

# A Case Study of the joint approach of Lloyds Banking Group and the Enterprise and Diversity Alliance

## *Abstract*

This case study describes a joint initiative by Lloyds Banking Group and the Enterprise and Diversity Alliance (EDA) to boost the productive engagement of Ethnic Minority Businesses (EMBs) in enterprise mentoring schemes. It outlines the value of enterprise mentoring to the growth and survival of small and medium-sized enterprises (SMEs) in general and to EMBs in particular, including how it can improve access to finance. It lists factors that have hindered the participation of EMBs in effective enterprise mentoring, including: weaknesses in communicating the mentoring services that are available and their benefits; inadequate time spent on building trust between a mentor and mentee; and low levels of confidence of some minority ethnic entrepreneurs. The key, straight-forward but well-planned steps taken to address these factors are described and evidence of benefits to both the mentees and mentors is presented. In addition, the ways that this initiative has stimulated the development of effective enterprise mentoring more widely are highlighted. Key lessons for replicating the success are drawn out and form the basis for recommendations on how this approach can and should be delivered on a larger scale.

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## ***Introduction: The importance of enterprise mentoring***

Increasing the up-take of enterprise mentoring is a major pillar of the UK government's business support strategy. Through a partnership with business organisations, banks and large businesses, the government has encouraged a huge boost to the availability and accessibility of enterprise mentoring opportunities by, for example, co-funding the training of enterprise mentors and supporting the 'Getmentoring' website. The banks funded the [www.mentorsme.co.uk](http://www.mentorsme.co.uk) website which was established by Lloyds Banking Group on their behalf and which is now managed by the British Bankers' Association (BBA).

Enterprise mentoring is a relationship over a period of time between a less experienced person/entrepreneur (mentee) and an established professional (mentor), which provides consistent support, guidance and practical help.<sup>1</sup> Lloyds Banking Group stresses that mentoring is a two-way process that allows an entrepreneur to take time out and think critically about where their business is going, where they want it to go and how they can get there. It is a different process from commonly understood business advice services as a mentor will not offer specific advice or direction, but rather he or she will challenge a business's current thoughts and practices, share his or her relevant experiences and support the mentee in coming to their own conclusions about what actions will be most beneficial to their business.<sup>2</sup>

The difference has also been described as: ***"Advisers deal with individual problems while mentoring unlocks opportunities"***<sup>3</sup>. Enterprise mentoring is generally recognised as fitting the learning style of entrepreneurs and often provides longer-term support to the firm being mentored although a key principle is that it should not encourage dependency and therefore is generally time-limited. The power and benefits of enterprise mentoring are perhaps reflected in the huge increase in the number of volunteer mentors and the take-up of opportunities by small and medium sized enterprises (SMEs) over the past two years.

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<sup>1</sup> This definition is abridged from the mentorsme website and from hand-out notes prepared by Lloyds Banking Group for the event described in this case study.

<sup>3</sup> Comment made by Emmanouil Schizas, Senior Economic Analyst at the Association of Chartered Certified Accountants (ACCA) at the 16<sup>th</sup> Annual Ethnic Minority Business Conference held at the British Bankers Association (BBA) on 26<sup>th</sup> October 2012. Statements in the rest of this paragraph are taken from presentations at this Conference, reports from the BBA and the department of Business, Innovation and Skills (BIS) and from the mentoring websites referred to earlier.

The benefits of enterprise mentoring for EMBs, particularly in relation to accessing finance, are stressed in the recent *Ethnic Minority Businesses and Access to Finance* report from the Department of Communities and Local Government (DCLG)<sup>4</sup>. Benefits include:

- Improving EMBs' understanding of what providers of finance would be looking for in any approach for funding support;
- Improving the quality of business plans;
- Improving a firm's understanding of its strengths and the risks it faces; and
- Increasing the confidence of entrepreneurs in applying for finance.

Important barriers to minority ethnic entrepreneurs in accessing the funds they need to set-up, survive and grow which can be tackled by good enterprise mentoring include:

- Discouragement in applying for funding as a result of an entrepreneur's perceptions of discrimination by financial institutions and a belief that these institutions have a lack of cultural understanding;
- A lack of confidence in asking for financial backing, reinforced by these perceptions; and
- A poor take up of professional support services before approaching a potential funder<sup>5</sup>.

The Enterprise and Diversity Alliance (EDA) and its partner members (which includes Lloyds Banking Group) have been innovators and advocates of enterprise mentoring for EMBs - and for all SMEs - from well before it became a major plank of government policy. Lloyds Banking Group leads the national mentoring scheme which was set up by the five major high street banks and the British Bankers' Association as part of the Business Finance Taskforce (BFT) which included the development of a free, national, enterprise mentoring service provided by volunteers from their employees and the national mentoring portal *mentorsme*. As part of this service, Lloyds Banking Group has committed to 20,000 hours to train volunteer mentors from across the company, from senior management to specialist departments.

Lloyds Banking Group also led in making these mentors more accessible by setting up the *mentorsme* website for the BFT and via direct collaboration with the other banks on the taskforce. Given Lloyds Banking Group's focus on the UK economy and its understanding of the importance of EMBs for the economy<sup>6</sup>, it was a logical progression for it to co-operate with other EDA partners to pilot new ways of engaging EMBs in enterprise mentoring that were responsive to their specific needs.

<sup>4</sup> *Ethnic Minority Businesses and Access to Finance*, DCLG July 2013 paragraphs 65-72.

<sup>5</sup> *Ibid* paragraphs 44 and 45.

<sup>6</sup> From an interview for this case study with Jackie Jenks, Senior Manager, Lloyds Banking Group.

### ***Barriers to the take up of mentoring opportunities by diverse firms***

The starting point for designing a new approach for the EDA and Lloyds Banking Group was an examination of the evidence from engagement events and from structured research on why EMBs failed to engage as effectively as they could with enterprise mentoring and with financial institutions. One major reason for 'under-engagement' suggested by EMB networks is that the enterprise mentoring opportunities are publicised through communication mediums that tend not to be used by minority ethnic entrepreneurs. Other channels of communication need to be tried.

A further reason that emerge from surveys and comments made at engagement events is that productive mentoring relationships need to be built on trust between the two parties and this trust needs to be worked on and developed. This is linked to a lack of confidence in applying to financial institutions, for example, the 'discouragement' referred to earlier which has been identified in surveys as a reason that entrepreneurs from certain ethnic minority communities fail to access finance to the same extent as SMEs in general<sup>7</sup>.

In addition, the EDA and Lloyds Banking Group were concerned that some mentors may not be as sensitive to the specific markets and environments in which some EMBs operate. As with trust, such sensitivity is fundamental to productive mentoring relationships. Neelam Meetcha of All Occasions Gift Wrap, one of the beneficiaries of the Lloyds Banking Group-EDA initiative, put it this way at the 2012 Ethnic Minority Business Conference: ***"It is important that the business mentor understands your business. Don't forget that we're out on a business battlefield and so our mentors have to have a care element."***

These factors may also apply to most SMEs, although they have been identified as particularly important for EMBs. For example, a mentor would need to be sensitive to the specific circumstances of a SME that is involved in a sector with which they are unfamiliar or that is at the forefront of a new technology. Firms are diverse in many ways and owner managers of SMEs are subjected to many pressures regardless of their ethnicity or gender. This means that the lessons learnt from the Lloyds Banking Group-EDA approach to mentoring are likely to be applicable to non-EMB firms as well because they are about acknowledging that responding to diversity, whether it be ethnic, gender, age, sector or any other variable, lies at the heart of effective business support.

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<sup>7</sup> See for example Fraser, S (2009) "Is there Ethnic Discrimination in the UK Market for Small Business Credit?", *International Small Business Journal*

## ***The response of Lloyds Banking Group and the EDA***

Determined to develop a new approach to overcome these identified barriers, Jackie Jenks, Senior Manager, Lloyds Banking Group worked with the Co- directors of the EDA, Professor Kiran Trehan, to plan a more informal and direct way of engaging with minority ethnic entrepreneurs.



A workshop entitled “*Developing Innovative Approaches to Diversity and Mentoring*” was organised for 20th June 2012 to which entrepreneurs were invited through community and EMB network organisations. Community organisations were an important part of the engagement strategy as their workers and volunteers were trusted communicators who could pass the message on to EMBs. Access to these networks by Lloyds Banking Group through the EDA provided the bank with links to firms they had not managed to reach before, adding real value to Lloyds Banking Group’s mentoring work.

The event required detailed planning; choosing a venue at which attendees could relax and feel confident to engage in informal discussions was important. An information pack on mentoring was produced and four trained, volunteer mentors from Lloyds Banking Group were carefully chosen on the basis of their commitment and confidence to contribute to the event. These volunteer mentors were briefed thoroughly on the event’s objectives and their anticipated roles.

The event attracted 21 business people representing 18 diverse businesses from across the country. It started with informal explanations by Kiran and Jackie of the purpose of mentoring and how it worked. The mentors introduced themselves before breaking into smaller group discussions so that the businesses were able to ask what would be involved in the mentoring process, how it would differ from business advice and improve their business planning and strategic thinking, the level of commitment it involved, the benefits it might bring their businesses and the importance of avoiding dependency. This relaxed, informal but informed approach helped build confidence and trust on the part of the attending entrepreneurs. It also built the mentors’ understanding of the issues faced by the participating EMBs. As a result, 15 businesses requested mentoring which led to the establishment of mentoring relationships which have been sustained.



The success of the event was also reflected in the immediate feedback from business owners attending. Lucy Grove-Hemmings, of Blue Strawberry said: ***“I am looking to apply for funding to help expand my business, and this event, with the opportunity to be mentored by financial experts, is just perfect.”***

Lea Williams, founder and Managing Director of Advantage Integrated Services Ltd, found the event ***“really enjoyable and very insightful”*** and said that discussion with the mentors helped him formulate good approaches to shaping his business plans going forward.



The demand for mentoring also increased following the event as the concept and its benefits were spread by word of mouth. This included requests for mentoring support from the photographer who had been employed to document the event and from the business of the husband of a female entrepreneur who had attended to support his wife!

Similar events have been rolled out across the country and involving other banks. Developments have included sponsoring, training and supporting members of EMB networks (e.g. the Wolverhampton Black Business Network) and community organisations as mentors so that they can provide mentoring directly to local firms. In addition, peer-to-peer enterprise mentoring has been encouraged.

### ***Benefits for firms and mentors***

The large take-up of enterprise mentoring opportunities at this and subsequent events, together with feedback from attendees at each event, including the quotes above, confirm that the approach developed by Lloyds Banking Group through the EDA is an effective way of engaging EMBs and of laying the ground for productive mentoring relationships. Much case study evidence has been documented, and continues to be added to, on the benefits of the subsequent enterprise mentoring to the mentee firms.

For example, Neelam Meetcha of All Occasions Gift Wrap said: ***“It was good to be able to share ideas with other businesses even when they told me I was wrong, which was difficult to take. But I’m glad that I stuck to it as it has helped me to turn my business around, taking it to a new level. Yesterday I turned down a contract for £10,000 because we’re fully booked. The Lloyds Banking Group enterprise mentor has also been a great help in my launching of a new business giving advice to other female business owners.”***<sup>8</sup>



<sup>8</sup> Presentation given to the 16<sup>th</sup> Annual Ethnic Minority Business Conference held at the British Bankers Association (BBA) on 26<sup>th</sup> October 2012.

Another case study which illustrates the many benefits of enterprise mentoring is that of the Youth Education Project (YEP!), a social enterprise which provides alternative education to young people from across Leicestershire including those who are excluded from school, have been referred by the Youth Offending Service, or who are not in education, employment or training. Its Director, Ken White, was linked up with Adrian Philp, a volunteer mentor who was a Client Manager at Lloyds Bank Commercial Finance.

***"Adrian had a similar background and therefore really understood that the business' success lies purely in our success with the young people we work with. I was so relieved that he understood what we were trying to achieve."***

Ken and Adrian have met every month and every meeting ends with goals and objectives designed to help Ken address specific challenges in the business. Ken has found that the process of sharing helped him realise that he held many of the solutions:

***"For the first time since starting the business I have had someone to sit down and talk to about everything we had to tackle as a business. Where I have previously felt there were massive mountains to climb, by sharing the challenges with Adrian, and learning from his experience, I've realised that they weren't as tough to tackle as I'd imagined."***

He identifies a number of commercial benefits of the mentoring relationship:

***"Growth for us is measured by the number of young people we train, retain and progress and I would estimate that since working with Adrian we have achieved about a 15-20% growth in numbers of young people we have been able to train."***

***"Adrian's support has helped me look at the business's staffing, training structures and recruitment processes, which in turn has enabled us to work with more young people as a direct result."***

The biggest change has been in the way he works with his team:

***"I think I'm probably similar to other business owners in that I sometimes find it difficult to let go, but Adrian always says 'If you don't let people do it, how do you know they can't'. That single change in approach has had a really positive impact on me and my team."***

***"For me it's been a very supportive professional relationship with someone that really understands my business. I cannot recommend finding a mentor highly enough to someone starting or growing their business".***

Less well known is the evidence on the benefits experienced by mentors and the firms that employ them. Feedback from Lloyds Banking Group's mentors collated by the bank provides a strong business case for any large firm to encourage and provide time and training for staff to volunteer to be enterprise mentors. Lloyds Banking Group has found that their contribution to enterprise mentoring has had a significant impact on their own organisation by:

- Playing an instrumental role in engaging their workforce, increasing motivation and self-development amongst their volunteer mentors who have reported, for example, **“pride and invigoration”, “a better understanding of what my skills are”** and **“increased confidence on how to use my skills”** as a result of their mentoring experiences.
- Giving mentors with an experience that provides an insight into all aspects of running a business which, in turn, feeds into an improved service to client businesses in their everyday roles. Ultimately, the Bank as a whole is better able to understand its customers and tailor services to meet their needs.
- Mentors also reported a better understanding of the diversity of SMEs which enabled them to provide better support to their mentees. This also feeds into a better service for clients of the Bank.
- Developing leadership skills which can be transferred back to the volunteer mentor's paid role within the bank. For example, mentors have reported that they have enhanced their abilities to be internal mentors for other employees looking to develop their careers.<sup>9</sup>
- For the bank as a whole, leading on enterprise mentoring has widened its influence across the country through a variety of partnerships. By showing other banks, corporate businesses and government agencies (such as the Welsh Government) how to change their practice, Lloyds Banking Group has multiplied its ability to make a difference for SMEs survival and growth.

Lloyds Banking Group now has over 420 employees who have volunteered to be enterprise mentors, an indication that these benefits are being appreciated by more and more staff.

### ***Key lessons for scaling up delivery***

The evidence suggests that the approach delivered by Lloyds Banking Group and the EDA is worthy of being replicated by other banks, large firms and agencies such as the Local Enterprise Partnerships not just in their engagement of EMBs but of all SMEs which are diverse in many ways.

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<sup>9</sup> Taken from 'Banking on experience' by Jackie Jenks in HR Director and from the interview with her conducted for this case study.

*What are the key success factors identified from this case study that those seeking to scale up delivery should take into account?*

- Organise an informal, informative pre-mentoring event with a relaxed atmosphere in partnership with local business associations relevant to the businesses you are targeting, using communication mechanisms that they relate to. Community networks can be very helpful too. This 'reaches parts that other methods can't reach', improves entrepreneurs' confidence to ask for assistance, and helps establish trust and understanding between mentor and mentee, and therefore a better starting point for those who decide to take up mentoring opportunities.
- Plan the event carefully choosing an appropriate venue and a programme which encourages two-way conversations in an unthreatening environment.
- An information pack for all participants on enterprise mentoring is essential.
- Carefully select and brief the mentors who will be contributing to the meeting. They need to be trained but, above all, committed to the mentoring process, confident about their ability to deliver and sell the concept and with some understanding of diversity issues they will be working with.
- Explain clearly what to expect from enterprise mentoring and what might happen in longer term, checking understanding.
- Encourage businesses that attend to recommend a friend, ensuring that any requests that come through are responded to quickly.

### **Next steps**

The EDA, Lloyds Banking Group and the BBA are committed to extending the model of pre-mentoring information, mentoring and engagement workshops described in this case study, through 'a series of road show events across the country', combining this with information and dialogue on access to finance<sup>10</sup>.

This approach will also be extended to other parameters of diversity within SMEs, in particular around gender.

Efforts will be made to encourage Local Enterprise Partnerships to work with the EDA and the BBA on these initiatives and to organise similar events themselves. The EDA and the BBA will advise on brokering partnerships with local EMB networks.

Further detailed case studies are being prepared which reflect the specific circumstances of different communities, different sectors and different types of businesses to help all SMEs identify that enterprise mentoring can work for them and not just others.

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<sup>10</sup> *Ethnic Minority Businesses and Access to Finance*, DCLG July 2013 paragraph 11.

