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My report to the Prime Minister 'Make Business Your Business' was recently published, which outlined some of the key developments and support available to entrepreneurs starting up new businesses. I am about to embark on a second report concerning growing businesses, for research by the Department for Business, Innovation & Skills has found that 74% of SMEs want to grow but only about a third actually do.

I am keen to have your input as I start this new report and I therefore invite you to write to me with your views on the key issues affecting SME growth by Friday 14 September. It would be particularly helpful to have your representations in the form of a short letter supported by references to supporting evidence. You may wish to consult your members in preparing your response, and I have set my deadline to allow for this.

May I explain my overall approach? I see this report concentrating on the early stages of growth – from your first employee (and the problems that that involves) to roughly fifty employees. I am also keen to look at these issues from the perspective of the firm itself and particularly the practical issues firms face as they grow. This work and Lord Heseltine's will therefore be complementary, as he is looking at the wider systemic and structural issues affecting UK competitiveness.

Research has provided us with a list of the most important internal challenges firms continue to face – to which I have added the two items at the end:

- Human resources (including recruitment, introducing formal management structures, training and development)
- Planning for growth (developing growth strategies and taking advantage of opportunities)
- Introducing more formalised business systems and processes as the business grows
- New markets, products and innovations
- Obtaining the right sort of finance and managing cash flow

- Systematic operational improvement to maintain effectiveness and competitiveness
- Marketing and the use of communication technologies
- Practical issues (such as premises, utilities and the like)

Could I therefore ask you to structure your representations around these headings? Against those headings, I am interested in the following questions:

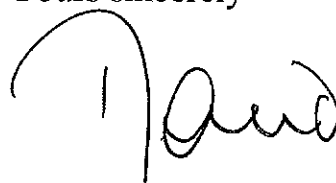
- What specific issues arise under each challenge?
- What are the key regulatory and administrative burdens for each challenge? Which government departments and agencies impact on the firm? Are they joined up and consistent? If not, please be as specific as you can about where problems lie.
- Where does government provide advice and support to help with each challenge? Which departments and agencies are involved? Is their advice and support consistent, joined up and clear? Again please be specific where you think this is not the case.
- How do the issues differ when you are taking on your first employee, when you have between one and ten employees, and when you have between ten and fifty employees
- Do women face any unique challenges in growing their businesses?

It is not necessary to have views on every challenge and deal with every single question above. A few well sourced and specific examples will be more helpful to me than general views covering the whole territory.

I already have some views as to the types of issues that may arise – clearly exporting and finance (including new sources such as crowd funding) will be important topics, but I want to hear your views and those of your members.

If you have any queries on this, Paul Lewis (paul.lewis@bis.gsi.gov.uk 020 7215 3141) or Ellie Mond (ellie.mond@bis.gsi.gov.uk 020 7215 6478) will be pleased to help.

Yours sincerely



LORD YOUNG