we are told that some training boards are prepared to allow such self-employed people to take part in training courses and to make use of other facilities provided out of levy

income. While it is unsatisfactory that this should have to be done on a semi-clandestine basis, it is better than nothing."

Had the Committee looked closely into the behaviour of the Boards, through their Field Officers, to owner-managers of small firms, they would have found that the Boards and their Field Officers are well aware of the need for development of the majority of owner-managers in small firms and they have, in general, bent over backwards to interest owner-managers in training matters, and to encourage them to make full use of any management training facilities which the Boards have so far provided.

While affirming its recognition (14.22) of the valuable work done under the Industrial Training Act, the Committee concluded (14.25) that the machinery set up under it 'is fundamentally inappropriate to the needs of most small firms' and recommended that the only satisfactory solution to the difficulties which the Report recounted was 'for the Boards to exempt them from the levy/grant system'. It was suggested that each Board, in consultation with the industry and the Department of Employment, 'should formulate an appropriate definition of the small firm in its industry and should establish an exemption limit designed to exempt them all from levy'; it being considered that firms below these limits should be allowed to 'opt in' to the levy/grant scheme, should they so wish.

Finally, with respect to industrial training, the Report stated that Training Boards should consider the possibility of providing training services for small firms on a fee-paying basis - presumably at full commercial rates!

K. CONCLUSIONS ON THE REPORT WITH RESPECT TO THIS STUDY

The Report has brought together, in a very lucid manner, a greater amount of useful information concerning the small-firm sector in the United Kingdom than has been available in a single volume heretofore. It also includes new information resulting from the response to the postal questionnaires.

It provides valuable new evidence concerning the great variability of performance in small firms, measured in terms of return on capital. Unfortunately, this was not pursued in an endeavour to determine what factors (internal and external to the firm) are responsible for this great variation. Neither did the Committee endeavour to ascertain what relationship, if any, existed between the quality of management of a firm and its level of performance, measured in terms of profitability and growth. Had the Committee done so, it may be that they would have presented somewhat different conclusions and recommendations, particularly with respect to subsidisation and taxation, based upon more objective evidence.

As it was, the Committee paid much less attention to finding out in what directions, if any, the performance of small firms could be improved (and by what means this improvement could be effected) to strengthen their chances of survival and increased well-being, than it did to considering what adjustment in their environment (e.g. taxation) was desirable to increase their chances of survival.

In consequence, the Bolton Report offers no objective evidence which suggests that the findings and conclusions arising from this study should be modified in any way, even though the following recommendations in

the Report run counter to the conclusions drawn by this commentator from the findings in this study:

1. Elimination of subsidy for all management services (except the new Governmental information and referral service) to small firms.
2. Exemption of small firms from scope of the industrial training board system, unless they wish to 'opt in'.

On the question of provision of subsidised services to small firms, this commentator is of the view that the Committee has expressed an opinion without support of any objective evidence that removal of subsidies would benefit either the small firms themselves, or the national exchequer. On the contrary, there is mounting evidence that there is a relationship between quality of management and the performance of a small firm, measured in terms of profitability, and that improvement in quality of management leads to increased profitability. Since the national exchequer is the major benefactor from increased profit, it follows that it should have a vested interest in encouraging improvement in the quality of management, and be prepared to invest to this end. Hence, if small firms are unable to recognise their own management development needs (and the Bolton Report rightly points out that it is the poor performers which, generally, least recognise their needs) the national exchequer would not be acting in its own best interests if it left the whole initiative entirely in the hands of the managers of small firms.

Experience from the activities of the Small Business Centre support this view, as will be seen from Appendix X.4, which cites a number of assignments undertaken for small firms by the Centre and which, in

effect, were subsidised by the national exchequer to the extent of some 20 per cent of fees charged.

Concerning the exemption of small firms from scope of the industrial training board system, this commentator considers that this would be a very negative solution. What is needed, is a field service to small firms appropriate to their needs. In the year 1969/70, as the Report itself point out (14.2) less than £7.5 million was spent by the Boards on training advisory services. During the same period £175.5 million was paid in Grants and £5 million was spent in administration. What is required is the spending of more money on training services, through a field force well trained to meet the management development needs of small firms, accompanied by a complete review of Grant policy.

XI. CONCLUSION

The purpose of this study was to test five hypotheses. These hypotheses, and the conclusions reached in the course of this study with respect to each, are enumerated below:

1. There is a need for management training in the smaller firms.

This need was confirmed in the replies of the Boards and the sample of small firms to the respective questionnaires. The investigation sponsored by the Knitting, Lace and Net I.T.B., and undertaken by the Small Business Centre into a sample of small firms within scope of that Board, indicated a high correlation between the performance of these firms (measured in terms of added value per employee) and their knowledge and use of appropriate management techniques and practices. These findings were subsequently confirmed by the field staff of the Knitting, Lace and Net I.T.B. in a continuation of the survey with a larger sample of small firms within its scope.

2. The I.T.B's, by implication in the terms of reference laid down in the Industrial Training Act, were given responsibility of ensuring that this need is met.

The Act places upon each training board the responsibility of providing, or ensuring the provision of, such training courses and other facilities as may be required for the training of persons employed, or intending to be employed in the industry, taking into account any courses or facilities otherwise available to such persons. Each training board also has the duty laid upon it of making such recommendations as are necessary concerning the nature, length and standard of training required for the various occupations in the industry.

The occupation of managing was in no way excluded from falling within scope of the training responsibilities of the Boards, and the Act does not in any way restrict them with respect to the facilities they are allowed to provide to enable the Boards to discharge their responsibilities.

The Boards themselves recognise their responsibility with respect to management training. There is, however, no unanimity in their views as to whether they should provide consultancy services as a means of meeting the management training needs of small firms, or whether the Act allows them to provide such services.

Boards, however, are gradually increasing their field service to small firms within scope, and a few are now providing consultancy services on a fee-paying basis. This trend might accelerate, and it would be to the advantage of small firms if the Department of Employment ensured that all Boards became aware of their freedom under the Act to provide such services wherever they were needed to facilitate management development in small firms.

Nevertheless, it is considered that there is a need for a strong co-ordinating body to ensure that adequate research is carried out and to oversee the management training and development activities of the Boards, since the occupation of managing stretches right across a system based upon separate Boards for different Industries.

Such a system leads to dissipation of the limited resources available in the management training and development field.

3. The Boards are in general not successfully discharging this responsibility in the smaller firms within their scope.

The replies of the Boards to question 12 of the questionnaire completed by them revealed that most Boards are not satisfied with the progress of management training and development in the small firms.

4. The smaller firms themselves have little confidence that the Boards could provide them with any useful guidance or assistance in identifying or fulfilling their management training needs.

Approximately 80 per cent of the sample of firms which responded to the questionnaire would opt out of scope of their respective Boards if they were free to do so, and less than one quarter of them considered that the guidance and advice that they were receiving from their respective Boards was helping them to improve their financial performance.

It is considered that, if the Boards concentrated more resources on providing suitable field service, including on-the-job coaching assistance, and less on grant provisions, the image of the Boards held by the small firms would improve significantly.

5. The Boards could not provide a suitable management training service to the smaller firms within the levy system authorised by the present Act.

Providing general grant schemes took a very secondary place, or were stopped altogether, most Boards could provide a suitable management training service to the smaller firms within the levy system authorised by the present Act.

This, however, would not be possible in the case of those Boards (such as the Distributive, Hotel and Catering, Food Drink and Tobacco and Road Transport I.T.B's) which have a very low average number

of employees per establishment. In some of these cases, Government subsidy would be necessary if the Boards were to fulfil their responsibilities under the Act to small firms within their scope.

This study has been found most worthwhile. Discussions with members and Officers of the various Boards have proved very helpful and one was very impressed with the extent of their desire to provide a service which will meet the needs of small firms. They are well aware that the owner-manager of the small firm is usually the key to the situation and that any improvement which they can make towards more effective management, and therefore improved performance, must start from him.

The Boards have a hard, but not insurmountable, task in the small-firm sector. If they are to be successful, however, they will require considerably greater field resources than they have at present. In the case of most Boards, the funds required for this increased field activity would be significantly less than they have been paying in Grant. With such a change of emphasis, accompanied by a sound recruitment and training programme within the Boards' own organisations, and co-ordination of the efforts of the Boards, the image of them which is held by the small firms would gradually but markedly improve, and management development would accelerate. This would be to the financial advantage of the small firms themselves and of the national exchequer.

The future does hold promise. Recent discussions between the Department of Employment, the C.T.C. and the Boards have resulted in the creation of a number of Task Groups, consisting of Officers from different Boards, to report to the Central Training Council, and to the Boards themselves, by March 1972, on the following subjects:

Task Group	Subject
1	Implementation of Management Development Schemes
2	Management Learning on-the-job
3	Evaluation and Validation of Training
4	Measuring Effects of I.T.B. Activity
5	Training of I.T.B. Management Development Advisers
6	How to help Companies in Management Development.

This offers scope for significant and beneficial developments in the methods of operation of the Boards.

Finally, the investigator would like to place on record his appreciation of the encouragement and help which he has received throughout the study from his supervisor, Professor I. F. Gibson, who has been willing and ready at all times to discuss any points arising in the investigation.

XII. POSTSCRIPT - THE CONSULTATIVE DOCUMENT OUTLINING GOVERNMENT PROPOSALS FOR THE FUTURE OF THE INDUSTRIAL TRAINING BOARD SYSTEM

As stated in Section I (last paragraph) an intensive review was started in 1971 by the Department of Employment for the purpose of preparing a consultative document outlining the Government's plans for the future of the industrial training board system.

The document, entitled 'Training for the future - a plan for discussion', was presented by the Secretary of State for Employment on 1st February, 1972. It was published in the form of a booklet to serve as a basis for public debate of the issues involved and of their implications.

The Government wishes to have the benefit of the views of interested bodies prior to reaching firm decisions during the summer of 1972 and, through the initiative of the responsible Departments, it will be seeking consultation with those concerned.

Besides submitting, for the purpose of consultation, proposals concerning the future of the industrial training board system, the document also covers firm proposals for the expansion of the present Vocational Scheme to meet the needs of individuals who wish to acquire new skills. This brief review concerns itself only with the former proposals to the extent that they are relevant to the subject matter of this thesis - i.e., the industrial training boards and management development in small firms.

A. CONCLUSIONS ARISING FROM THE REVIEW

The Government came to the conclusion that the Boards have important achievements to their credit and the general levy/grant schemes had provided an essential 'shock treatment' leading to a major change of attitude to systematic training in large sections of British industry (although there had been considerable criticism of these schemes,

particularly by small and highly-specialised firms).

There is, however, a serious risk that the general levy/grant schemes are now becoming an obstacle to the effective development of the other work of the Boards. Furthermore, for many firms - in particular, small firms - such schemes have never been relevant to their needs. General levy/grant schemes therefore need to be phased out at a reasonably early date.

Furthermore, arrangements need to be made to fill the gaps left at present by the Board system and to handle some matters on a basis which cuts across industrial boundaries.

It is submitted that a central organisation of some kind is needed for this purpose, primarily because a system based on separate Boards for particular industries has the following inherent limitations:-

1. It is difficult to adapt it to industries which are not reasonably homogeneous in their nature, to small industries, to industries with very high numbers of small firms, and to those where the training needs of individual firms are very dissimilar. (The document cites the fact that many minor, but distinct, industries have been brought within scope of the existing Boards and not all of them are happy with the arrangements.)
2. The system is not well suited to dealing with the problems of small firms. In some cases, the needs of small firms in different industries may have more in common than the needs of small and large firms in the same industry.

The Boards' response to the problem, which has been to exempt more and more small firms from the system, is not considered to be a wholly satisfactory solution. (The Bolton Committee -

wrongly, in the view of this commentator - recommended total exemption of all small firms as the solution).

3. It is unsuitable for occupations or activities which are common to many, or all, industries and which therefore clearly should be dealt with on a wider basis than that of individual industries - if only to avoid the dangers of duplication and waste of resources.
4. Each Board may be called upon to cover firms in all parts of the country, whereas regional organisations covering firms in a variety of industries would probably be more effective.

The document stated that a particular problem arises in connection with management training. It pointed out that, in spite of the conclusion of the Central Training Council, that each Board should retain a responsibility in this field, it is far from clear that problems are sufficiently dissimilar from one industry to another to make this the best method of approach. At the very least some central focus seems to be needed.

The work of the Boards and their staff, however, must be maintained, and indeed expanded, in

- a. providing an advisory service to firms
 - b. encouraging the establishment of group training schemes
 - c. setting sound standards of training
 - d. developing, in conjunction with the education service, good programmes of training with associated further education
- and the need will remain for financial incentives to certain training activities of particular importance to the economy. These incentives should be on a selective basis.

B. THE WAY FORWARD

Under the above heading, the document submits that the Board system has gone a long way to meet the objectives of policy concerned with the needs of individual firms and of major industries. Training systems are being brought into line with modern conditions and an effective training advisory service is being established. It proposes that we can, and should, build on these achievements and it points out that, in this, the education service has an essential part to play in helping to prepare individuals for employment, both initially and during their working life.

The review, however, also showed that there is a need for

1. a massive expansion in the facilities available to individuals
2. extension, to industry generally, of the advisory and other services at present only available to certain sectors through the Boards.
3. replacement of the present general levy/grant systems by more selective grants for training activities essential to the needs of industries, or of the economy as a whole.
4. better co-ordination of the contributions of the Government and the Boards.

The Boards should therefore continue their work of analysing the training needs of their industries, developing programmes to meet these needs, considering the appropriate training and setting standards of training for particular occupations in their industry, encouraging the formation of group training schemes for small firms, and providing an effective advisory service for smaller firms in their respective industries.

The Government also sees a need for a national body, in addition to the Boards, for the purpose of a) providing advisory and other training services in parts of the economy not covered by Boards or by adequate arrangements made by employers, b) operating in those areas where training services are better organised on an occupational basis, cutting across the structure of Boards and c) unifying the present dispersed efforts to improve management training and development within firms.

C. THE PROPOSALS

The main proposals in the document are as follows:

1. National Training Agency

It is proposed that a National Training Agency, founded through the Department of Employment, be established for the purpose of

- a. taking on responsibility from the Department of Employment for the new Training Opportunities Scheme and for all other Government schemes for the promotion of training.
- b. co-ordinating the work of the Boards on matters of general concern and carrying out standard-setting and similar functions for occupations which cut across industrial lines, including management
- c. meeting the cost of approved programmes of work by Boards when they cease to operate general levy/grant schemes
- d. developing an effective national training advisory service for employers and operating this itself in sectors not covered by the Boards.

The Agency's general policy objectives would be the responsibility of Government, though its expertise would enable it to play an important part in decisions of general training policy, but the Boards would remain the authorities on training policy within their industries. Major executive tasks of the Agency would be the running of the Training Opportunities Scheme for individuals, and of its other services, and the document states that it would therefore best be composed of a chief executive and a board of full-time directors, responsible to the Secretary of State for Employment; each director being responsible for a major block of the Agency's work. They would be drawn from such fields as the Boards, industry, education and the government training services. The Secretary of State for Employment would be primarily responsible for the Government's relations with the Agency, and the latter would receive a grant-in-aid from the Department of Employment.

2. The Boards

Whilst remaining constituted in the same way as at present, the Boards would be released from their obligation to raise a levy to meet their expenditure and general levy/grant schemes would come to an end (unless any industries specifically decided of their own volition to retain them). The funds thereafter required by the Boards to meet the costs of their continuing activities would be provided by the National Training Agency, for the implementation of a programme submitted to and approved by the Agency.

3. The Agency and Management Training

The Government proposes to ask the Agency to pay special attention

to management training. It sees the need as being for planned management development within the firm, including the training of management as a team to improve their business performance, as well as the training of individuals.

The document points out that the chief contribution of the Agency might be in the field of in-company training, and supports this with reference to the fact that, in industry, it is widely held that on-the-job development can do more to improve the performance of most managers than can formal training courses, important as the latter may be.

Because of this, it states that a systematic approach should be made to on-the-job coaching, delegation, problem analysis, job rotation, and other appropriate methods; the Agency seeking to promote this approach through its advisory and other activities and through its role in co-ordinating the work of the Boards.

4. Improving the Availability of Management Development Advice

The document stresses that, among the problems which the Agency would face in the management training and development field is the supply of management development advisers. It points out that there is general agreement that the pace and quality of future efforts in management training by firms, and by advisory and other bodies (including the Agency itself) is likely to be significantly affected by the shortage of competent advisers.

In consequence, the Agency would need to consider what could be done to improve the availability of management development advice.

5. Integration of Professional Training Staff

The Government believe that it would be advantageous if the proposed National Training Agency became the employer of the professional training staff at present employed by the individual Boards, so that it could build up an integrated staff to cover the whole area of its work. Professional staff needed to carry through the specific programmes of individual Boards would then be seconded by the Agency to the Boards.

It is claimed that this integration would have the following advantages:

- a. staff could more easily specialise in subjects cutting across industrial boundaries and would be able to help Boards with a concern for these subjects
- b. the building up of a strong regional organisation, with a capacity to provide an advisory service to firms not covered by the Boards, would be facilitated
- c. redeployment of staff to meet changes in the balance of work would be much easier with a unified staff
- d. the career opportunities for the professional staff would cover a much wider field than at present.

6. Cost

It is estimated that the cost of the proposals would be £25-40m per annum for the work of the Agency and the Boards to stimulate training of adequate quantity and quality within industry (and of the order of £60m per annum by 1975 for the proposed Training Opportunities Scheme to provide expanded opportunities to individuals to acquire new skills).

D. COMMENT

In the light of the findings from the study carried out by this commentator, the consultative document provides a balanced appraisal of the achievements of the I.T.B's and of the directions in which improvements need to be effected. It recognises the inherent limitations of a system based on separate Boards for particular industries, and offers constructive and well-reasoned proposals for overcoming the weaknesses, including those associated with the general levy/grant schemes.

The proposal to establish a National Training Agency (i.e. outside the Civil Service) to co-ordinate the work of the Boards on matters of general concern, and to take particular responsibility for occupations which cut across industrial lines is considered to be a sound one, and the proposed strong regional emphasis should facilitate the providing of an effective service to those industries which are not covered by the present Boards.

The winding-up of general levy/grant schemes is also welcomed and funding by grant-in-aid through the Department of Employment should make it possible for Boards to pay more attention to the training needs of smaller firms than has been practicable in the past. It is thought that the sum of £25 to £40m (but probably nearer the £40m limit) should permit of a much better field service from the Boards (as well as from the Agency) than is available at present.

It is particularly satisfying to note that the Government lays great stress upon the need for the Agency to pay special attention to management training, and that it sees this need as being for planned management development within the firm; the chief contribution

being in the field of in-company training and on-the-job development.

The document also rightly recognises that the tempo and quality of management training will depend upon the availability of management development advisers and confirms that an early task of the Agency would need to be the consideration of what could be done to improve the availability of management development advisers of the requisite skill and experience.

It is also satisfying to note that the document stresses the need for more and better quality field services to firms and that it suggests that advice to individual firms might range from short diagnostic visits (which will require skilled personnel) to more substantial or continuing advice and, it points out, in the latter case, there would be strong arguments for putting the service on a fee-paying basis.

The above proposals would necessitate a training programme to meet the needs of Board and Agency field staff, on the lines of that shown in Insert IX.2, Chapter IX.

The proposed integration of professional training staff of Boards and Agency should yield the advantages claimed by the document for it. Care would need to be taken, however, to avoid adverse side-effects (e.g. ossification, instead of the cross-fertilisation of ideas, due to one very large organisation tending to stifle initiative and innovation).

The suggestion that the Central Training Council ought, in due course, to be brought to an end seems to be a sound one.

It is considered that the only significant shortcoming in the proposals is with respect to research, particularly into the management training needs of small firms. Since this stretches across industrial boundaries, one assumes that such activities would become the responsibility of the Agency. If so, this should be specifically written into its terms of reference.

E. CONCLUSION

The proposals concerning management training and development facilities for the small firms are considerably more constructive and better thought out than were the recommendations of the Bolton Committee.

Whereas the Bolton Committee saw exemption from the influence of the Boards as the only suitable solution for small firms, the consultative document regarded such a 'cut-off' solution as 'very negative and highly unsatisfactory'. Furthermore, the Government has come forward with a funding arrangement which avoids the inherent weaknesses of levies on a single-industry basis.

The proposals should therefore make it possible for the Boards and the Agency to provide management development field services to small firms of a quality and quantity to meet the needs of the situation.

I. T. B. Replies to Questionnaire

Replies to Question 1 'How many companies have you on record as within scope of your Board?'

I. T. B. or I. T. C.	Reply
Wool, Jute & Flax	2107 companies within scope.
Iron & Steel	Given the structure of the industry it has been found more sensible to use establishments (i.e., works, offices, etc.) as the basis for information rather than companies or employees.
Engineering	25,087 establishments (in 1969).
Foundry	See attached Statistical Review.
Construction	About 55,000.
Shipbuilding	1,166.
Ceramics	2,952 as at 12 June 1970.
Furniture & Timber	4,360.
Carpet	142.
Knitting, Lace & Net	1,100.
Cotton	1,700.
Road Transport	51,841 (18.5.70.)
Hotel & Catering	60,499 establishments.
Petroleum	609.
Rubber & Plastics Proc.	1,675 (June 1970).
Chemical	1,486.
Printing & Publishing	9,935 establishments recorded since May 1970.
Paper & Paper Products	1,838.

I. T. B. or I. T. C.	Reply
Distributive	28,768.
Food, Drink & Tobacco	59,518 establishments.
Footwear, Leather & Fur Skin	2,302.
Clothing & Allied Products	10,000-18,000.

Replies to Question 2 'Have you a breakdown of these companies by size (e.g. no. of employees)?'

I. T. B. or I. T. C.	Reply
Wool, Jute & Flax	Yes.
Iron & Steel	A grouping of establishments by size and Board Area as at 17th May, 1969 is enclosed.
Engineering	Yes.
Foundry	See attached Statistical Review.
Construction	Yes: analysis attached.
Shipbuilding	Yes.
Ceramics	Yes.
Furniture & Timber	Yes. Annual Report attached.
Carpet	Yes.
Knitting, Lace & Net	Yes. 52.4% of establishments have less than 50 employees, 70.5% less than 100, 84.7% less than 200.
Cotton	Yes. See attached Annual Report.

I. T. B. or I. T. C.	Reply
Road Transport	Yes. Information attached.
Hotel & Catering	Yes. Analysis of establishments by size attached.
Petroleum	Yes.
Rubber & Plastics Proc.	Yes.
Chemical	Yes - see attached appendix.
Printing & Publishing	Yes.
Paper & Paper Products	Yes.
Distributive	No.
Food, Drink & Tobacco	By emoluments (see sheet attached).
Footwear, Leather & Fur Skin	Yes.
Clothing & Allied Products	Too early for information.

Replies to Question 3 'Have you an analysis by territory and size?'

I. T. B. or I. T. C.	Reply
Wool, Jute & Flax	Yes, see attached annual report.
Iron & Steel	A grouping of establishments by size and Board Area as at 17th May, 1969 is enclosed.
Engineering	Yes.
Foundry	See attached Statistical Review.

I. T. B. or I. T. C.	Reply
Construction	This can be supplied, if required. There is no specific concentration of construction firms geographically, but broadly the spread reflects the concentrations of population.
Shipbuilding	No. Attached tables give some idea of territorial distribution of manpower.
Ceramics	In most sectors, but not all.
Furniture & Timber	Yes, Annual Report attached.
Carpet	Yes.
Knitting, Lace & Net	Yes.
Cotton	No.
Road Transport	Yes. Information attached.
Hotel & Catering	Analysis of establishments by size attached.
Petroleum	Yes.
Rubber & Plastics Proc.	Yes.
Chemical	Information is available but not actually arranged by size and territory.
Printing & Publishing	Yes. Attached.
Paper & Paper Products	No.
Distribution	No.
Food, Drink & Tobacco	We could analyse the 59, 518 by territory, if required, but not by size.
Footwear, Leather & Fur Skin	Yes.
Clothing and Allied Products	Too early for information.

Size-distribution of Establishments
provided by Boards in support of
Replies to Question 2

I. T. B. or I. T. C.

Wool, Jute & Flax	1-10/518/2850, 11-25/320/5760, 26-50/248/9280, 51-100/287/20950, 101-250/324/53140 etc. Total 1861/175210
Iron & Steel	1-100/326/8683, 101-250/92/14505 etc. Total 612/301403
Engineering	1-24/12401/134112, 25-99/7537/377488, etc. Total 25087/3406750
Foundry	1-25/580/8673, 26-50/251/9018, 51-100/171/11901, 101-200/135/18713, 201-500/123/39925 Total 1540/152768
Construction	2-7/35029/82878, 8-13/8715/79973, 14-24/6104/107155, 25-34/2290/65776, 35-59/2278/101664 etc. Total 57311/1212018
Shipbuilding	0-9/536/2399, 10-24/244/3868, 25-49/1380/4822, 50/99/100/7009, 100-249/61/9555 etc. Total 1166/120196
Ceramics	1-24/1541/16811, 25-99/980/49133, 100-249/338/53563 etc. Total 3115/359093
Furniture & Timber	1-4/470/1231, 5-24/2287/25605, 25-99/1395/60387, 100-199/297/36244, 200-499/173/46577 etc. Total 4667/206265
Carpet	1-10/17/101, 11-25/15/272, 26-50/20/711, 51-100/17/1263, 101-175/18/2321, 176-301/11/2556 etc. Total 142/48346

Knitting, Lace & Net	1-9/119/718, 10-24/236/3941, 25-49/229/8208, 50-99/203/14625 etc. Total 1135/154724
Cotton	Total 1700/216348
Road Transport	0-5/34079/ 6-10/7121/ 11-15/3426/ 16-50/5292/ 51-100/1040/ etc. Total 51841/
Hotel & Catering	1-5/22153/ 6-10/18077/ 11-24/13481/ 25-49/3607/ 50-99/1191/ etc. Total 60499/
Petroleum	(Account Centres) 1-5/182/559, 5-10/88/697, 11-25/124/1996, 26-50/72/2525 etc. Total 609/81892
Rubber & Plastics Proc.	(Companies) 10-25/371/6147, 26-50/273/9940, 51-100/208/14905 etc. Total 1675/270667
Chemical	0-25/643/4550, 26-50/231/9100, 51-100/179/13650, 101-200/132/18200 etc. Total 1468/455000
Printing & Publishing	0-10/6014/19929, 11-25/1808/29971, 26-50/913/32783, 51-75/355/21986, 76-100/214/18616 etc. Total 9935/358989
Paper & Paper Products	1-14/650/4323, 15-49/406/12626, 50-99/243/17550, 100-249/253/40232 etc. Total 1838/228327
Distributive	No breakdown information yet. Total 28768/
Food, Drink & Tobacco	0-£7500/30562, £7501-£10000/1704 etc. Total 59518/
Footwear, Leather & Fur Skin	Not yet complete. Total 2302/142021+
Clothing & Allied Products	Too early for information. Total 10000-18000/430000

Note: In the above entries

- a. information is given in the order Size-band/No. of establishments/No. of employees and Totals as No. of establishments/No. of employees.
- b. the breakdown information is only given by size-band up to that which will encompass median size - in general up to 250 employees.
- c. Footwear and Clothing had been operating for too short a period to complete registration of firms.

Replies to Question 4 'Definition of a Small Firm'

I.T.B.

or

I.T.C.

Definition

- A The small firm should be regarded as one employing less than 25 employees.
- B Total annual emoluments less than £25,000.
- C A company having less than 100 employees.
- D Smaller firms 2-20, small firms 20-50.
- E Twenty Five or less.
- F Below 100 employees.
- G Less than 100 employees.
- H For management training, it has been found useful to define a small firm as one that employs 15 management and supervisory staff or fewer.
- I Companies employing under 100 people.
- J Those in which there is virtually no substitution of management between the Proprietor or M.D. and the shop floor. In practice, this means a firm employing up to about 25 people.
- K We have taken the Bolton Committee Yardstick of companies with less than 200 employees.
- L None yet.
- M Those employing less than 100 people and those under 10 as very small.
- N Only for purpose of management training conditions of grant.
- O Greater number of establishments employ less than 25 people.
- P Yes, less than 24 employees.
- Q Usually 200 employees or less.
- R Below £100,000 emoluments.
- S Less than 75 total employees.
- T 50 employees as this is a convenient statistical break-point.

I.T.B.
or
I.T.C.

Definition

Appendix V.1
Sheet 9

U No, we cover a wide range of highly specialised industries,
the small firms in one section would be the largest ones in another.

V No.

Replies to Question 5 'Have you taken any steps to survey the management training needs, or particular problems of the small firms within your industry?'

I. T. B.

or

I. T. C.

Reply

- A Small Firms Sub-committee issued report. A management development adviser is to be appointed, one of whose priority tasks will be to survey the management training needs of small firms.
- B Yes.
- C Yes, the Board commissioned a survey of a number of small firms to identify their training needs. Findings were made available to the small firms in the Industry and, from these findings, steps are being taken to assist them to identify and meet their own individual management training needs.
- D This has been on hand since Autumn 1966, with varying degrees of intensity and direction.
- E Yes.
- F Yes, we have set up a special advisory service for small firms.
- G Yes. Two research projects have been initiated.
- H Limited size of industry enables Board to maintain continuous contact between its Area Training Staff and employers. This, in effect, gives the Board a continuous survey of needs and problems.
- I Yes, by surveys and field work.
- J Yes.
- K Set up in early 1969, Small Companies Advisory Panel reporting directly to the Board. Country-wide promotional meetings. Feedback from Board's Training Advisers. Publications. Views sought at drafting stage of publications from small firms.
- L Not yet.
- M Survey being undertaken at present.
- N Yes. Survey undertaken in conjunction with employers' federation. This suggested a particular need for courses in Financial Control and Production Control. Weekend courses devised and 1650 have attended them.
- O Yes.
- P Yes.

- Q Yes, survey carried out by Training Advisers.
- R Yes.
- S Yes, a survey was commissioned to identify the management training needs of small firms.
- T Yes - an initial survey completed and problem areas are now being identified. Considered D.E.P. report.
- U A sub-committee has interviewed the representatives of some 17 trade associations in order to investigate the position in small firms.
- V Yes.

Replies to Question 6 'Have any recommendations or guide-lines for training been made available by your Board in consequence of survey findings?'

I.T.B.

or

I.T.C.

Reply

- A Yes. Recommendations of Small Firms Sub-committee being implemented. A Management Development Adviser is being appointed with a priority to survey the management training needs of small firms.
- B Yes.
- C No.
- D Residential and non-residential courses developed. Group Training Schemes sponsored.
- E Yes.
- F No.
- G No.
- H Yes. Recommendations followed by Supplementary Recommendations, and then by notes for guidance.
- I By surveys - No. By field work - Yes.
- J Yes. New type of training specialist. Group Training Schemes.
- K Booklets issued on Training, Analysis of Training Needs, and Introducing Group Training Schemes for smaller firms. Also one-week courses for part-time training officers.
- L No, not arising from any survey.
- M Not as yet.
- N Yes. Weekend courses developed.
- O As a result of training scheme analysis, we are at present piloting 2-week courses for Small Business Managers.
- P Not yet. (Working party in progress).
- Q Two in preparation.
- R Yes.
- S No, but week-end courses have been mounted based on survey findings.

I. T. B.
or
I. T. C.

Reply

T No.

U No survey made yet.

V Yes.

Replies to Questions 7 and 8 'Have you a special levy basis for small firms within scope?', and 'Have you a grant scheme in operation?'

(Note: Since the above information has been published by the respective I. T. B's, the replies are identified and not placed in the same order as that used in the case of the replies where confidentiality is preserved)

I. T. B.
or
I. T. C.

Wool, Jute & Flax	<u>Levy</u> - Yes. <u>Grant</u> - Yes.
Iron and Steel	<u>Levy</u> - Yes. Half set rate for the first 20 persons in each establishment. <u>Grant</u> - Yes.
Engineering	<u>Levy</u> - at 2.5 per cent of total emoluments, first £7500 free from levy, next £10,000 at 1 per cent. <u>Grant</u> - Yes. General, supplementary, specific.
Foundry	<u>Levy</u> - No. <u>Grant</u> - Yes.
Construction	<u>Levy</u> - In 1970/71 Levy formula, up to £3000 p.a. 30%, up to £6000 60%, up to £15,000 75% of standard. <u>Grant</u> - Yes annual reviewed/revised.
Shipbuilding	<u>Levy</u> - Alleviation for first £3000 of total emoluments. <u>Grant</u> - Yes, 1970/71 issued in two forms, main and small-firms handbook.
Ceramics	<u>Levy</u> - No. <u>Grant</u> - Yes.
Furniture & Timber	<u>Levy</u> - Yes. <u>Grant</u> - Yes.
Carpet	<u>Levy</u> - No, under discussion. <u>Grant</u> - Yes.
Knitting, Lace & Net	<u>Levy</u> - No, except firms with emoluments of less than £5000 exempt from levy. <u>Grant</u> - Yes.
Cotton	<u>Levy</u> - First £5000 emoluments ignored for <u>all</u> firms, but this helps the smaller firm more than the larger. <u>Grant</u> - Yes.
Road Transport	<u>Levy</u> - Yes. <u>Grant</u> - Yes.
Hotel and Catering	<u>Levy</u> - No. <u>Grant</u> - Yes.
Petroleum	<u>Levy</u> - Firms of 1 to 5 firms exempt. <u>Grant</u> - Yes.
Rubber & Plastics	<u>Levy</u> - No. <u>Grant</u> - Yes.

Chemical	<u>Levy</u> - Equal rebate level on all firms of £110 per firm. This means that firms with payroll of less than £10,000 pay nothing. Can opt in for token payment of £40 per year. <u>Grant</u> - Yes.
Printing & Publishing	<u>Levy</u> - Yes. <u>Grant</u> - Yes.
Paper & Paper Processing	<u>Levy</u> - Yes. Grant - Yes.
Distributive	<u>Levy</u> - Payrolls below £5000 exempt. <u>Grant</u> - yes.
Food, Drink & Tobacco	<u>Levy</u> - No. <u>Grant</u> - Yes, a scheme specially tailored for the small firm will come into operation on 1st December, 1970.
Footwear, Leather & Fur Skin	<u>Levy</u> - No. <u>Grant</u> - Yes.
Clothing	<u>Levy</u> - The first £10,000 of payroll is excluded from levy. <u>Grant</u> - Interim scheme only. Working on first full grant scheme to apply from 1st August, 1970.

Replies to Question 9 'Does your Board consider that there are any differences in training needs of the small firms?'

I.T.B.
or
I.T.C.

Response

- | | |
|---|--|
| A | Yes. A large firm is better equipped to train its managers, while the absence of most of the big-firm functions and services alters its needs. |
| B | Yes. |
| C | Yes. |
| D | Definitely. |
| E | Obviously, there are differences but these are not only account of size but on account of type of product. |
| F | Yes. |
| G | Yes. |
| H | Yes. |
| I | Yes. |
| J | Yes. We are just starting two research projects on this subject. |
| K | Yes. |
| L | Yes. |
| M | Yes. |
| N | Yes. |
| O | There are significant differences. |
| P | Yes. |
| Q | Yes. |
| R | Yes. |
| S | Not really, but there is a growing pressure which might lead to this. |

I. T. B.

or

I. T. C.

Response

T Probably.

U Under review.

Replies to Question 10 'If so (i.e. if you consider there is a difference in training needs of small firms) has this been reflected in any way in the provisions of your grant scheme?'

I.T.B.

or

I.T.C.

- | | |
|---|---|
| A | No. The form of the grant scheme provides for the difference. |
| B | New grant scheme for small firms, August 1970. |
| C | Yes. |
| D | No. |
| E | No, except for the ability of small establishments to get grant without too much detriment because of their size. |
| F | No. |
| G | Yes. |
| H | Yes. |
| I | No, but reflected in certain training activities and recommendations. |
| J | Yes. For example, in-company training on a 'phased basis' is grant aided. This is of special help to small firms. |
| K | Yes. (Five examples given) |
| L | No - not yet. |
| M | Will receive consideration. |
| N | Yes. |
| O | No. |
| P | Not yet. |
| Q | No, not directly. |
| R | Yes, in proposed scheme. |
| S | (No reply) |
| T | No. |
| U | (No reply) |

Replies to Question 11 'At what dates did you formally give attention to the following aspects of training - a) Operator, b) Supervisor, c) Technic d) Management?'

I.T.B. or I.T.C.	Training			
	Operator	Supervisor	Technic	Management
A	Sept. '68	March '67	July '70	Dec. '68
B	All from 1968 with priority on Supervisory and Management			
C	1968	1968	1968	1968
D	Aug. '68	March '68	Aug. '68	March '68
E	June '67	July '66	April '68	April '68
F	1965	1965	1965	1965
G	July '68	July '69	1967	Sept. '67
H	1967	1966	1966	1966
I	All being considered at present			
J	-	-	Nov. '68	-
K	In first grant scheme from Aug. '68			
L	1967	1968	1968	1968
M	May '68	July '68	May '68	July '68
N	1966	1966	1966	1966
O	1966	1966	1966	1966
P	1965	1967	1968/69	1966
Q	1966	1966	1966	1966
R	Through Grant Scheme '70/'71			
S	1969/70	1969/70	1969/70	1969/70
T	1969/70	1969/70	1969/70	1969/70
U	1965	1966	1966	1966

Replies to Question 12 'Are you reasonably satisfied with the progress which is being made in management training in small firms, in medium firms, in large firms?'

I.T.B. or I.T.C.	Response		
	In small firms	In medium firms	In large firms
A	No	No	No
B	No	No	Barely
C	No	No	No
D	Satisfied with what has been developed by Board to offer them, but still not satisfied by adequate take-up.		Yes
E	Not fully satisfied, but are continuing in this difficult area.	Yes	Yes
F	No	No	No
G	No	Yes	Yes
H	Yes	Yes	Yes
I	Yes	Yes	Yes
J	Barely	Fairly	Yes
K	Not satisfied - attitudes - changing exercise which may take 3 or 4 years		
L	No	No	Yes
M	← Too early to assess →		
N	Barely	Yes	Yes
O	No	No	No
P	We will never be satisfied. But there is good work being done in some of the firms. Naturally, there is plenty of scope for more to be done by the bulk of firms.		
R	Not yet	Not yet	Yes in the main
S	No reply		
T	← Do not know yet →		
U	← Not in a position to answer →		
V	Yes	Yes	Yes

Replies to Question 13 'If the management training in the small firms is not going as well as you would reasonably hope, what are the problems which you see as arresting progress?'

I.T.B.

or

I.T.C.

- A.
1. The industry has a record of disinterest in systematic management training and attitudes need to be changed.
 2. There is a shortage of staff to set up tailored short courses.
 3. Some firms still see the I.T.B's as concerned only with manual worker training.
- B.
1. Difficulties in establishing face-to-face communication owing to
 - a. Wide geographical spread of large numbers of small firms
 - b. Lack of ability of small firms to attend meetings
 - c. Impossibility of a small number of the Board's staff to visit all firms regularly.
 2. Difficulties in communication are further aggravated by the fact that small firms' managers do not seem to read I.T.B. publications, keep methodical records and find time to engage in forward planning by delegating responsibilities.
 3. Also lack of awareness on the part of many small firms of a contribution to be made to business solvency and profitability by adopting more up-to-date techniques.
 4. Difficulties of isolating training needs from other on-going problems.
 5. Fluctuating demand for products.
- C
1. Changing the attitudes of owner-managers and senior managers so that they will appreciate
 - a. the importance of defining clear company objectives
 - b. the need for communicating those objectives throughout the management and supervisory structure
 - c. the simple management techniques which are available to them for achieving those objectives and monitoring progress.
 2. Lack of effective delegation.
 3. Unwillingness or inability of owner-managers and senior managers to attend meetings or courses arranged by the Board or other bodies.

I. T. B.
or
I. T. C.

4. The cost of providing on-the-job assistance, which appears the most potent means of changing their attitudes and increasing their knowledge and skills.

D

1. The traditional background of the self-made man.
2. No real support from employer federations.
3. Reluctance to 'invest' time in management.
4. Shortage of competent personnel to conduct training.
5. No adequate consultant support available.

E

The major problem is the ability of the manager or owner of the smaller firm (i.e. employing fewer than 25) to release anyone for special purposes outside the factory. This difficulty decreases where more than 100 persons are involved.

F

The main problem is one of providing training in sufficient depth to enable the Manager to apply a new skill or technique in his own environment. Experience indicates a requirement for on-the-job training by specialist training officers to augment off-the-job training. This is expensive even if sufficient numbers of specialist training officers are available.

G

1. Availability of appropriate courses.
2. Lack of knowledge of specific problems of small companies.
3. Lack of material relevant to the Board's industries.
4. Attitudes of owner-managers towards external training courses.

H

This Board does not wish to give any impression of complacency, but it does not believe that it is facing any particular problems which cannot be resolved by time and the continuance of its close relationship with the individual employers. It believes that its methods and principles are sound, and that the main need is to get them more fully accepted and applied.

I

1. Identifying the real needs.
2. Getting the needs accepted.
3. Persuading executives to spare the time to attend short seminars.

I. T. B.
or
I. T. C.

J A lot depends upon personal contact with the head of the firm. Once he is convinced, improvements take place quickly.

K The main problems are:

1. The time factor. 80% of the firms within scope of the Board have less than 200 employees. It will take time effectively to influence these companies and produce results in improved management training and development (particularly in the early stages). For example, a considerably smaller proportion of small companies have applied for and obtained Grant than has been the case of companies with over 200 employees.
2. Over 70 per cent of the firms embraced by the Board have 100 employees or less and over 40 per cent have 25 or less. The small firms are located all over Great Britain and are spread over a wide range of industries. The task of giving individual attention to the management training needs of such a variety and number of firms is a formidable one.
3. Because of its size, the small company
 - a. is limited in the training facilities, and particularly management training, it can provide within the company
 - b. has to rely to a greater extent on external courses
 - c. cannot afford to release its staff for courses to the extent that a large company can
 - d. finds it difficult to operate management succession schemes involving a variety of in-company planned management training programmes because there are few appointments in which developing managers can be 'stored' pending the right appointment becoming vacant.
4. There are different motivational problems and different industrial relations problems, since the chief executive can often personally motivate down to the lowest echelons of the business, something which is not possible in larger organisations.
5. Because of 4. the accent on management training in the smaller firm tends to be in the area of 'management techniques' rather than in endeavours to integrate the firm's operations or motivate individuals.
6. That initially the external courses available have tended to be tailored more to the needs of medium and large companies both in content and duration (and particularly the latter). More attention to this by course providers is needed.

- L Size, lack of facilities and lack of suitable courses directed at the management of small firms in scope of this Board.
- M An initial survey has been completed and the problem areas are now being identified.
- N The fact that the Board has been reasonably successful with its approach to small companies management training should not be allowed to cloud the fact that there are considerable difficulties. The greatest of these is the identification of problems which lend themselves to solutions of general applicability. The range of activity and sophistication within the small companies is so great that one must suspect at times that attempting to treat small businesses in a concerted way may be a mistake. The alternative of consultancy is obvious but the scarcity of resources and expense mean that the development of this approach will be a slow process.
- O The great number of small establishments and the inability of Field Training Officers to achieve sufficient personal contact with each, to change attitudes, is a major problem.
- P It is too early to say that the programme is not going well - one has to educate the Firm to accept training and in the present year we are beginning to do this, by introducing Systematic Training and linking grants to it.
- Q
 1. The limited time in which small firms are able or willing to release managers for training.
 2. In many cases lack of expertise in making a reliable assessment of management training needs.
 3. In some quarters a tendency to take the short-term view and to limit management training to a stop-gap approach.
 4. The difficulty of providing 'proof' that will convince the less-willing companies that management training pays off and is worth while making a sacrifice for.
 5. In some cases managers have managed 'off the cuff', often with reasonable success, and find it difficult to accept that there is anything they need to learn.
 6. Managers' experience with Courses; insufficiently related to their business.
- R
 1. Contact.
 2. Related management problems to business needs.
 3. Defensive reactions to external advice.

Replies to Question 14 'Have you developed any plans for overcoming these problems, or of taking them into account, in discharging your responsibilities?'

I. T. B.

or

I. T. C.

Response

- A We are now recruiting a Management Development Adviser who will advise on and arrange when necessary management training for the small-firm manager. A high priority is also being put on the formation of more Group Training Schemes which should encourage managers to accept training.
- B Yes - Formation of Group Training Associations and introduction of a special grant scheme for small firms. Liaison with COSIRA, NUMAS. Mounting seminars for senior executives as guests of the Board. Engaging in investigations of problems of small firms.
- C Following the survey which has been carried out to identify training needs of small firms it is planned to provide on-the-job assistance to them in identifying their own specific training needs and in developing suitable training programmes. This is being preceded by meetings with small groups of managers to explain the purposes, and advantages to them, of such assistance.
- D Advisory service and propaganda through Board's Area Staffs.
- E Yes we have developed plans (see reply to problems arresting progress) and these are working. We are not resting here but are continuing work in this field.
- F Special management training department was established to provide training assistance in small firms. Staff recruited were required to possess management experience in the industry and both qualifications and experience in modern management techniques. Its purpose is
- a. to determine the training needs of small-firm managers,
 - b. to convince the managers that these needs exist, and have been correctly assessed,
 - c. to make recommendations, and provide the facilities, to fulfil these needs.
- G Yes. All these problems are being actively tackled. To this end, two research projects are in progress as follows:
1. An analysis in depth of the work of a number of owner-managers and managers of small companies in the Industry with a view to identifying appropriate management training and development policies. (Sponsored by the Board and being undertaken by a University team).

Response

2. A general survey to obtain a better understanding of the qualifications and experience of the existing managerial labour force in a sample of small firms within the scope of the Board. (This is being undertaken by the Board's Research Officer).

H The Board believes that its methods and principles are sound, and that the main need is to get them more fully accepted and applied.

- I
1. Commissioned a survey of the training needs of small firms in the Industry by a University team.
 2. Greater emphasis on smaller firms by Field Training Advisers.
 3. Considering possibility of week-end seminars.

J Nearly 30 one-day seminars for Chief Executives have been held, attended by 600 people, on management development. Many Chief Executives came from small firms, and want follow-up. We now operate a consultancy service on a fee-paying basis, specially directed towards the smaller firm. We are also setting up, on a permanent basis, a Small Firms Advisory Committee.

K We will try to meet the problems as follows:

1. With respect to the time-factor, we will hold a sustained series of seminars (possibly for the next two or three years) to interest small firms in management training and development.
2. In view of the variation in size and the numbers of firms involved, there will be an orientation of seminar content to the size of the firm and the seminars will be organised regionally.
3. We are looking at the content of follow-on courses for small firms, particularly taking into account
 - a. that they cannot afford to release staff to the extent possible in larger companies
 - b. the motivational problems and industrial problems of the small firm are different.

I. T. B.

or

I. T. C.

Response

4. Bearing in mind that the very factor of smallness means that the administrative load in dealing with paperwork falls on very few shoulders, with the result that written communications are often not properly read or understood, the Board is selective in sending literature to small employers. They are nevertheless made aware by means of Bulletins of everything the Board publishes and can have anything they wish on request.

L

1. We have established sub-committees to look into the matter and suggest plans.
2. We are encouraging Trade Associations to set up suitable courses.
3. We are encouraging the development of Group Training Schemes.

M

It is anticipated that special training programmes aimed specifically at the management of small firms will be developed.

N

The Board is planning to maintain and add to its present small firms week-end courses programme as problems become properly identified. At the same time, efforts are being made to develop a follow-up service for those who attended these courses. Group training schemes, too, have an obvious role to play in furthering management training in the small firms' environment and consideration is being given to developing an approach in this area.

O

Two-day courses being provided based upon an analysis which has been made of training needs.

P

Too early to answer this question.

Q

1. We help them to find, or arrange for them, training in short periods of one to three days.
2. Our field officers are helping them in their efforts to make reliable assessments of training needs. We are encouraging them to appoint someone part-time to deal with this and learn how to do it. We have a course ready to train such people.
3. The personal contact of our field officers is, we believe, making a beneficial impact on their tendency to take a short-term view and to limit management training to a stop-gap approach.

I. T. B.
or
I. T. C.

Response

4. We are trying to build up data that will convince the less-willing companies that management training pays off and is worth making a sacrifice for.
5. We spread news of what the rest of the industry is doing and this often stimulates action.
6. Provision of Courses specifically designed for small companies in this industry.
7. A contribution to the solution of many of these problems is made.

R

Proposals for a special training-grant scheme for small businesses have been developed by the Board and are at present under consideration by the Department of Employment and Productivity.

Survey commissioned by the Carpet Industry Training Board
of the training needs of the Smaller Company within the Industry

A. PURPOSE

The Board commissioned the Small Business Centre of the University of Aston in Birmingham, in January 1969, to carry out a survey of the smaller firms in the Industry (defined as those having less than 100 employees) to identify the kinds of training needed at management, supervisory and operative levels in the various functions of the business - production, marketing, financial and administrative.

B. SCOPE

The survey covered nineteen companies and a feature of it was that each of the subject companies received an individual report covering the findings and recommendations concerning its own training needs, so that it would have the opportunity of taking appropriate action to fulfil its own specific requirements.

C. MAIN FINDINGS

The most important training needs were found to be at senior management level where, in many cases, the owner/manager or chief executive has to cover the whole of the business. All five companies in the top quartile of performance had clear objectives in financial terms for the next two to five years, either self-generated or laid down by the parent company. The five in the lowest quartile of performance, on the other hand, while realising the need for improvement, had not clear financial targets or well-defined plans for future development.

In four of the top five, delegation was clear and there was adequate feedback of information. In the fifth company of the top quartile, the chief executive had delegated some responsibility but still took many day-to-day decisions himself. His own personal qualities made this approach work successfully.

In the bottom quartile of performance, only one company had reasonably delegated authority. In the other four, there was either no delegation or the terms were ill-defined and the chief executive achieved his feedback by personal involvement in details.

In most companies, a need was found for clearer statements of longer-term objectives and profit targets and for the planning, delegation and control measures essential to achieve them.

In many companies, there was also a need for a fuller appreciation of the importance of the marketing and financial functions, and of the techniques of value to the smaller businesses in these areas.

In most cases, the chief executive could have a greater grip on the operations of the company, had he a better appreciation of such simple control features as

1. regular sales analysis
2. regular operating statements
3. regular cost reports, and
4. continuous records of progress against a plan

and they would have helped him to implement his plans more effectively.

Next in priority was found to be the training needs of supervisors, so that they might contribute more effectively to the implementation of the plans of management.

The larger proportion of the supervisors had the potential to contribute to a greater extent than their present duties demanded. To fulfil this, however, they needed training in leadership and human relations, and in administration and the techniques available for shop-floor management - including work study and production planning.

At operative level, it was found that more information was required by management regarding the variation in levels of individual performance to help them identify weaknesses which are remediable by training. Furthermore, there were widely different performance levels between similar plants, revealing the need for objective standards for the purpose of raising operating efficiency - especially in the less-profitable companies, to the best attained in the Industry.

The survey also revealed a general need for more trained instructors to cover adequately - but not full time - the variety of operations involved in carpet manufacture. There was also found a need for greater understanding by management of the training methods employed by the instructor, and greater support of the latter's activities.

D. METHODOLOGY

The procedure for carrying out the detailed investigations was based upon the premise that all training should contribute directly or indirectly to the profitability of the company. Consequently, any correlation which revealed itself between high or low performance, measured in profitability or added value per employee, and the differences in management practices between high or low performers, would indicate what changes were desirable in the practices of the lower performers and, therefore, the training needs of the latter to improve their performance.

Consequently, the enquiry at each firm started with a discussion with the chief executive to ascertain his objectives, targets, and the methods which he employed to achieve them. Key ratios indicating profitability and overall effectiveness were then calculated and investigations proceeded

through the company from top management, through the mid-structure, to shop-floor operations.

A questionnaire, based upon one previously designed by the Centre for survey purposes, was produced jointly by the Board and the Small Business Centre to facilitate the investigation, and it was first tried out in a pilot survey of five companies to verify the method to be used. This questionnaire, shown as Addendum 1 to this Appendix, was completed by the consultant/investigator - not by the company.

It was soon evident that, especially in the very small company, there rarely was enough information available within the firm to complete the whole of the questionnaire, but it was found useful during the main survey as a comprehensive check-list.

Each constituent investigation entailed a two-day visit to the subject firm, and was carried out by

1. interviews with top managers and selected employees
2. observations of operations in factories and offices
3. inspection of such information and personnel records as were available.

Co-operation was generally very good although, in a few cases, companies were reluctant to divulge operating results.

E. RELATIONSHIP BETWEEN PERFORMANCE AND KNOWLEDGE AND USE OF TECHNIQUES OF MANAGEMENT

Addendum 2 to this Appendix is a table showing the firms ranked mainly in descending order of return on capital. Against each firm is an assessment of the knowledge, and use made, of the following tools of management.

1. Financial control
2. Costing and Cost Control
3. Budgetary Control
4. Production Control
5. Labour Control.

It will be seen from this table that, by and large, the firms in the top quartile of performance were considerably stronger in knowledge and use of the above techniques than were those firms in the bottom quartile - this revealed shortcomings, and therefore training needs, of the lower performers.

SMALL BUSINESS CENTRE

Carpet Industry Training Board Preliminary Survey

Check-list/Questionnaire

A. GENERAL

1. Name of Company
2. Date(s) of Visit(s)
3. Product line(s)
 - a)
 - b)
 - c)
 - d)
4. Sales Turnover per Annum, by type of product (in £000's)

a)	b)	c)	d)	Total
----	----	----	----	-------
5. No. of Employees
 1. Direct Labour (Shop Floor)

a)	b)	c)	d)	Total
----	----	----	----	-------
 2. Indirect Labour (Shop Floor and Supervision)

a)	b)	c)	d)	Total
----	----	----	----	-------
 3. Other (Admin., Selling etc.)
6. Material Cost per Annum

a)	b)	c)	d)	Total
----	----	----	----	-------
7. Wages and Salaries Total
8. Other Expenses Total
9. Added Value per Employee

a) $(\frac{4-6}{5})$	b) $(\frac{4-6-8}{5})$
----------------------	------------------------
10. Management Ratios

a) Capital Employed (Net)	b) Profit
c) Return on Sales Turnover%	d) Return on Capital%
e) Average Inventory Level	f) Inventory Turnover
g) Average Outstanding Receivables	h) Average Days Outstanding
	$(\frac{g \times 365}{\text{Sales Turnover}}) =$

11. Organisation

- a) Has the company a formal organisation structure?
- b) Are there written job descriptions?

(Show formal and/or actual structure as Appendix 1)

12. Management Controls

- a) Are budgetary control procedures used? Yes/No
- b) If so, outline as Appendix 2.

13. Management Development

- a) What plans or programmes exist for management development or succession. (Outline as Appendix 3).

B. PERSONNEL

- 1. Is a list maintained of all employees by department, job and sex? Yes/No.
(Give list, or other summary, as Appendix 4)
- 2. Is a list maintained of all leavers by job, department, age, sex and length of service? Yes/No.
(Summarise list or other information as Appendix 5)
- 3. Are there formal interviews of leavers, to establish reasons for leaving?
- 4. Which departments or processes, if any, present labour problem areas to the company?
- 5. Have the causes been recognised?
- 6. In which departments is labour turnover considered high or low?
- 7. Is there a problem of replacement due to
 - a) retiral?
 - b) employees changing employers?
 - c) a small number of people having frequently to be replaced?
- 8. Where and when is the greatest number of trainees required?
- 9. What areas give the greatest
 - a) training problems?
 - b) recruiting problems?
- 10. What percentage of newcomers are recruited as experienced operatives from other companies?

11. Are there formal selection procedures?
12. Does the company utilise attainment, ability and/or aptitude tests?
13. What tests are made to assess value of training and selection programmes? (Outline as Appendix 6).

C. PRODUCTION

1. What machine performance indices are maintained?
(List as Appendix 7 and give bases)
2. In those areas where they are not maintained, are prime data available which could be used for this purpose?
(Outline as Appendix 8, including details of what other information would be needed)
3. What operative performance indices, by job, are maintained?
(List as Appendix 9 and give bases)
4. Where these are not maintained, are prime data available which could be utilised for this purpose?
(Outline as Appendix 10, including details of what other information would be needed)
5. Training.
 - a) What procedures are used?
 - b) What standards are set?
 - c) What standards are achieved?
 - d) What are the costs?
 - e) What degree of operative interchangeability exists?
(Show as Appendix 11)
6. What are the waste factors for the different processes, including finishing and making-up? (List as Appendix 12)
7. Where they are not kept, outline as Appendix 13 what prime data are available which could be utilised for this purpose, together with details of what additional information would be needed.
8. What are the ratios between those engaged on mending or repairing work and those engaged in manufacturing processes?
(Summarise as Appendix 14)

9. What control procedures are employed for a) supervisory, and b) managerial, information and remedial action?
(List as Appendix 15)
10. Are records maintained for machine break-downs and down-time?
11. Is there a preventive maintenance programme?

D. MARKETING AND SALES

1. What share of the market does the company consider it enjoys for each product?
a) b) c) d)
2. Is the company's share of the market increasing or decreasing?
a) b) c) d)
3. In which of the following features does the company think that it is in a strong, average, or weak position?
(Please mark S, A, or W)

a. Price
b. Quality
c. Delivery
d. Service
e. Sales organisation
f. Sales force
g. Interpretation of market requirements
h. Design
4. Which of the following means of selling does the company use, and what are the proportions of sales?

a. Direct selling (face-to-face by own salesmen)
b. Providing a service (in the sense that the salesmen do no selling)
c. Agents
d. Representatives
e. Mail order
f. Through wholesalers
5. What is the percentage of sales?

a. Home i) Wholesale ii) Retail
b. Export

6. What are the sale costs (including commissions) per unit?
 - a. Home
 - b. Export
7. What training is given to sales staff?
8. How are they recruited?
9. What is the spread in performance of the salesmen?
10. What has been the sales growth pattern, and what are the anticipated future trends? (Outline as Appendix 16)
11. What is the main restriction to greater sales?

E. OFFICE/CLERICAL

1. Does the company prepare its own accounts? Yes/No.
2. What is the age range, turnover and stability of labour?
3. What is the ratio of clerical staff to
 - a) Production staff?
 - b) Total employees?
4. Is recruitment a problem? Yes/No.
5. If so, why, and in which areas? (Summarise as Appendix 17)
6. Are there written training programmes or special training given? (Summarise as Appendix 18)
7. Have standards of performance been determined? Yes/No
8. Have they been a) measured or b) estimated?
9. Is anyone formally responsible for reviewing procedures, methods, and office machinery offered on the market?
Yes/No
10. What is the degree of interchangeability of staff?
(Summarise as Appendix 19)
11. Are there any job descriptions? Yes/No
(Outline as Appendix 20)

F. COMPANY'S ASSESSMENT OF ITS MAIN OVERALL
STRENGTHS AND WEAKNESS

1. Where does the company assess its strengths and weakness
in the following areas?
 - a. Forward thinking and Innovation
 - b. Marketing
 - c. Production
 - d. Financial
 - e. Control
 - f. Industrial Relations
 - g. Design

G. SURVEYOR'S ASSESSMENT OF USE MADE OF
APPROPRIATE MANAGEMENT TECHNIQUES AND
SPECIALISMS IN FOLLOWING AREAS

1. Costing
2. Cost Control
3. Budgetary Control
4. Financial Control
5. Cash Flow
6. Management ratios
7. Production Planning and Control
8. Market Research
9. Selling
10. Sales promotion
11. Price setting

Comparison of performance of firms with respect to their knowledge and use of recognised techniques available to management

1 Company	2 Return on Sales %	3 Return on Capital %	4 Added Value per Employee £, 000	Knowledge and use of Techniques of Management				
				5 Financial	6 Costing	7 Budgetary	8 Production Control	9 Labour Control
A	17	62	2.3	S	S	S	S	S
B	over 10	over 30	1.8	S	S	S	W	S
C	12	30	2.8	A	A	W	W	W
D	10	31	2.0	S	S	S	S	S
E	11	22	2.9	S	S	W	A	A
F*	N.A.	N.A.	2.1	S	S	S	S	S
G*	N.A.	N.A.	over 3	A	A	W	S	S
H	N.A.	N.A.	3.1	A	A	A	A	W
J	N.A.	N.A.	2.5	A	A	W	A	A
K	N.A.	N.A.	N.A.	W	S	A	A	S
L*	N.A.	N.A.	1.5	S	A	W	A	S
M	6	20	1.8	A	W	W	A	A
N	N.A.	N.A.	N.A.	A	A	W	A	A
P	0.2	5	1.6	A	A	W	A	A
Q	Nil	Nil	1.6	W	W	W	A	A
R	Nil	Nil	1.7	A	A	W	A	A
S	Nil	Nil	N.A.	W	W	W	A	W
T	Nil	Nil	1.5	W	W	W	W	W

- Notes:
1. * Companies F, G, L had been formed or re-organised recently. Results in future years would probably warrant higher positions.
 2. Definitions of terms in columns 2-4 are listed on page 2.
 3. Code used in last 5 columns:-

S - Strong.	Make good use of knowledge.
A - Average.	Some knowledge and some use made.
W - Weak.	No knowledge or little use made.

Definitions

Return on Sales -	<u>Net Profit after Tax</u> Total Net Sales
Return on Capital -	<u>Net Profit after Tax</u> Total Assets less current liabilities
Added Value per Employee -	<u>Total Net Sales less Materials Cost</u> Total Employees
N.A. -	Not available

Research launched by the Furniture and Timber Industry
Training Board to throw greater light on the management
training and development problems of small firms

The Board launched two complementary pieces of research in October 1969.

The first of these, a one-year project carried out by the Board itself, which it defined as a general survey to obtain a better understanding of the qualifications and experience of the existing managerial labour force in a sample of small firms within scope of the Board, with the following specific objectives:

1. To identify variations in the structure, organisations and growth, or otherwise, of a sample of small firms within the scope of the Board.
2. To provide information on the control of such firms, the extent of the delegation within them, and on their use of specialist managerial staff.
3. To describe the qualifications, experience and past training of managers in small firms.
4. To probe managers' perceptions of their problem areas and of consequent management training needs, and to clarify attitudes towards the investment of resources in training.

The sample consisted of fifty companies (32 from the 'cabinet furniture' sector, 14 from the 'upholstered furniture' sector and 4 from the 'bedding' sector of the Industry) and they all had between 25 and 75 employees. They employed 235 managers of which 229 (96 owner-managers, 87 salaried specialist and general managers, and 48 full-time supervisors and working foremen) were interviewed. The companies were all autonomous family firms, in 43 of which owner-managers and their wives held the majority of the shares.

Following the completion of the survey, three constituent reports were published in September 1970. Report I - 'The Companies' - is devoted to a description of the characteristics of the subject companies of the survey, Report II - 'The Managers' - to a description of the qualifications, experience and work of the 229 managers and supervisors who were interviewed. The third report relates to the methodology of the survey.

Reports I and II, besides being concerned with the first two and the last two of the above four objectives respectively, have analysed the information collected during the survey in a way which is designed to be of benefit to the firms which co-operated. In the view of the writer, the Board has succeeded in this aim, and the reports should be of great value not only to the firms which participated in the survey, but to all firms engaged in these sectors of the Industry - not least because of the valuable inter-firm comparison information contained in Report I, which is concerned with the fifty sample firms themselves.

Other significant information provided by the survey was

- a. Judged on a very conservative basis of performance, only four companies could be considered within a 'high profitability' rating, and these were all concentrated in the same sector of the Industry.
- b. The firms founded since 1950 tended to be slightly more profitable than those founded earlier, and those founded in the 1920's and 1930's had the worst profit record over the past five years.
- c. The firms in the rural and semi-rural areas had a greater propensity to grow than those in major cities or other urban areas.
- d. Expansion was more frequent in the case of firms with first generation management than of those with a later management.
- e. The companies were without exception autonomous family firms with virtually no separation between ownership and control, and 64 per cent of all shareholders were involved in some way in the running of the business.
- f. There was a link between profitability and the quality of the market aimed at; profitability being low where firms were in the lower quality markets.
- g. A number of managing directors thought that the weaknesses which they recognised in their firms arose through factors outside their control and that there therefore was no action which they themselves could take to strengthen the performance of their companies in the areas of weakness.
- h. It was found that size, measured by number of employees or by sales turnover, was not an important factor determining profitability amongst the subject companies. Furthermore, there was no evidence that geographical region or a city, urban or rural location were major determinants of profitability.
- i. The evidence suggested that about 40 per cent of the expanding small firms - mainly the most profitable ones, are likely to change their location at least once every five years.
- j. Some kind of in-company training had been received by 27 per cent of the managers and 45 per cent had received training externally.
- k. Younger managers were more likely than the older managers to have received some kind of training since joining their present companies - this applied with respect to both in-company and external training.
- l. The most common form of training for owner-managers was rotational training, whilst that received by general and specialist managers having no equity interest, and by supervisors and foremen, was an apprenticeship or period of craft training on-the-bench.

- m. Only 16 per cent of the 229 managers and supervisors had received any kind of in-company management training since joining their present firms.
- n. A greater proportion of managers in the more profitable and expanding companies had received some kind of in-company or external training during the preceding twelve months than was the case with the less profitable and more static companies.
- o. Of the 229 managers and supervisors, 30 per cent were conscious of finding difficulty in handling some of the activities or tasks in their jobs. Of the owner-managers themselves, 39 per cent spoke of difficult aspects of their jobs, compared with 30 per cent of the general and specialist managers and 10 per cent of the supervisors and foremen.
- p. In 30 per cent of the companies, the Managing Director kept complete control of all financial matters, and in 18 per cent of the companies he was the only manager involved in purchasing, cost control or office administration. Most support and assistance was available to the managing director in the Production and the Quality Control functions.
- q. The most pressing short-term problems which managers felt that they had were:
- | | | | |
|------|-----------------------------------|---|-------------|
| i) | Sales or marketing | - | 17 per cent |
| ii) | Personnel | - | 14 " " |
| iii) | Production scheduling and control | - | 13 " " |
| iv) | Financial | - | 11 " " |
- r. When asked what important long-term problems were facing them in their work, the replies of the managers were:
- | | | | |
|------|---|---|-------------|
| i) | No important long-term problems | - | 23 per cent |
| ii) | Sales or marketing | - | 14 " " |
| iii) | The growth and survival of the company | - | 12 " " |
| iv) | Internal development and change within the firm | - | 11 " " |
| v) | Personnel | - | 10 " " |
- s. A number of training needs were identified. Many were highly specific to the current work difficulties and problems of particular managers within their companies. The more general training needs identified were within the areas of
- | | |
|------|-------------------------------------|
| i) | sales and marketing |
| ii) | personnel management |
| iii) | internal organisational development |
| iv) | finance and accounts. |
- t. Calculated targets to meet training needs suggested that 43 per cent of the managers should have been involved in some kind of management-training activity. It was emphasised that this training, whether through courses, advisory and consultancy services, or other media, should be suitable in content to the particular requirements of small companies.

An Investigation into the Training Problems of the Smaller
Firm by the Knitting, Lace and Net Industry Training Board

The Research Sub-committee was requested by the Board to report upon the training problems of smaller firms, and its terms of reference were

To investigate the training problems of smaller firms (i.e., firms having 100 employees or less)

To examine the constraints which prevent smaller firms taking action in the training field

To examine the training techniques and methods most appropriate to smaller firms

To report findings on the above and to make recommendations to the Executive Committee for action by the Board.

The programme was designed in four sequential phases, as follows:

First Phase

A detailed examination of the results of surveys, investigations and any training developments carried out by Industrial Training Boards and other organisations. This was planned for completion by the end of January, 1970.

Second Phase

A pilot investigation into a small sample of companies. This depth investigation would give guide lines for the construction of a questionnaire which could be applied to a larger sample survey. Planned for completion by the end of May 1970.

Third Phase

A survey by the Board's field staff of a sample of smaller firms, using a guided interview with the personnel of each firm, based on a carefully chosen and constructed list of questions and talking points. Completion planned for end of November 1970.

Fourth Phase

A series of discussions with the chief executive of smaller firms to consider the findings of the survey. Completion planned for end of December 1970.

All of the above phases were completed to schedule.

From the review - phase one - of the work conducted by other organisations, the Sub-committee concluded that there was little being done in the form of

surveys, investigations and training developments in the smaller-firm sector by Industrial Training Boards and other organisations, and that knowledge about smaller firms in the Knitting, Lace and Net Industries was inadequate. By courtesy of the Carpet Industry Training Board, however, a representative of the Board discussed with the Small Business Centre of the University of Aston in Birmingham the survey which had then just recently been completed for the former Board; particularly the findings and methodology employed.

The Board subsequently commissioned the Small Business Centre to carry out phase two - which consisted of an investigation in depth into a sample of fifteen smaller companies, covering the principal different activities within scope of the Board. This was undertaken in a similar method to that for the Carpet Industry Training Board, and the questionnaire (for completion by the investigator and not by the firm) used was a slightly modified version of the one which had been designed by the Centre for the Carpet Industry survey, and is shown in Addendum 1.

The wider survey of phase three, which was conducted by the Board's Field Training Advisers, embraced 53 firms out of 118 firms which were invited to participate.

Each Field Training Adviser attended a briefing session given by the Small Business Centre consultants and, in addition, received some instruction from the Board's Finance Officer in the interpretation of company balance sheets prior to visiting the firms.

Following the completion of the survey, each firm on the Board's register with less than 100 employees was invited to attend one of a series of meetings at which the results of both the pilot and the wider survey were discussed. The Board's Chief Executive led each meeting, by placing the project in its context and suggesting the course that future events might take; the Training Development Adviser (Research) then providing a review of the principal findings of the survey and the Chief of Training commenting upon the implications of the findings. The comments made by the representatives of the 50 firms who attended the meetings (of which 19 had taken part in the pilot or wider survey) during the very frank discussions proved of considerable value to the Board in drawing up its final report.

The main findings of the survey were:

1. Performance of Firms

There was a wide variation between different firms in performance as shown by the following key ratios:

- a. Added value per employee - over 3:1
- b. Sales per employee - over 4:1
- c. Profit on sales - from over 30 per cent to a loss of 15 per cent

2. Top Management

- a. In general, the in-plant experience of product and manufacture was good.
- b. Only half the top managers had received any instruction in management theory.
- c. The firms where the top management had received some theoretical instruction were, in general, those in the upper quartiles of performance. A comparison of knowledge and activity in nine main areas between top management in the upper and lower quartiles of performance ranking is given in Addendum 2 to this Appendix.
- d. A need exists for training in marketing, budgetary control and financial control.
- e. In most smaller firms, where the chief executive plays a crucial role in sales, some sales training would be advantageous to the latter. It would also be helpful to him to receive training in how to make the most use of his selling agents.

3. Middle Management

In many firms, particularly those with under 30 employees, no middle management (i.e., people in supervisory positions and responsible directly to senior management, who take decisions only on routine day-to-day matters within the framework set down by the latter) was identifiable. Furthermore, there seemed a great reluctance to train middle management because there was little opportunity, in small firms, of their being promoted to top management positions. As one chief executive stated: 'Training merely frustrated them with their position in the firm and, therefore, one trained them to lose them'.

4. Clerical Staff

Clerical training needs were found to occur in the areas of financial records and accounts, book-keeping, and in the preparation of statutory accounts (the latter of which, in three-quarters of the sample firms, were at present produced by external auditors).

There was also some evidence to suggest that export documentation raised some problems, which could be overcome by training, and that these documentation problems discouraged some firms from pursuing a more active export policy.

5. Operator Staff

Very little information was obtainable on labour turnover as only twelve of the firms kept accurate records - but their evidence suggested that the

labour turnover in the smaller firms is lower than the average for the industry and is probably just over 10 per cent per annum.

Most operator-training needs were considered to be for recruits rather than present staff, but in two areas a definite need was expressed by some top managers. These were in versatility training, to permit of a flexible work-force in the small firm, and in mechanic training. In the case of the latter, there was need to attract the right calibre of man and suitable courses were needed to facilitate his training. One chief executive saw the trend that, as jobs get simpler, machines will become more complex. Better-trained mechanics will be needed and men of the necessary calibre should be re-trained to meet these needs.

RECOMMENDATIONS

The Report was written following the discussions with the chief executives of smaller firms concerning the findings of the survey and its main recommendations were:

Top Management

The Board should develop ways for top management of smaller firms to obtain a knowledge of a wide range of management techniques. It should examine what role self-instructional techniques can play in management education.

The Board should give priority to management education in marketing and, to a lesser extent, in financial and budgetary control.

The survey suggests that some managers would benefit from training in the principles of management. The Board should draw the industry's attention to the available facilities.

So that the full benefits of management training are obtained, the Board should assist smaller firms to implement techniques and knowledge acquired from training.

Operator Training and Operative Instructors

The Board should consider how the instructor-cover in smaller firms can be extended to cope with a wide variety of operations.

The Board should experiment with ways of increasing the effectiveness of on-the-job training.

QUESTIONNAIRE FOR SURVEY OF TRAINING NEEDS

I. BACKGROUND INFORMATION

- A. STATUS Private Limited ☐ Subsidiary ☐ Other
- B. ANNUAL SALES TURNOVER
- C. PRODUCTS IN ORDER OF ANNUAL VALUE
- 1.
- 2.
- 3.
- D. TOTAL EMPLOYEES
- E. MANUFACTURING POLICY To Stock ☐ To Order ☐

II. FINANCIAL INDICES

1. Net profit before tax %
Sales turnover
2. Net profit before tax %
Total assets + overdraft - current liabilities
3. Sales turnover - cost of materials £
Total number of employees
4. Sales turnover £
Number of employees

Note: Total employees includes an allowance for outworkers in proportion to the time they are estimated to spend on productive work.

III. CORPORATE DEVELOPMENT

- A. EXPANSION
1. Average rate for past years %
2. Average projected for next years %

B. PROFIT PLAN Clear ☐ Vague ☐ None ☐

C. SUCCESSION PLANS

1. Top Managers Adequate ☐ Clear ☐
Vague ☐ None ☐
2. Middle Managers Adequate ☐ Clear ☐
Vague ☐ None ☐

D. MANAGEMENT DEVELOPMENT

1. Top Managers
a. In-plant experience Adequate ☐ None ☐
b. Theoretical instruction Relevant ☐ None ☐
c. Delegation Clear ☐ Vague ☐ None ☐
d. Job descriptions Clear ☐ Vague ☐ None ☐
2. Middle Managers
a. In-plant experience Adequate ☐ None ☐
b. Theoretical instruction Relevant ☐ None ☐
c. Delegation Clear ☐ Vague ☐ None ☐
d. Job descriptions Clear ☐ Vague ☐ None ☐

IV. TOP MANAGEMENT

A. NUMBER OF TOP MANAGERS

B. ANALYSIS OF KNOWLEDGE AND USE OF MANAGEMENT TECHNIQUES

Code: a - Knowledge by managers responsible for relevant function or aspects
b - Cover by other managers
W - Weak)
F - Fair) In first 3 columns
S - Strong)
I - Inadequate)
A - Some use) In last 3 columns
C - Complete use)

[illegible]

V. MUDDLE MANAGEMENT

A. NUMBER

1. Total
2. Potential Top Managers
3. With formal qualifications
4. In age ranges 20-29 ☐ 30-39 ☐ 40-49 ☐ over 50 ☐

B. TECHNICAL ABILITY

1. Knowledge of own function
2. Practice of own function
3. Ability in other functions

C. RESERVE COVER

(List by function, department or duties)

- 1.
- 2.
- 3.
- 4.

D. ADMINISTRATIVE KNOWLEDGE

1. Production Control
2. Labour Control indices
3. Training methods

E. MANAGERIAL ABILITY

1. Labour Relations
2. Delegation

[illegible]

VI. INSTRUCTORS

Appendix VI.3
Addendum 1
Sheet 5

A. PRESENT STAFF

1. Number
2. Training received (summarise below)

3. Standard of selection Good ☐ Fair ☐ Poor ☐
4. Motivation High ☐ Fair ☐ Low ☐

B. STAFF NEEDED

1. Number
2. Additional training needed (summarise below)

C. MANAGEMENT SUPPORT

1. Top Management - is there:
 - a. Understanding of instructors' methods
 - b. Support for instructors' effort
2. Middle Management - is there:
 - a. Understanding of instructors' methods
 - b. Support for instructors' effort

VII. OPERATIVES

A. NUMBER

1. Total
2. By occupation and age range (list in Appendix)
3. Turnover (list %age for separate occupations)
4. Assessed increase for expansion%

1. HOME
- | | | |
|----|---------------------|-------|
| a. | Wholesale | |
| b. | Retail | |
| c. | Mail order | |
| d. | Group stores | |
| e. | Finishers/makers up | |
| f. | Others | |

Order of priority

B. REPRESENTATIVES

1. Number
2. Control information used (describe below)
3. Source of recruitment (describe below)
4. Formal Training received (describe below)
5. Training needed
 - a. Product
 - b. Selling Techniques
 - c. Manufacturing methods

C. AGENTS

1. Number
2. Control information used (describe below)

IX. CLERICAL

A. ACCOUNTS AND GENERAL

1. Number employed
2. Are statutory accounts produced internally?
3. Are operating statements produced monthly?
4. Is present staff competent to produce 3?
5. What jobs done by managers could be off-loaded?
(detail below)

6. Is staff available and competent to take on 5?
7. What training would be required for 3 and 5?
(detail below)

8. What training is needed in present job?
(detail below)

9. What training is needed to ensure reserve cover of
all key jobs?
(detail below)

B. PRODUCTION AND STOCK CONTROL

1. Number employed
2. Who acts as chief buyer?
3. Who covers in his absence?
4. Is his knowledge adequate?

- 5. Are formal production and stock control procedures used?
- 6. Is there a member of management or staff competent to select and/or use suitable procedures?

X. SURVEYORS ASSESSMENT OF
CORPORATE STRENGTHS AND
WEAKNESSES

- 1. Forward Thinking and Innovation
- 2. Marketing
- 3. Production
- 4. Financial
- 5. Control
- 6. Human Relations
- 7. Design
- 8. Buying

W	F	S

Procedure adopted in the Pilot Survey of Small Companies
for the Knitting, Lace and Net I.T.B.

A. The individual survey

1. Preliminary discussion with chief executive to establish in his mind:-

The purpose of the investigation

The practical benefits likely to flow from the individual and overall survey.
2. Interviews with chief executive and other directors or senior managers to ascertain:-

History of company

Nature of business

Objectives - growth
 - products
 - markets

Organisation structure

Plans for management succession

Policies on Sales, Technical, Production and accounting matters

Attitudes to, and practice of, training at all levels in all functions

Calibre, career history, and knowledge of senior managers

Financial ratios, to indicate profitability of the company.
3. A conducted tour of the offices and plant, usually with chief executive, for a general appreciation of the process and layout.
4. Detailed discussions with managers or supervisors, clerical staffs and specialist staff at lower levels to clarify, establish, or calculate:-

Attitudes to training

Key tasks in important operations

Numerical indices, or productive efficiencies, of value in assessing departmental and operative training needs

Production, clerical and planning procedures

Use of specialist services

Calibre and knowledge of middle management

By direct observation, effort and application of operatives.

5. Completion of questionnaire, as far as applicable, by surveyor and final clarification of outstanding points with the chief executive.
6. Make recommendations to the Chief Executive on individual training needs which may have been observed and on changes in organisation and procedures desirable for training to be most profitable.

B. Analysis of all results

1. Record on a comprehensive tabular analysis charts under appropriate headings, selected after review of individual reports.
2. Assess, from financial ratios, aided by subjective judgement of future prospects, relative gradings for the companies surveyed, of their effectiveness as going concerns.
3. Identify the relative strengths and weaknesses of all companies under the various headings of the analysis chart.
4. Deduce from 2. and 3. in order of priority which strengths and weaknesses appear to have greatest effect on the effectiveness of corporate operations.
5. Recommend means by which training can help to strengthen the major weaknesses thus revealed.
6. Write a consolidated report summarising these findings and recommendations.

Comparison of Knowledge and Activity in Nine Main Areas between
Top Management in the Upper- and Lower-Quartiles of
Performance Ranking

Area	Knowledge			Use		
	Quartile Average % score			Quartile Average % score		
	Upper	Lower	Difference	Upper	Lower	Difference
Financial Control	50	21	29	58	45	13
Cost Control	64	45	19	70	50	20
Budgetary Control	41	18	23	56	15	41
Marketing	36	31	5	50	20	30
Production Control	49	31	18	49	42	7
Stock Control	40	32	8	50	36	14
Labour Control	64	50	14	59	50	9
Technical Products	91	68	23	85	68	17
Production Methods	83	64	19	83	45	38

SPECIAL GRANT SCHEME FOR SMALLER FIRMS
CERAMICS, GLASS AND MINERAL PRODUCTS I.T.B.

CONFIDENTIAL
 (Page A — job cover sheet (instructions for completion—see pages 6, 7 and 8 of booklet))

(a)	(b)	(c)	(d)	
			Y	M
Names of members of household born on or before 31 August 1970 (Household time as at 3 August 1970) (Household time as at 3 August 1970) (Household time as at 3 August 1970)	Age 1970	Length of service in armed forces included as time spent in service		
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				

BREAKDOWN OF JOBS INTO MAIN ACTIVITIES/TASKS CARRIED OUT BY PEOPLE
Mark all where the man found it normally matching the activity. **C** where competent if required.

WITHIN THE FIRM

T to be trained, V vacancy to be moved by recruitment

Here, activities/years to be started during the year

SPECIAL GRANT SCHEME FOR SMALLER FIRMS
CERAMICS, GLASS AND MINERAL PRODUCTS I.T.B.

CONFIDENTIAL
 Page A -- Join course plus (instructions for completion--see pages 6, 7 and 8 of booklet)

(a)	(b)	(c)	(d)	
			Y	M
Names of all persons employed by the firm at 3 August 1970 and who were in top management		Length of service in years and months including periods of leave from service		
	1			
	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10			
	11			
	12			
	13			
	14			
	15			
	16			
	17			
	18			
	19			
	20			
	21			
	22			
	23			
	24			
	25			
	26			
	27			
	28			
	29			
	30			
	31			
	32			
	33			
34				

35. Actual no. ≥ 10 to 100 active/firm at 3 August 1970 (see B1 and C1).

36. No. referred for full cover 12 months, holidays, leaves, etc.

37. No. to be referred for wage/survey and company development during year.

38. Training method (8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1090, 1091, 1092, 1093, 1094, 1095, 1096, 1097, 1098, 1099, 1100, 1101, 1102, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1120, 1121, 1122, 1123, 1124, 1125, 1126, 1127, 1128, 1129, 1130, 1131, 1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, 1163, 1164, 1165, 1166, 1167, 1168, 1169, 1170, 1171, 1172, 1173, 1174, 1175, 1176, 1177, 1178, 1179, 1180, 1181, 1182, 1183, 1184, 1185, 1186, 1187, 1188, 1189, 1190, 1191, 1192, 1193, 1194, 1195, 1196, 1197, 1198, 1199, 1200, 1201, 1202, 1203, 1204, 1205, 1206, 1207, 1208, 1209, 1210, 1211, 1212, 1213, 1214, 1215, 1216, 1217, 1218, 1219, 1220, 1221, 1222, 1223, 1224, 1225, 1226, 1227, 1228, 1229, 1230, 1231, 1232, 1233, 1234, 1235, 1236, 1237, 1238, 1239, 1240, 1241, 1242, 1243, 1244, 1245, 1246, 1247, 1248, 1249, 1250, 1251, 1252, 1253, 1254, 1255, 1256, 1257, 1258, 1259, 1260, 1261, 1262, 1263, 1264, 1265, 1266, 1267, 1268, 1269, 1270, 1271, 1272, 1273, 1274, 1275, 1276, 1277, 1278, 1279, 1280, 1281, 1282, 1283, 1284, 1285, 1286, 1287, 1288, 1289, 1290, 1291, 1292, 1293, 1294, 1295, 1296, 1297, 1298, 1299, 1300, 1301, 1302, 1303, 1304, 1305, 1306, 1307, 1308, 1309, 1310, 1311, 1312, 1313, 1314, 1315, 1316, 1317, 1318, 1319, 1320, 1321, 1322, 1323, 1324, 1325, 1326, 1327, 1328, 1329, 1330, 1331, 1332, 1333, 1334, 1335, 1336, 1337, 1338, 1339, 1340, 1341, 1342, 1343, 1344, 1345, 1346, 1347, 1348, 1349, 1350, 1351, 1352, 1353, 1354, 1355, 1356, 1357, 1358, 1359, 1360, 1361, 1362, 1363, 1364, 1365, 1366, 1367, 1368, 1369, 1370, 1371, 1372, 1373, 1374, 1375, 1376, 1377, 1378, 1379, 1380, 1381, 1382, 1383, 1384, 1385, 1386, 1387, 1388, 1389, 1390, 1391, 1392, 1393, 1394, 1395, 1396, 1397, 1398, 1399, 1400, 1401, 1402, 1403, 1404, 1405, 1406, 1407, 1408, 1409, 1410, 1411, 1412, 1413, 1414, 1415, 1416, 1417, 1418, 1419, 1420, 1421, 1422, 1423, 1424, 1425, 1426, 1427, 1428, 1429, 1430, 1431, 1432, 1433, 1434, 1435, 1436, 1437, 1438, 1439, 1440, 1441, 1442, 1443, 1444, 1445, 1446, 1447, 1448, 1449, 1450, 1451, 1452, 1453, 1454, 1455, 1456, 1457, 1458, 1459, 1460, 1461, 1462, 1463, 1464, 1465, 1466, 1467, 1468, 1469, 1470, 1471, 1472, 1473, 1474, 1475, 1476, 1477, 1478, 1479, 1480, 1481, 1482, 1483, 1484, 1485, 1486, 1487, 1488, 1489, 1490, 1491, 1492, 1493, 1494, 1495, 1496, 1497, 1498, 1499, 1500, 1501, 1502, 1503, 1504, 1505, 1506, 1507, 1508, 1509, 1510, 1511, 1512, 1513, 1514, 1515, 1516, 1517, 1518, 1519, 1520, 1521, 1522, 1523, 1524, 1525, 1526, 1527, 1528, 1529, 1530, 1531, 1532, 1533, 1534, 1535, 1536, 1537, 1538, 1539, 1540, 1541, 1542, 1543, 1544, 1545, 1546, 1547, 1548, 1549, 1550, 1551, 1552, 1553, 1554, 1555, 1556, 1557, 1558, 1559, 1560, 1561, 1562, 1563, 1564, 1565, 1566, 1567, 1568, 1569, 1570, 1571, 1572, 1573, 1574, 1575, 1576, 1577, 1578, 1579, 1580, 1581, 1582, 1583, 1584, 1585, 1586, 1587, 1588, 1589, 1590, 1591, 1592, 1593, 1594, 1595, 1596, 1597, 1598, 1599, 1600, 1601, 1602, 1603, 1604, 1605, 1606, 1607, 1608, 1609, 1610, 1611, 1612, 1613, 1614, 1615, 1616, 1617, 1618, 1619, 1620, 1621, 1622, 1623, 1624, 1625, 1626, 1627, 1628, 1629, 1630, 1631, 1632, 1633, 1634, 1635, 1636, 1637, 1638, 1639, 1640, 1641, 1642, 1643, 1644, 1645, 1646, 1647, 1648, 1649, 1650, 1651, 1652, 1653, 1654, 1655, 1656, 1657, 1658, 1659, 1660, 1661, 1662, 1663, 1664, 1665, 1666, 1667, 1668, 1669, 1670, 1671, 1672, 1673, 1674, 1675, 1676, 1677, 1678, 1679, 1680, 1681, 1682, 1683, 1684, 1685, 1686, 1687, 1688, 1689, 1690, 1691, 1692, 1693, 1694, 1695, 1696, 1697, 1698, 1699, 1700, 1701, 1702, 1703, 1704, 1705, 1706, 1707, 1708, 1709, 1710, 1711, 1712, 1713, 1714, 1715, 1716, 1717, 1718, 1719, 1720, 1721, 1722, 1723, 1724, 1725, 1726, 1727, 1728, 1729, 1730, 1731, 1732, 1733, 1734, 1735, 1736, 1737, 1738, 1739, 1740, 1741, 1742, 1743, 1744, 1745, 1746, 1747, 1748, 1749, 1750, 1751, 1752, 1753, 1754, 1755, 1756, 1757, 1758, 1759, 1760, 1761, 1762, 1763, 1764, 1765, 1766, 1767, 1768, 1769, 1770, 1771, 1772, 1773, 1774, 1775, 1776, 1777, 1778, 1779, 1780, 1781, 1782, 1783, 1784, 1785, 1786, 1787, 1788, 1789, 1790, 1791, 1792, 1793, 1794, 1795, 1796, 1797, 1798, 1799, 1800, 1801, 1802, 1803, 1804, 1805, 1806, 1807, 1808, 1809, 1810, 1811, 1812, 1813, 1814, 1815, 1816, 1817, 1818, 1819, 1820, 1821, 1822, 1823, 1824, 1825, 1826, 1827, 1828, 1829, 1830, 1831, 1832, 1833, 1834, 1835, 1836, 1837, 1838, 1839, 1840, 1841, 1842, 1843, 1844, 1845, 1846, 1847, 1848, 1849, 1850, 1851, 1852, 1853, 1854, 1855, 1856, 1857, 1858, 1859, 1860, 1861, 1862, 1863, 1864, 1865, 1866, 1867, 1868, 1869, 1870, 1871, 1872, 1873, 1874, 1875, 1876, 1877, 1878, 1879, 1880, 1881, 1882, 1883, 1884, 1885, 1886, 1887, 1888, 1889, 1890, 1891, 1892, 1893, 1894, 1895, 1896, 1897, 1898, 1899, 1900, 1901, 1902, 1903, 1904, 1905, 1906, 1907, 1908, 1909, 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 20

space for any additional notes you wish to make.

disposition

The information given on this form is true as of 2 August 1970.

Signed _____

Position in farm.

• Community Planning

1999

22501



STEP 2

Part C. Ask yourself these basic questions

The most important step in this, as in any other decision-making procedure, is to ask yourself basic questions — especially about the future.

The following questions will give you a start. As you answer each one look particularly for factors affecting staff in any way.

Note your answers in the right-hand column, with special emphasis on any personnel factors involved such as weaknesses in knowledge, skills, attitudes.

Basic questions	Notes
<p><i>Questions about PLANNING</i></p> <ol style="list-style-type: none">1. Am I planning any change in my business, e.g. expansion or changes in methods?<ol style="list-style-type: none">a) employing and/or training new people?b) further training for present employees?2. To what specific targets am I working over the next few years?3. Can my staff obtain the right information for forward planning?	
<p><i>Questions about ORGANISATION</i></p> <ol style="list-style-type: none">4. Have I outlined the main purpose of each job in the firm?5. Does every employee understand the main purposes of his job?	
<p><i>Questions about PERFORMANCE</i></p> <ol style="list-style-type: none">6. What results do I expect from each manager this year? Have these been discussed with him?7. Can I measure performance in key sections? What standards do I use?8. Do certain employees consistently achieve a higher performance than others? If so, which?9. Can I identify the key skills or methods of top performers that might form the basis for training other employees?	
<p><i>Questions about DELEGATION</i></p> <ol style="list-style-type: none">10. Is there anybody who can cope with day-to-day management to allow me time to plan and develop new ideas?	

The Committee of Inquiry on Small Firms

Chairman

J. E. Bolton, DSC

Chairman and Managing Director of Growth Capital Ltd.

Chairman of the Foundation for Management Education

Formerly Chairman, Council of B.I. M.

Members

E. L. G. Robbins, OBE

Vice Chairman of the Industrial Training Foundation

Professor J. H. B. Tew, Ph. D

Midland Bank Professor of Money and Banking at

Nottingham University

L. V. D. Tindale, C. B. E.

Director and General Manager of the Industrial and

Commercial Finance Corporation Ltd., and Director

of its subsidiary companies.

Chairman of Edbro Holdings Ltd.

Terms of Reference

To consider the role of small firms in the national economy, the facilities available to them; and to make recommendations. For the purpose of the study a small firm might be defined broadly as one with not more than 200 employees, but this should not be regarded as a rigid definition.

In the course of the study it will be necessary to examine in particular the profitability of small firms and the availability of finance. Regard should

also be paid to the special functions of small firms, for example as innovators and specialist suppliers.

List of Research Reports Commissioned by the Committee
of Inquiry on Small Firms

1. The Small Firm in the Road Haulage Industry. B.Bayliss.
2. Scientific and Engineering Manpower and Research in Small Firms.
J.G. Cox.
3. Small Firms in the Manufacturing Sector. J.R.Davies and M.Kelly.
4. Financial Facilities for Small Firms. Economists Advisory Group.
5. Problems of the Small Firm in Raising External Finance - The Results
of a Sample Survey. Economists Advisory Group.
6. The Role of Small Firms in Innovation in the U.K. since 1945. C.Freeman.
7. Attitudes and Motivation. C.W.Golby and G.Johns.
8. The Small Unit in the Distributive Trades. Margaret Hall.
9. The Small Firm in the Motor Vehicle Distribution and Repair Industry.
J.Hebden and R.V.F.Robinson.
10. Small Firms in the Construction Industry. P.Hillebrandt.
11. Three Studies on Small Firms. P.Land and D.Miner.
 - i. Previous Surveys of Small Firms.
 - ii. Comparisons between Firms of Different Size using the C.B.I's
Industrial Trends Surveys.
 - iii. The Investment Behaviour of Small Firms.
12. Dynamics of Small Firms. Merrett Cyriax Associates.
13. Aspects of Monopoly and Restrictive Practices Legislation in Relation
to Small Firms.
14. The Small Firm in the Hotel and Catering Industry. J.F.Pickering.
15. Small Retailers : Prospects and Policies. A.D.Smith.

16. A Postal Questionnaire Survey of Small Firms : an Analysis of Financial Data. M. Tamari.
17. A Postal Questionnaire Survey of Small Firms : Non-Financial Data, Tables, Definitions and Notes. Research Unit.
18. The Relative Efficiency of Small and Large Firms. D. Todd.

The above Reports have been published separately and are obtainable through
H. M. S. O.

COMMITTEE OF INQUIRY ON SMALL FIRMS

Small Firm Sector as Defined for the Inquiry
(Table 1.1 of Report)

Industry	Statistical definition of small firms as adopted by the Committee	Small firms as a %age of all firms in the Industry 1963 %	Proportion of total employment in small firms 1963 %	Average no. of employees per small firm 1963
Manufacturing	200 employees or less	94	20	25
Retailing	£50,000 p.a. turnover, or less	96	49	3
Wholesale Trades	£200,000 p.a. turnover, or less	77	25	7
Construction	25 employees or less	89	33	6
Mining/Quarrying	25 employees or less	77	20	11
Motor Trades	£100,000 p.a. turnover, or less	87	32	3
Miscellaneous services	£50,000 p.a. turnover, or less	90	82	4
Road Transport	5 vehicles or less	85	36	4
Catering	All excluding multiples and brewery-managed public houses	96	75	3

Source : Reports on the Censuses of Production and Distribution and other official inquiries (and Research Unit Estimates). All figures relate to enterprises, but with the exception of Manufacturing relate only approximately to the year indicated.

SMALL BUSINESS CENTRE
CASE HISTORIES

CASE HISTORY NO.1

A Chainmaker and General Engineer - 80 employees

<u>Problem</u>	Low and declining company profitability.
<u>Action</u>	Survey of the company followed by assignment to: <ul style="list-style-type: none">a) Install a costing and cost control systemb) Improve estimating and pricing proceduresc) Introduce budgetary control and monthly operating controlsd) Improve clerical procedures.
<u>Cost</u>	£1000.
<u>Result</u>	<ul style="list-style-type: none">a) Investigation revealed that a repair service to customers operated by the company was incurring a loss in excess of £10,000 p.a. - Action taken to reduce this loss.b) After installation of the improved management controls profit increased during following year by £15,000. Although the S.B.C. cannot take the credit for the whole of this improvement, much of this was achieved through improving the product mix and prices and improving control through focussing attention upon key result areas.c) Further S.B.C. consultancy has resulted from the original assignment.d) The firm has maintained steady growth thus helping to provide employment in the area.

CASE HISTORY NO.2

<u>Problem</u>	A small but growing speciality printing firm was operating at an unsatisfactory level of profitability.
<u>Action</u>	<p>The S.B.C. investigated all aspects of the company's management control procedures and revealed that the company's major problems were:</p> <ul style="list-style-type: none">a) A lack of specific objectives and planningb) Inadequate financial controls, particularly with regard to cash flow planning and credit controlc) Declining sales volume.
<u>Cost and Result</u>	<p>For £200 the S.B.C. were able to assist the small firm to an extent that sales (and profitability) increased 15% during the next financial period through better pricing. Outstanding accounts were also reduced through tackling credit control in a systematic manner and overdraft facilities from the bank were secured to finance further growth at a time when funds were difficult to obtain.</p>

CASE HISTORY NO.3

A firm of industrial plastic component manufacturers employing 85 persons had operated at a considerable loss during 1969. A short survey of the company revealed that

- a) Overall direction of activity was lacking.
- b) Direction, and control procedures were either absent or very poor in each of the major functions of

- i) Marketing and sales activity
- ii) Production planning and control
- iii) Financial and cost control.

Over a period of time the S.B.C. introduced:

- a) A formal organisation structure including agreed job descriptions for each manager.
- b) An improved system of product costing.
- c) A system of budgetary control and financial reporting.
- d) A system of production planning and control.
- e) The recruitment of a qualified accountant to operate the financial and cost controls.

The cost to the client amounted to £2000. The resultant benefits have included the following:

Salary savings due to re-organisation - £7500.

Improved performance by managers and supervisors leading to all round improved staff morale.

Improved prices and product mix.

Improved product quality and handling giving substantial cost-saving (largely through lower scrap).

The company is now in profit again!

CASE HISTORY NO.4

A firm manufacturing stainless steel fittings for omnibuses and employing 120 employees retained the S.B.C. to review the methods of payment to the operatives. As a result of the S.B.C. activity the firm has been able to

introduce a system of piece-work payment based upon work study and as a result has saved 7 operatives and thus about £8000 per year on-going. Unrest upon the shop-floor has to some extent been allayed as a result of the more logical system of payment which allows them to achieve greater consistency of earnings whilst retaining an incentive to earn bonus.

The overall cost to the client of S.B.C. activities to date is under £800.

CASE HISTORY NO.5

The S.B.C. was requested to implement a simple system of budgetary control for a client firm. A brief survey however revealed the impossibility of effecting such a system at that time. The Centre therefore proceeded to introduce a management information system to the company. Some 9 months later the Centre returned to the company to establish a management monthly reporting system utilising information which had been gathered during the interim period. Further background investigation revealed that (1) the company had experienced a 25% rise in overheads cost in 1 year which would require a 40% in sales turnover to support (2) there was a tremendous unharnessed capacity and potential of which the company was quite unaware. The S.B.C. took action to

- a) establish a system of budgetary control to cover financial year 1971/2
- b) reorganise the management structure including strengthening the team by recruiting a sales/production controller
- c) introduce a monthly management reporting system based on net profitability of operations.

The company chairman was sceptical when the sales budget was set at 40%

higher than the previous year because he doubted the company's capacity to meet that volume.

However in the 1st quarter of the financial year (to 31/10/71) sales have been on target and the Company has been able to respond quickly to favourable conditions which were created for it by the Autumn mini-budget.

The Chairman has now commented that without the steps proposed and implemented by the S.B.C. the company would have ground to a halt. This would have created some unemployment amongst employees. However since August 1971 the company has actually expanded its labour force from 40 to 61 thus creating 21 new jobs at a time when unemployment in the region is particularly acute.

The cost of the assignment to date is £1700. This sum has already been recouped by the company by its increased sales and profitability and a situation of decline has been arrested, turned about and a platform created for expansion and further increased profitability.

A further 50 day assignment has been agreed to examine and restructure the system of Production Planning and Control now that the Company has realised the limiting factor to its operations.

Bibliography

- Anderson, R.C. Learning in Discussions : A Resumé of the Authoritarian-Democratic Studies, Harvard Educational Review. Vol.29, pp201-325, 1959.
- BACIE Industrial Training Boards. Progress Report No.5. Oct. 1970.
- Coch, L. and French, J.R.P. Overcoming Resistance to Change. Human Relations, Vol.1, pp512-523, 1947.
- Danteman, G. and Buss, B.M. Supervisory and Engineering Success Associated with Self. Interaction and Task Orientation Scores. Personnel Psychology, Vol.16, pp13-21, 1963.
- Deeks, J.S. Furniture and Timber I.T.B. Report No.1 'The Companies'.
- Deeks, J.S. Furniture and Timber I.T.B. Report No.2 'The Managers'.
- Fleishman, E.A. and Peters, D.R. Interpersonal Values, Leadership Attitudes and Managerial Success. Personnel Psychology, Vol.15, pp127-143, 1962.
- French, J.R.P., Israel, J. and Dagfinn, A. An Experiment in Participation in a Norwegian Factory. Human Relations, Vol.13, pp3-19, 1960.
- Knitting, Lace and Net I.T.B. An Investigation into Training Problems of the Smaller Firm.
- Korman, K.A. Consideration, Initiating Structure and Organisational Criteria - A Review. Personnel Psychology, Vol.19, pp349-361, Winter 1966.
- Lyndall, H.F. Aspects of Competition in Manufacturing Industry. Bulletin of the Oxford Institute of Statistics, 20, 1958.

- Perrigo, A.E.B. Industrial Training Boards and the Smaller Firms,
with particular reference to Management Training.
- Reddin, W.J. Management Effectiveness, McGraw-Hill, 1970.
- Report of the Committee of Inquiry on Small Firms. H.M.S.O.
- Sales, S.M. Supervisory Style and Productivity Review and Theory.
Personnel Psychology, Vol.19, pp275-285, 1966.
- Takisawa, K. Manufacturing Production in Small Business. pp41-55
in Small Business - Japan's Economic Progress
compiled by Yamanaka, T.

Research Reports Commissioned by the Committee of
Inquiry on Small Firms (H.M.S.O.)

1. The Small Firm in the Road Haulage Industry. B. Bayliss.
2. Scientific and Engineering Manpower and Research in Small Firms.
J.G. Cox.
3. Small Firms in the Manufacturing Sector. J.R. Davies and M. Kelly.
4. Financial Facilities for Small Firms. Economists Advisory Group.
5. Problems of the Small Firm in Raising External Finance - The
Results of a Sample Survey. Economists Advisory Group.
6. The Role of Small Firms in Innovation in the U.K. since 1945.
C. Freeman.
7. Attitudes and Motivation. C.W. Golby and G. Johns.
8. The Small Unit in the Distributive Trades. Margaret Hall.
9. The Small Firm in the Motor Vehicle Distribution and Repair
Industry. J. Hebden and R.V.F. Robinson.
10. Small Firms in the Construction Industry. P. Hillebrandt.

Research Reports Commissioned by the Committee of
Inquiry on Small Firms (H.M.S.O.)

11. Three Studies on Small Firms. P. Land and D. Miner.
 - i. Previous Surveys of Small Firms.
 - ii. Comparisons between Firms of Different Size using the
C.B.I's Industrial Trends Surveys.
 - iii. The Investment Behaviour of Small Firms.
12. Dynamics of Small Firms. Merrett Cyriax Associates.
13. Aspects of Monopoly and Restrictive Practices Legislation in
Relation to Small Firms.
14. The Small Firm in the Hotel and Catering Industry. J.F. Pickering.
15. Small Retailers : Prospects and Policies. A.D. Smith.
16. A Postal Questionnaire Survey of Small Firms : an Analysis of
Financial Data. M. Tamari.
17. A Postal Questionnaire Survey of Small Firms : Non-Financial Data,
Tables, Definitions and Notes. Research Unit.
18. The Relative Efficiency of Small and Large Firms. D. Todd.

Other Reports

- C.T.C. Survey on Management Training and Development. 1971. H.M.S.O.
Training for the future - a plan for discussion. Green Paper 1972. H.M.S.O.