

Cross-Party Group on Women in Enterprise: Scale Deep

Wednesday 15th November 2023

Held via Zoom

Minute

Present:

Bronwen Thomas; Women's Enterprise Scotland, Sophie Rooney; Women's Enterprise Scotland, Carolyn Currie; Women's Enterprise Scotland, Iain Scott; Scale Deep Institute, Ailsa Clark; Inspiralba, Alexa Green; Scotland's Rural College, Ana Vuin; Scotland's Rural College, Anne Meikle, Anne-Maree Morrison; Ecommerce Club, Artemis Pana; Scottish Rural Action, Christine Esson; Scottish Business Network, Claudia Duffy; Innovare IP, Eleonora Vanello; Productivity Club Scotland, Emma Sedgwick; Rural Communications, Evelyn McDonald; Scottish Edge, Jackie Brierton; Gowbiz, Kate Hooper; StrategyStory, Louise Lawson; University of Glasgow, Michelle Smith; ValueAdd, Milly Tamati; Generalist World, Pheona Matovu; Radiant and Brighter, Shona Blakely; Women's Fund Scotland, Tanya Wilson; University of Glasgow

MSPs:

Michelle Thomson MSP, Jim Fairlie MSP, Sue Webber MSP

Invited guests:

Non-MSP group members:

Apologies:

Ivan Mckee MSP, Claire Baker MSP, Collete Stevenson MSP,

Proceedings:

Welcome and introductions by Michelle Thomson MSP

Michelle hands over to Sophie Rooney to convene AGM

AGM Conducted:

Michelle Thomson elected as Convenor

Claire Baker elected as Vice Convenor (written acceptance)

Carolyn Currie Elected as Treasurer

Sophie Rooney elected as Secretary

Sophie Rooney hands back to Michelle Thomson to introduce presentations

Speaker 1 - Iain Scott

Why has scale deep suddenly become important?

- The Definition for scale deep business is not as clear as scale up, which is a business of a particular size with specific characteristics. Scale Deep phrase comes from social innovation work, and it's about scaling up, scaling deep and scaling out and it's all about societal and cultural change.

What are the characteristics of scale deep businesses?

- They can be any size but what unites them is they're not defined by a steady rate eg they could gradually grow or they could take off.
- They're really connected to the place that they live in. They're connected economically, culturally and structurally and their effects are felt locally
- Center for Local Economic Strategies produced research that found a pound spent locally goes around the area four times.
- Barrier for scale deep businesses – assumption that they don't have any impact
- Research in 2010 called the Vital 6% said that 6% of businesses in Britain are the ones that grow and employ lots of people so we should give our resources and energy to the vital 6% and the other 94% don't really matter. If you measure it on the basis of taking people on and turn over, that could be OK. But if you measure it on impact locally, jobs created locally, money circulating through the local economy, it isn't a fair assessment.
- Businesses of any size are really important – they are all interrelated
- Scale deep emerging as a counter would scale up movement. You want scale ups, you want businesses to grow, but equally you want businesses of all kinds of shapes and sizes.

- Scale deep businesses are any kind of business that could employ 5 to several hundred people. They draw from the local area and they service the local area. They are also committed to place and most will do activities that pay back to the local area.
- Scale deep businesses also may not look like scale deep businesses on the outside but are – large orgs that started off in their local communities and have grown globally that still give back to their local community where they started can be scale deeps
- Scale deep's very fragile right now. Biggest change is over the last 25 years, we've lost majority of all the local economic data on the importance of these businesses to the local economy. Because of this there is a separation from business and policy so political decisions are being made that completely cut business out of the picture
- How can we change this? - enterprise proofing across all elements of policy and government so that planners have to start enterprise proofing along with regeneration projects who have to enterprise proof as well

Q from Michelle Thomson MSP – You mentioned culture as being important - Of the businesses you mentioned what are they doing in the cultural space to enact this concept of togetherness

Iain Scott – The Royal Scottish National Orchestra - The orchestra, when they play, that feeds the money into the local economy. All of these things build self-esteem. Build self-confidence and then you can go off and do anything. But it also operates in other places where the owner of the business has a passion for something

Q from Eleonora Vanello - What you mentioned feels aligned with community wealth building. Do you think there are other ways to think about productivity and different way to measure productivity that is much more local and could this to be more linked to community and local areas.

Iain Scott – It fits perfect with wellbeing economy and the community wealth building. It is all about what you want to measure and the most encouraging thing for us is those who see it in a wider holistic sense – small is beautiful, economics as if people matter.

Q from Christine Esson - Not every business leaves Scotland without leaving a legacy eg BP at Grangemouth - they did Grangemouth Development Group which was specifically looking at putting funding in from BP global business in order to regenerate the local economy

Also, do you consider what Halo Enterprises are doing as scale deep?

Iain Scott– Halo is a perfect example. In terms of BP it's also about creating the conditions where enterprise can flourish which is a mindset. Main issues are development, control, planning and the mindset of that regeneration

Speaker 2 - Ailsa Clark:

- In terms of scaling deep there's a huge evidence base of the delivery by social and community LED enterprises right across Scotland which was very clear during the issues

of COVID, the number of locally based organizations that pivoted to the model to meet local needs.

- Third sector sometimes thought of as not very impactful on a larger scale and it doesn't really contribute to the economy but the value of social enterprise to the Scottish economy is around 2.63 billion and employs around 90,000 people.
- It's also quite different in terms of leadership. 71% of social enterprises are led by women across Scotland which is significantly different to the wider economy - about 20%. There needs to be greater work to understand what the enabling factors are, why is that the case and how can we bring some of that learning into the wider economy to help support women in leadership more broadly.
- Women in leadership roles don't necessarily see themselves as entrepreneurs or leaders. Often, they're in a position because they've not stepped back quick enough, and then they're running an organization with very complex income streams which require lots of innovation and resilience.
- Many of these income streams are quite often annualized funding which in recent years has become problematic with the way awarding of contracts being condensed timeframes to deliver outcomes. This puts even more pressure on women.
- Key changes to be made in policy that could assist women in those leadership roles and communities
- The work that's being delivered in terms of scale and deep is very broad eg very small organizations that turns over less than £50,000 to organizations that are dealing with multi million pound turnovers – lots of learning to be gained and there's a need for research to understand what the differences are from a gender lens to understand the enablers and the barriers
- The social enterprise census - women in leadership roles has grown year on year from 2015 when it was 53% of women in leadership roles to the most recent census in 2021 where it was 71%, but do we actually see that when we look at the kind of strategic leadership or the larger organizations that represent the sector?

Q from Michelle Thomson MSP – Concept of scale deep even more pronounced in rural areas – is that a reasonable assumption?

Ailsa Clark- Most social and community enterprises are either neighborhood based or within one local authority so there is a very strong connection to place and that connection also identifies the needs and the activities of the business. When you're trying to deliver the best outcomes for your community as well, that adds another level of pressure.

But I think within the sector we see a lot of collaboration and more of a collective leadership approach and collaboration across organizations in order to deliver the needs that are identified

Q from Anne-Maree Morrison - last year we (W20) decided to do our report - Ecommerce Economic Empowerment of Women and Girls. We debunked the myth about ecommerce 'being the death of the High Street' - ecommerce businesses may employ overall less people, but they give back more to their local economies, they're based in local economies, they regenerate rural areas. It allows women or men in rural areas to support their families, they can start a business, trade internationally and they have a sense of place because they're locally owned and based.

Data tracking - ONS traditional measures, ecommerce wasn't an ONS category when it was first developed so the categories for productivity has changed over the years and so pressure needs to be put on ONS to change that.

Michelle Thomson MSP – do know issues with ONS – they are very concerned about either changing or setting in place new data collectors that don't have the the longevity

Carolyn Currie - We see women finding affinity in particular sectors of the economy and social enterprises is an obvious one. A lot of women starting in business because they have a particular purpose, because they're motivated by community-based ideals or aspirations and achievements. We're not seeing alongside that support infrastructures that will help them realize those aspirations and take them forward. We need changes in policy work with policymakers to look at how we get better infrastructure into the sector

Tanya Wilson - Women not having the confidence or not realizing that they are entrepreneurs. There's a lot of research that says that role models are important. We've been looking at women who are taking on multiple employments specifically in low paid employment - these women who are juggling many jobs are incredibly well skilled and are not actually realizing how good those skills are in terms of moving into other sectors as well.

Speaker 3 - Milly Tamati:

- The Isle of Raze, which is my home has about 180 residents yet have over 25 different enterprises, showcasing a per capita entrepreneurial spirit that rivals even New York City.
- Many of these businesses which are integral to our community go unrecognized by government measures as they're not corporate giants but their social, cultural and economic contributions are big
- Through my work with Generalist World, I work with people to promote interdisciplinary career pathways. We have a small team of five and because I am a micro business, I have self funded and I have taken 100% of this risk on myself. Like many others on Raze, this isn't my only enterprise and I also sit on the board of directors for the Raze Community Association
- Enterprise does not exist in a silo so I funnel my knowledge into growing and sustaining our community eg I have been working with young women in their early 20s. Giving

young people meaningful and impactful employment has so many good knock-on effects such as combating the aging and decreasing population crisis in the Highlands.

- Important theme for me is women - representation matters so Generalist World is 100% woman owned and operated.
- We need new ways of thinking because our rural micro enterprises are overlooked. We need tangible support eg micro grants
- Few requests:
 - We need much broader consultation. The way that we work is nuanced which is especially true for women. We need greater diversity of people designing policy.
 - We urge caution with the model promoted in Pathways. Pre starters or Pop Ups are not likely to work in rural and Island places. The gatekeeping aspect where women are judged on the scalability of their enterprise before being awarded memberships to Pop Ups and childcare vouchers is counterintuitive. Note - there is no childcare in rural and island places.
 - The 20 million pound Rural Entrepreneurs Fund that was pulled in May 2021 meant 2000 good that won't ever be realised - we would like to see this reinstated.
- Note - investing in woman's enterprise is not being charitable, it's just smart strategy.

Speaker 4 - Jackie Brierton:

- Growbiz - started by a group of local people in rural Perthshire who wanted a different kind of enterprise facilitation all about organic growth and helping people in the communities that they actually lived in. So everything we've done over the years resonates with the whole message of scaling deep.
- 60% sometimes nearer 70% of our clients are women and our support is totally flexible. We work with you to come to conclusions about whether it's a viable idea to take forward or whether it needs to be changed
- Resources available to rural entrepreneurs - We don't lack business owners and entrepreneurs in rural areas, many of whom are women. What's stopping that becoming an even more vibrant economy, is lack of resource and ditching a £20 million rural entrepreneur fund
- For people just wanting a few £1000, it's difficult to access that because rural areas have also been deserted by the banks which create issues with access to finance.
- In terms of scaling Deep, the three sectors that we support quite specifically are:
 - Care
 - Tourism – which has been stymied by the amount of legislation eg the unintended consequences of short-term let licensing has been devastating.
 - Food and drink - The Scotland food and drink strategy is much more about scaling up and exporting.

- The key thing strengthening scaling deep has to be at the strategic policy level - Things like the development of the economic strategy (NSET). I was on the advisory group for that, and it was almost impossible to get the message over about the importance of smaller businesses or certain sectors when considering a regional approach.
- We need to create the resources and the environment to enable Scottish businesses to flourish and build the Scottish economy.

Q&A

Q from Michelle Thomson MSP - access to finance - seems that the the disconnect between particularly the the larger banks don't understand the need for risk in banking terms, what they perceive as risk and the disconnect seems almost bigger than ever. What are your reflections on this?

Jackie Brierton - It's a fundamental issue. I think what happens when there's public sector sources of finance made available to businesses, businesses are made to jump through hoops to fit criteria.

We shouldn't be funding 'shiny new things' we should be funding the things that we know work are already there and can grow sustainably. Pre and post application support is needed to enable people to understand better how they can make use of what is available

Q from Evelyn McDonald - question to you Michelle, how do we ensure that we are considering the needs of small businesses when policy decisions are made.

Michelle Thomson MSP - The challenge is juggling legislation that may be serving one area but actually works against others. I think it would be worthwhile myself doing a motion in the parliament marked for members business to target other like-minded MSP's to talk about this and try and get increase the sense of understanding

Anne-Maree Morrison - it's a major problem for micro businesses/small businesses to put the money up front to try and get funding to match fund. The funds are also too small - if you were going to set up a commerce business for example, you couldn't have done that with £1000 or £2000.

The traditional mindset in banking has to change and that's an international problem we've seen with W20. Also, who makes the funding decisions? Are there any women in these places making the decisions on who allocates the funding and who gets it, and we don't ever get any feedback on why we didn't get funding etc.

Iain Scott- People that were excited about Scale up are beginning to see It's not quite delivering what they thought it was going to deliver. The most interesting thing about Scale Deep is people are genuinely interested in that topic so next stage is to scale deep our policies.

Meeting close at 7:19pm