Taking over the reins: the needs of individuals who purchase small established enterprises

Jane Perry, Beryl Badger, Jonathan Lean and Steve Leybourne

Abstract: *Although many small firms are purchased as going concerns, these businesses are rarely researched as a separate subgroup. Little is therefore known about (a) the skills and competences required to run these businesses; (b) the support and learning sources used by small business purchasers (SBPs); and (c) whether there is a need for additional training and support. This paper examines these issues through qualitative interviews, held with a selected sample of SBPs. The findings show that, while the majority of owner-manager skills are developed through informal learning methods, there is also a need for support that focuses on effecting a smooth takeover, preserving the firm's goodwill, maintaining trade levels and building satisfactory relationships with inherited employees.*

Keywords: *small business purchasers; owner-managers; small business management; business ownership*

Jane Perry recently completed her PhD at the University of Plymouth, focusing on the skill requirements and support needs of small business purchasers. She may be contacted c/o Room 233c, Cookworthy Building, University of Plymouth, Drake Circus, Plymouth PL4 8AA, UK. E-mail: janeperry26@fsmail.net. Beryl Badger and Jonathan Lean are Senior Lecturers at the University of Plymouth. E-mail: beryl.badger@plymouth.ac.uk; jonathan.lean@plymouth.ac.uk. Steve Leybourne is with Metropolitan College, Boston University, 808 Commonwealth Avenue, Boston, MA 02215, USA. E-mail: sleyb@bu.edu.

A review of the literature on small firms shows that businesses purchased as going concerns are rarely researched as a separate subgroup. Moreover whilst leadership succession within established firms is well documented (see, for instance, Gilmore, 1988; Preece, 1998; Sharma *et al*, 2001; Birley, 2002), little is known about the effects of a change of ownership and how this might impact on a firm.

One reason that might help to account for the lack of documentation in this area is the failure of many small business researchers to disaggregate the ownership context, particularly with regard to established firms. It is therefore impossible to distinguish founder member-owned firms from businesses that were purchased as going concerns. Noting that, for example, the support and training needs of those launching new enterprises are very different from those taking over franchise businesses (Paton, 2004), failure to disaggregate the ownership context of established firms could have a significant effect on research outcomes.

Noting that mature firms and start-ups prioritize and apply key skills in different ways (Schuler and Jackson, 1987), it is likely that purchasers of going concerns will also prioritize and apply skills in a particular way. Given also that many of the problems facing small firms change as different phases of development are entered (Terpstra and Olson, 1993; Martin and Staines, 1994; Huang and Brown, 1999), a change of ownership may precipitate a new phase of development, which could bring about a new set of problems and issues for the business and impact on the type of management skills required.

Whilst there is great deal of information regarding the vulnerability and failure rates of start-ups (for example,

Storey, 1993; Cressey and Storey, 1995), there is very little documentation concerning the failure rates of firms that have been purchased as going concerns. However, Fuller's study of the retail sector (1987) was able to determine that approximately two out of every five shops that were sold came back on to the market within two years. This provides an indication that firms that change owners may be as vulnerable as new businesses/start-ups, thus highlighting the need for a comprehensive understanding of: (1) the skills and competences such firms need; (2) the utility of existing support mechanisms in developing these skills; and (3) what further support might be required.

Through interviews with small business purchasers (SBPs), this paper seeks to explore these issues and provide a platform for further research into this neglected group of business owners. The paper begins with a review of the literature concerning owner-manager (OM) learning and small business support and related to the context of the SBP. The objectives and methodology of the study are then discussed, followed by a review of the study findings. The paper concludes by making recommendations for future support targeted at SBPs.

Literature review

The way OMs learn has a direct impact on business performance and growth (Hamel and Prahalad, 1993; Pennings *et al*, 1994; Chaston *et al*, 2001), the success of a firm being dependent on the ability to '. . . further develop core competences. . .' (Chaston *et al*, 2001, p 141). The effective utilization of new sources of information is therefore essential if a firm is to move forward to an innovative dimension that will enable it to respond to changing markets and take advantage of the opportunities that emerge (Huber, 1991; Nonaka, 1994).

However, small firm OMs are often limited by the scope of their learning, there being a tendency to rely on the utilization of existing knowledge and experience (that is, lower-level learning) for improvement and modification. Although this type of learning may be appropriate within production-orientated industries that operate in relatively stable markets (Chaston *et al*, 2001), higher-level learning is more effective where market conditions are subject to constant change and intense competition (Nevis *et al*, 1995).

Whilst the type of learning that takes place is clearly significant, the speed at which skills are acquired is equally important, particularly with regard to taking over an established enterprise, in which skills need to be learnt very rapidly (Paton, 2004). Arguing that this is one of the main factors distinguishing start-ups from franchises, Paton emphasizes the importance of

specialized training, which he claims is the most effective approach to rapid learning within this context.

Establishing and addressing the training needs of SBPs

Given that many of the problems associated with small business ownership are often attributable to a lack of appropriate skills and competences (Dun & Bradstreet, 1994; Gatewood *et al*, 1995; Jennings and Beaver, 1997; Fitzsimmons *et al*, 2001; LeBrasseur *et al*, 2003), access to the appropriate training could help to alleviate these difficulties (Garavan and O'Cinneide, 1994; Shepherd and Douglas, 1996; Atherton *et al*, 1997; Gibb and Cotton, 1998). However, establishing the training needs of an SBP is a complicated process, as it is often difficult to identify the areas in which training is most needed, particularly as small firm owners frequently perceive management as a 'craft' '. . .which is best developed on the job rather than as a set of ideas and skills that exist independently of the industrial context. . .' (Martin and Staines, 1994, p 31). It has also been shown that OMs' perceptions of their training needs frequently differ from suggestions put forward by training providers (Gill, 1988; Curran and Stanworth, 1988), particularly amongst the inexperienced. Consequently, small firm owners often lack the ability to judge their needs objectively (Gibb, 1987).

Problems may also arise regarding the content of OM training programmes, which need to consider factors such as the firm's age, size and stage of development (Mendham, 1985), although it is not always possible to classify firms in this way due to the varying characteristics that exist amongst them (DTI, 1999). Generic programmes that have been designed to suit everyone therefore rarely address the needs of all participants (Carrier, 1999) due to the heterogeneity of the small business sector. Hence the content of existing courses for small firm OMs will not be wholly appropriate for SBPs.

Learning through formal and informal training

Whilst formal training has been shown to help develop some of the skills required for small business ownership (Henry *et al*, 2004), the degree of actual learning that takes place within a training environment is arguable. Noting that training does not automatically lead to learning, Antonacopoulou (2001) also argues that learning may not always be an integral part of training, especially if an organization is unable to provide the infrastructure required to support the learning after training has been completed. Moreover, an individual's perception of training is a unique one, which often lies in complete contrast to that of the organization. She also suggests that as each person holds different expectations

of training, it often difficult for him or her to utilize the knowledge gained. This is particularly evident when the training is considered inappropriate and/or irrelevant to the job, or it is not provided in the correct manner within the proper environment. Whilst the relationship between training and learning tends to be more evident when individuals are looking to address organizational priorities (Antonacopoulou, 2001), this questionable relationship may be one of the reasons why small business owners are often averse to management training (Tait, 1990).

Whilst the degree of learning that takes place through formal training activities remains arguable (Antonacopoulou, 2001), informal training within the workplace increasingly forms an integral part of ongoing, lifelong learning in the majority of countries (European Commission, 2001; OECD, 2003). The focus on informal learning is, however, a relatively recent phenomenon, public policy debate having shifted its attention from formal education and training to the type of learning that is 'lifewide' (Cheallaigh, 2001), with additional emphasis being placed on experiential and flexible self-directed learning (Dehnbostel and Dybowski, 2001). As small business OMs learn more quickly through practical experience (Hines and Thorpe, 1995; Eraut *et al*, 2000; Skule and Reichborn, 2002; Zambarlouskos and Constantelou, 2002), informal training frequently plays a key role in the development of management skills. The prospect of rapid and flexible learning also appears to be particularly appropriate with regard to the needs of SBPs.

Given that informal training is closely associated with the type of knowledge that is acquired from everyday experiences (Polanyi, 1967; Marsick and Watkins, 1990), it also facilitates the development of tacit skills (Abbott, 1993; Jary and Jary, 1999; Evans *et al*, 2004). As tacit skills relate to the precise way in which tasks are performed within a specific workplace, they can only be learned through experience within that particular environment. Informal on-the-job training is therefore an extremely important aspect of learning in small firms (Atkinson and Meager, 1994; Hendry *et al*, 1995) and may be particularly important to skills development amongst SBPs who are likely to be inheriting existing processes and procedures rather than building them up 'from scratch'. It should be noted, however, that given the lack of formal guidance and structure inherent in informal training, its success rests on a desire to learn and build new skills and a willingness to interact effectively with employees (Barber, 2004).

Experiential learning also plays a key role in OM skill development. For example, Rae and Carswell (2000) suggest that the majority of OM skills are developed through this particular process – practical experience

being gained through problem solving, discovery and basic trial and error (Young and Sexton, 1997; Deakins and Freel, 1998). Moreover, small firm owners often have access to a wide range of people from whom they can learn, the majority of learning occurring through the applied behaviour of these individuals: copying, experimentation and opportunism being typical examples (Gibb, 1997). This type of learning clearly facilitates the building of essential 'knowledge reservoirs' (Widding, 2005), which are often the key determinants of how successful a firm eventually becomes (Deakins and Freel, 1998, p 153).

Managerial skills are also enhanced by 'learning events' that occur within the workplace (Cope, 2003), these being the key components of 'higher-level' learning where existing knowledge may be ineffectual at dealing with an immediate crisis and therefore acting '. . . as a catalyst for critical reflection and transformations. . .' (Mezirow, 1991, p 14). Whilst experiential learning is likely to be important to SBPs, they may not initially have access to the type of business people that would have come from building up a business over a number of years. Similarly, the compressed time frame within which they need to 'get up to speed' may provide less opportunity for going through and reflecting upon 'learning events'. Hence being able to draw on the experience of others in the business is likely to be important for SBPs as a way of building up their 'knowledge reservoirs'.

Support and training provision

A growth of interest in the economic contribution of small businesses and enterprise has been accompanied by an increase in the level of public sector policy initiatives to support the development of this sector (Laukkanen, 2000; Westhead *et al*, 2001; Bennett and Robson, 2003) and facilitate entrepreneurship (European Commission, 2005; OECD, 2006). Initially, the most important schemes were those provided by the Manpower Services Commission and its successor, the Training Agency, followed by a network of Training and Enterprise Councils (TECs) (Meager, 1991), the first of which were formed in 1990. Although TECs made a significant impact on small firms (DTI, 1994), their pre-packaged schemes were nevertheless unpopular amongst many small firm owners (Curran, 1993).

The subsequent introduction of Business Links complemented TECs by offering a simple framework of support to small businesses on a nationwide level (DTI, 1994). The addition of Personal Business Advisers (PBAs) also enabled Business Links to focus on individual needs, which was shown to encourage the take-up of assistance (Bryson *et al*, 1997). Key roles

currently include the provision of practical advice to small firms in areas such as finance and grants; health and safety; IT; e-commerce; and tax returns (www.businesslink.gov.uk, 2007). More recent attempts to deliver effective support to small firms include the formation of the Small Business Service (SBS), a centralized initiative set up as a network of 'Next Steps Agencies' (SBS, 2006). To improve efficiency further, the SBS has led the cross-government Business Support Simplification Programme, which aims to make it easier for businesses to access support (DTI, 2007).

Despite the range of facilities available, many believe that public support networks fail a lot of small firms (Curran and Blackburn, 2000; Hussey, 2005; Confederation of British Industry, 2005). This is partly because OMs of established firms are often reluctant to use government support agencies (Blackburn *et al*, 1999; Curran and Blackburn, 2000; Hussey, 2005), which reflects a tendency to focus on start-ups (Curran *et al*, 1995; Priest, 1997; Curran and Blackburn, 2000; Hussey, 2005) and how best to support new venture development (Norrman and Klofsten, 2009). Although firms that have changed owners are clearly established businesses, the SBPs who have little or no experience of small business ownership are nevertheless excluded from certain support schemes.

The sometimes high costs and perceived inappropriateness of the training on offer (Marshall *et al*, 1995; Curran *et al*, 1997; Curran and Blackburn, 2000; Confederation of British Industry, 2005) also act as a barrier to take-up, despite proof that OM training programmes can help to develop the knowledge and skills relevant to small business ownership (Henry *et al*, 2004). A need has therefore been established for more innovative, sophisticated methods of intervention that will actively encourage take-up (PIU, 2001; HM Treasury, 2002). The informality of the training methods favoured by small enterprises also suggests that support providers might concentrate more on identifying and supporting effective informal practices in existing small firms (Doyle and Hughes, 2004). In developing any support programme for SBPs, such issues would need to be considered.

Whilst the popularity and effectiveness of public support networks remains arguable, research shows that small firm owners frequently take advantage of private sector assistance (Cosh and Hughes, 1998; Bennett *et al*, 2000), which is often more effective (Mole, 2002; Bennett and Robson, 2003; Gooderham *et al*, 2004). Moreover whilst the take-up of these facilities is on the increase, usage of public sector services continues to decline (CBR, in Bennett and Robson, 1999b; Hussey, 2005). Although a wide range of services can be obtained from organizations such as the Federation of

Small Businesses (FSB: www.fsb.org.uk, 2007) and the Small Business Bureau (SBB) (www.smallbusinessbureau.org.uk, 2007) one of the most popular sources of advice is accountants (Atkinson, 1994; Bryson *et al*, 1997). Whilst this is frequently attributed to the compulsory elements that are contained within the relationship (Kirby and King, 1997), the longevity of the association also provides enormous potential for the development of intimacy and trust (Marriott and Marriott, 2000; Nordhaug, 2000). Consequently, accountants are often regarded as an integral part of the business (Gooderham *et al*, 2004).

Overall, the literature highlights a number of key issues that are relevant to this study. For example, skill prioritization, support needs, training requirements and learning strategies are frequently influenced by factors such as business type and the firm's growth stage. However, one of the most important factors to emerge is the failure of researchers to disaggregate ownership context, which makes it impossible to identify those businesses that were purchased as going concerns within previous research findings. It has nevertheless been possible to make some inferences from the literature regarding the particular features of different types of learning and their appropriateness for SBPs. Previous research also highlights the fact that existing support provision for small firms does not appear to recognize SBPs as a group requiring tailored provision.

Research questions and methodology

In order to fulfil the objectives of this exploratory study, three research questions were outlined:

(1) How do SBPs prioritize skills?
(2) What are the learning methods and knowledge sources most favoured by SBPs?
(3) What are the support and training needs of SBPs?

To address these questions, it was felt that a qualitative approach would yield the best results as it provides the researcher and interviewee with a wide degree of latitude (Seidman, 1991; Sturges and Hanrahan, 2004; Opdenakker, 2006). Whilst quantitative research methods such as postal questionnaires would provide basic information pertaining to skill prioritization, learning sources and respondents' personal details, this particular approach was considered too narrow in scope to: (1) determine whether skill prioritization is influenced by small firm ownership within this context; (2) establish why particular learning sources are more effective than others; (3) identify the areas where support is most needed; and (4) determine how training and support needs might best be addressed.

Although there are several ways of collecting

Table 1. OM interviewees' personal details.

Interviewee number and business type		Ownership status	Length of time business owned	Number of employees	Age range of owners
(1) Tea rooms	(Totnes)	Joint owner (spouse)	2 years	4	36–55
(2) Tea rooms	(Totnes)	Joint owner (spouse)	6 years	3	36–55
(3) Window cleaner	(Totnes)	Sole owner	3 years	0	16–35
(4) Flower shop	(Totnes)	Joint owner (spouse)	9 years	2	36–55
(5) Gift shop	(Totnes)	Joint owner (friends)	18 months	3	36–55
(6) Gift shop – craft	(Totnes)	Joint owner (spouse)	3 years	2	36–55
(7) Café owner	(Torbay)	Joint owner (spouse)	6 years	0	36–55
(8) Skip hire	(Torbay)	Sole owner	4 years	3	36–55
(9) Pet shop	(Torbay)	Sole owner	19 years	2	56+
(10) Guest house	(Torbay)	Joint owner (spouse)	3 years	4	36–55
(11) Hotel	(Torbay)	Joint owner (spouse)	12 months	25	56+
(12) Hairdresser	(Torbay)	Sole owner	2 years	1	16–35

qualitative data, many are unsuitable for use with samples that are widely dispersed geographically and/or where time constraints make it difficult to organize activities such as focus groups (Morgan and Krueger, 1993; Kitzinger, 1994; Newby *et al*, 2003).

Face-to face interviews were therefore considered the most effective way of obtaining the information required, as meetings could be arranged at a time to suit the interviewee. It was decided that the interviews should adopt a semi-structured format, as this would allow the researcher to explore key issues in depth whilst retaining a specific frame of reference (Bell, 1993; May, 1993; Sturges and Hanrahan, 2004).

Whilst semi-structured interviews were considered the most appropriate method of data collection, this particular approach carries several disadvantages that need to be taken into consideration (Opdenakker, 2006). For example, whilst the accounts provided by the interviewees may be a genuine reflection of their thoughts and experiences, there may be additional events and/or circumstances surrounding these experiences of which they are unaware (May, 1993). There is also a danger of introducing bias into the research, particularly when the researcher holds strong views on the topic(s) under discussion (Bell, 1993). Although this was unlikely to occur here, interviewees could still be influenced by the researcher's manner and approach (Seidman, 1991).

Given that the advantages of this particular research method far outweighed any disadvantages, data were collected via semi-structured interviews held with 12 individuals, all of whom had purchased a small going concern.

The interviewees were purposively selected to ensure maximum variation within the sample (Patton, 1990). The sample therefore comprised SBPs of various ages who owned different types of business (see Table 1). Other differences included the number of employees

(0–25) and the length of time the business had been owned (1–19 years). Whilst the majority of interviewees owned the business jointly with a spouse or partner, four were sole owners. As there was no pre-existing database of small firms from which a sampling frame could be drawn, the sample was obtained from commercial estate agents and accountants.

Recorded through written transcripts, analysis of the data comprised three main phases: data reduction, data display and conclusion drawing/verification (as suggested by Miles and Huberman, 1994). The first phase of the analysis involved streamlining the amount of text contained within the original transcripts so that preliminary conclusions could be drawn and verified (Tesch, 1990; Chenail, 2000). The transcripts were therefore re-examined and rewritten, particular attention being paid to data exemplars that could be used to illustrate and/or support key points of significance. This process was followed by the construction of individual interviewee matrices, which were used to identify and code areas of similarity within the text, a typical example being the interviewees' claims that public sector support provision was geared towards start-ups. From the patterns and commonalities that subsequently emerged, preliminary conclusions were then drawn.

Results

Skill prioritization

The interviews revealed a number of key skill areas, which are represented in Table 2. Also included is the number of OMs who claimed these skills were important to successful small business ownership within this context.

Notably, the interviewees believed that the mainstay of successful small business ownership was based on the ability to (1) build good customer relations, (2) manage

Table 2. Key skill areas and perceptions of importance.

Building effective customer relations	(12 OMs)
Managing the business generally	(12 OMs)
Managing finances	(12 OMs)
Managing staff	(10 OMs)
Formal business planning	(6 OMs)
Dealing with suppliers	(3 OMs)
Health and safety issues	(2 OMs)
Information technology	(2 OMs)

staff, (3) control the firm's finances and (4) manage the business generally. However, the emphasis placed on the need to develop these particular skills was significantly influenced by the fact that the business had been purchased as a going concern. For example, being able to manage the business and build effective customer relations was considered essential to effecting a smooth takeover, sustaining trade levels and preserving the goodwill of the business.

'You can't build it all up gradually like you can with a new business . . . you've got to know what you are doing straight off. . .' (Interviewee 4)

'If you have no customers, you have no business, it is as simple as that. . .' (Interviewee 2)

For the eight SBPs who had inherited employees, having the ability to manage staff was also rated highly, as building satisfactory working relationships with these people could be difficult. Whilst the interviewees believed that the majority of problems were merely a reaction to change, they were nevertheless of the opinion that gaining the acceptance of existing staff frequently required exceptional people skills.

'If you have problems with existing employees your life will be a misery . . .you really have know how to handle these people if you are going to get them on board. . .' (Interviewee 6)

Significantly, small firm ownership within this context could also be linked to the low priority given to particular skills. For example, the majority of interviewees felt that health and safety issues were likely to be less problematic for those who purchased established businesses, as they were able to follow existing policies and procedures. Marketing skills were also given low priority, although it was generally felt that this particular skill could be important when looking to launch new products/ services.

Preferred learning methods

The interviewees exploited a number of learning sources, all of which focused on the gaining of practical experience.

The richest source of learning amongst the SBPs interviewed was the time spent working alongside the present owner, when they learnt not only about the business but also about the skills required to manage it. Those who had inherited employees claimed that this helped them to gain acceptance and they therefore experienced fewer problems than the five SBPs who had not exploited this opportunity.

The following comments illustrate the numerous benefits that may be afforded by working with the present owner(s) prior to takeover:

'. . . No amount of formal training can equal what can be learnt from becoming physically involved with the business before taking it over . . . the only way you can really learn about a business is to run it. . .' (Interviewee 9)

'I think the only way you are ever going to get the staff on your side is to work with them before you actually take over. . .' (Interviewee 7)

Significantly, four out of the five OMs who had not worked alongside the present owners expressed regret at not having done so, each being of the opinion that those who purchase going concerns '. . . need to get to know the business before they actually take it over. . .' (Interviewee 9).

Informal training also played a major role in the development of skills. Spawned by the identification of a specific skill gap, a wide range of activities took place and frequently involved the whole working team. Whilst the training focused primarily on the technical elements of the business, the OMs nevertheless claimed that it also enhanced their management skills. Significantly, informal training also took place during the time spent working alongside the present owners when it was used to teach the key skills required to run that particular business.

Specific sources of outside assistance were also shown to be key learning facilitators, the most popular being accountants who were often perceived as an integral part of the business. Further questioning revealed that this is because the advice and support they provide enables SBPs to acquire '. . . invaluable knowledge. . .' that can be used to improve management skills and abilities. For those who had not spent time working alongside the present owner, accountants were considered the richest source of learning.

Although informal training and outsider assistance are key mechanisms for the development of specific OM skills and competences, most of the learning that takes place comes from practical experience, in which trial and error, experimentation, discontinuous events and the repetition of particular tasks are the mainstays of ongoing learning and development.

Support and training needs

Notably, just five of the OMs interviewed had used public sector support, namely Business Link, which had been contacted for advice on specific issues including government-sponsored training. Commenting favourably on the quality of the service, the interviewees were nevertheless of the opinion that public support networks were more likely to benefit those embarking on new ventures. The perceived inappropriateness of course material also contributed to the low take-up of formal training, which tended to focus on new business creation. Although it was generally argued that technical training was more important than management training, the interviewees nevertheless felt that management training for SBPs would help to effect a smooth takeover and ensure that trade levels were maintained.

Consequently, the majority of OMs were in favour of support and training that focuses on the particular needs of those who purchase going concerns. Exploring the type of training that would be most beneficial identified a need for fast-track training that is undergone before the business is taken over, this particular approach enabling prospective OMs to gain insights into the concept of small business management relatively quickly. However, the interviewees claimed that in order to be effective, training providers should adopt a less formal style of delivery than the traditional classroom teacher environment and move away from the 'one-size-fits-all' concept. In this instance, the interviewees suggested that such training might be delivered via discussion groups, which would significantly broaden the scope of the programme and enable OMs to broach particular issues.

'Having an open forum would allow us to discuss the issues that affect our particular type of business as well as the general problems we are all likely to face. . .' (Interviewee 8)

Notably, the majority of interviewees felt that such training should be followed by a period of working alongside the present owners, which would enable OMs to apply what they had learnt to the working environment as quickly as possible.

Discussion

Skill prioritization

Whilst skills were often prioritized in accordance with the elements that were critical to the particular industry (Scott and Roberts, 1988; Norman, 1991), the emphasis placed on the essentialness of effective management and people skills was also significantly influenced by the fact that the business was purchased as a going concern – successful small business ownership within this context being largely dependent on: (1) the smoothness of the takeover; (2) the maintenance of trade levels; (3) the preservation of the firm's goodwill; and (4) the building of satisfactory relationships with inherited employees. Such findings therefore provide a further indication that skill prioritization is frequently influenced by specific and current objectives (Norman, 1991; Curran *et al*, 1996).

Learning methods and knowledge sources

The research revealed that experiential learning and informal training activities were the primary learning sources for those who purchased established businesses. This clearly supports the findings of other researchers, which show that the majority of OM skills are developed through practical experience (Deakins and Freel, 1998; Sullivan, 2000; Cope and Watts, 2000; Cope, 2003) and informal training (Goss and Jones, 1992; Curran, 1993; Nove *et al*, 1995). However, the richest source of learning is that which takes place when time is spent working alongside the present (previous) owner(s), when experiential learning and informal training also play major roles. The benefits afforded by this 'multi-method context-specific' approach therefore underscore the findings of other research, which shows that skill development is significantly influenced by a wide range of learning mechanisms including informal training, trial and error, observation, copying and experimentation (Gibb, 1997; Young and Sexton, 1997; Deakins and Friel, 1998).

The amount of learning generated from practical experience within the working environment also reflects the findings of Antonacopoulou (2001), who suggests that formal training (taken outside the business) frequently lacks the factors that are essential to effective learning (for example, timing, relevance, environment). The fact that it is often difficult to transfer what has been learnt via formal training back to the workplace provides a further reason why the majority of skills are developed through informal learning methods, and moreover, why working alongside the previous owner (in the actual working environment) is essential to successful small business ownership within this context.

Whilst informal training and experiential learning are clearly the key sources of learning, a great deal was also learnt from accountants (the most frequently used single source of external advice). These findings therefore reflect the results generated by other studies, which show that accountants are fast becoming the most popular source of support and assistance to small firm owners (Atkinson, 1994; Bryson *et al*, 1997; Mole, 2002; Bennett *et al*, 2000; Gooderham *et al*, 2004).

Support needs

The results clearly show that those who purchase going concerns have very specific support needs. The fact that public sector support networks are (1) rarely used and (2) perceived as a source of assistance for new ventures tends to underscore the findings of other studies, which highlight the tendency of support providers to focus on start-ups (Priest, 1997; Curran and Blackburn, 2000; Hussey, 2005). The majority of interviewees believed that training should be available for those who purchased going concerns, which provides further evidence that the uptake of these facilities might be greater if suitable programmes were available (Cosh and Hughes, 1998). The fact that the richest source of learning came from the hands-on support and guidance provided by the previous owner suggests that SBPs would benefit from mentoring, this being another way of obtaining practical help and ongoing assistance. At present, however, support networks might find it difficult to offer this facility due to (1) a shortage of personnel who are familiar with the needs of SBPs and (2) financial restrictions that prohibit the allocation of resources for this particular purpose.

The research findings show that there is very little support available for those who purchase established enterprises, most of the available facilities being aimed at new business creation (Priest, 1997; Curran and Blackburn, 2000; Hussey, 2005). Given that the needs of SBPs are clearly very different from those of start-ups, policy makers should be made aware of this, particularly with regard to the introduction of new schemes and initiatives and/or when looking to improve the facilities currently on offer. For example, training providers should consider broadening the scope of existing OM training programmes to include all those new to small business ownership, instead of focusing only on individuals launching new enterprises. Similarly, public support networks need to be aware of the specific issues and problems facing SBPs and provide them with access to the appropriate support and information.

Conclusions

The study provides an insight into the needs of firms that are purchased as going concerns and how they frequently differ from start-ups.

The findings also show that the importance attached to particular skills frequently reflects the key elements that are required for successful small business ownership within this context. Whilst the learning methods adopted by SBPs reflect those used by the majority of small firm owners, the richest source of learning comes from the time spent working alongside the present (previous) owner(s) prior to taking over the business, when OMs are able to (1) work within the environment in which they will be operating and (2) develop a wide range of situation-specific skills via numerous learning mechanisms.

Despite the preference for informal methods of learning, a need was nevertheless established for (1) support that focuses on the particular issues that concern those who purchase going concerns and (2) the provision of fast-track training that takes place before the business is taken over.

Given that very few programmes have been developed for individuals who take over established enterprises, it is concluded that support and training providers need to broaden their range of facilities to ensure that appropriate support and training are available. Such facilities should also include the option of using a mentor, particularly with regard to those who are unable (for whatever reason) to spend time working alongside the present/previous owner.

Whilst the study makes a significant contribution to the existing literature on small firms, there are a number of areas in which further research is required. For example, although the research showed that SBPs often experienced difficulties with regard to inherited employees, no attempt was made to identify the precise nature of these problems and/or the areas in which advice and support were most needed. Similarly, whilst the key role played by informal training was clearly highlighted, the study did not examine the precise nature of these activities and/or which were the most beneficial. The need for further research in this area is therefore evident, as it would not only help to identify the most constructive activities, but would also provide insight into how such activities might be exploited by support and training providers to assist and encourage skill development.

References

Abbott, B. (1993), 'Training strategies in small service sector firms: employer and employee perspectives', *Human Resource Management Journal*, Vol 4, No 2, pp 70–87.

Antonacopoulou, E. F. (2001), 'The paradoxical nature of the relationship between training and learning', *Journal of Management Studies*, Vol 38, No 3, pp 327–350.

Atherton, A., Gibb, A., and Sear, L. (1997), *Reviewing the Case for Supporting Business Start-Ups: A Policy Overview of Current Thinking on Business Start-Ups*, Durham University Business School, Durham.

Atkinson, J. (1994), 'Labour market support and guidance for the small business', in Atkinson, J., and Storey, D., eds, *The Small Firm and the Labour Market*, Routledge, London,

Atkinson, J., and Meager, N. (1994), 'Running to stand still: the small firm and the labour market', in Atkinson, J., and Storey, D., eds, *The Small Firm and the Labour Market*, Routledge, London.

Barber, J. (2004), 'Skill upgrading within informal training: lessons from the Indian auto mechanic', *International Journal of Training and Development*, Vol 8, No 2, pp 128–139.

Bell, J. (1993), *Doing Your Research Project*, 2 ed, Open University Press, Milton Keynes.

Bennett, R. J., Bratton, W. A., and Robson, P. J. A. (2000), 'Business advice: the influence of distance', *Regional Studies*, Vol 34, No 9, pp 813–828.

Bennett, R. J., and Robson, P. J. A. (1999a), 'Business Link: use satisfaction and comparison with Business Shop and Business Connect', *Policy Studies*, Vol 20, No 2, pp 107–131.

Bennett, R. J., and Robson, P. J. A. (1999b), 'The use of external business advice by SMEs in Britain', *Entrepreneurship and Regional Development*, No 11, pp 155–180.

Bennett, R. J., and Robson, P. J. A. (2003), 'Changing use of external business advice and government supports by SMEs in the 1990s', *Regional Studies*, Vol 37, No 8, pp 795–811.

Birley, S. (2002), 'Attitudes of owner-managers' children towards family business issues', *Entrepreneurship Theory and Practice*, Vol 26, No 3, pp 5–20.

Blackburn, R. A., Berney, R., and Kuusisto, K. (1999), *A Critical Evaluation of Industry SME Support Policies in the United Kingdom and the Republic of Ireland*, Stage Two Report of an in-depth study of selected support policies and their evaluation, Studies and Report 6, Ministry of Trade and Industry, Helsinki.

Bryson, J. R., Churchward, S., and Daniels, P. W. (1997), 'From complexity to simplicity? Business Link and the evolution of a network of one-stop-advice shops: a response to Hutchinson, Foley and Oztel', *Regional Studies*, Vol 13, No 7, pp 720–723.

Buckley, R., and Caple, J. (1992), *The Theory and Practice of Training*, Kogan Page, London.

Carrier, C. (1999), 'The training and development of OMs of small businesses with export potential', *Journal of Small Business Management*, Vol 37, No 4, pp 30–42.

Chaston, I., Badger, B., and Sadler-Smith, E. (2001), 'Organisational learning: an empirical assessment of process in small UK manufacturing firms', *Journal of Business Management*, Vol 39, No 2, pp 139–151.

Cheallaigh, M. N. (2001), 'Lifelong learning: how the paradigm has changed in the 1990's', in Descy, P., and Tessaring, M., eds, *Training in Europe. Second Report on Vocational Training Research in Europe 2000*, Background Report Vol 1, CEDEFOP, Office for Official Publications of the European Communities, Luxembourg.

Chenail, R. J. (2000), 'Qualitative research as a relationship between process and content', paper presented at the *2000 Conference on Qualitative Research in Education, Athens, GA*.

Confederation of British Industry – CBI (2005), *Improving Government Services for Small Businesses*, report presented by the CBI, 2006, Website: smallbusiness.co.uk.

Cope, J. (2003), 'Entrepreneurial learning and critical reflection', *Management Learning*, Vol 34, No 4, pp 429–450.

Cope, J., and Watts, G. (2000), 'Learning by doing: an exploration of experience, critical incidents and reflection in entrepreneurial learning', *International Journal of Entrepre-neurial Behaviour and Research*, Vol 6, No 3, pp 104–124.

Cosh, A., and Hughes, A., eds (1998), *Enterprise Britain: Growth Innovation and Public Policy in the Small and Medium Sized Enterprise Sector 1994–1997*, ESRC Centre for Business Research, University of Cambridge.

Cressey, R., and Storey, D. (1995), *Factors Influencing Business Survival – New Firms and Their Bank: An Independent Survey by the Centre for SMEs*, Warwick University Business School, Warwick.

Curran, J. (1993), 'TECs and small firms: can TECs reach the small firms other strategies have failed to reach?' paper presented to the All-Party Social Science and Policy Group, 17 April, House of Commons, London.

Curran, J., and Blackburn, R. A. (2000), 'Panacea or white elephant? A critical examination of the proposed new Small Business Service and response to the DTI Consultancy Paper', *Regional Studies*, Vol 34, No 2, pp 181–206.

Curran, J., Blackburn, R. A., and Kitching, J. (1995), *Training in Small Firms: A Literature Review and Research Agenda*, Small Business Research Centre (SBRC), Kingston Business School, Kingston University.

Curran, J., Blackburn, R., Kitching, J., and North, J. (1996), *Establishing Small Firms' Training Practices, Needs, Difficulties and Use of Industry Training Organisations*, Research Studies RS17, Department for Education and Employment, London.

Curran, J., and Stanworth, J. (1988), 'Education and training for enterprise: problems of classification, evaluation, policy and research', *International Small Business Journal*, Vol 7, No 2, pp 11–22.

Deakins, D., and Freel, M. (1998), 'Entrepreneurial learning and the growth process in SMEs', *The Learning Organisation*, Vol 5, No 3, pp 144–155.

Dehnbostel, P., and Dybowski, G. (2001), 'Company based learning in the context of new form of learning and differentiated training paths', in Descy, P., and Tessaring, M., eds, *Training in Europe. Second Report on Vocational Training Research in Europe 2000*, Background Report Vol 1, CEDEFOP, Office for Official Publications of the European Communities, Luxembourg.

Department of Trade and Industry – DTI (1994), *Business Links: A Prospectus for One Stop Shops for Business*, Department of Trade and Industry, London.

Department of Trade and Industry – DTI (1999), *Small and Medium Enterprise (SME) Statistics for the United Kingdom, 1998*, SME Statistics Unit, Sheffield.

Department of Trade and Industry – DTI (2007), *SBS – Business Support Simplification Programme*, Website: http://www.dti.gov.uk/bbf/small-business/streamlining- government/bssp/page38586.html.

Doyle, L., and Hughes, M. (2004), *Learning Without Lessons: Supporting Learning in Small Businesses: 30*, Learning Support and Development Agency, London.

Dun & Bradstreet (1994), *The Business Failure Record*, Dun & Bradstreet, New York.

Eraut, M., Alderton, J., Cole, G., and Senker, P. (2000), 'Development of knowledge and skills at work', in Coffield, F., ed, *Differing Visions of a Learning Society*, The Policy Press, Bristol.

European Commission (2001), *Making a European Area of Lifelong Learning,* Communication from the Commission, COM (2001) 678 Final, Office for Official Publications of the European Communities, Luxembourg.

European Commission (2005), *Decision of the European Parliament and the Council: Establishing a Competitiveness and Innovation Framework Programme (2007–2013)*, Commission of the European Communities, Brussels.

Evans, K., Kersh, N., and Kontiainen, S. (2004), 'Recognition of tacit skills: sustaining learning outcomes in adult learning and work re-entry', *International Journal of Training and Development*, Vol 8, No 1, pp 224–238.

Fitzsimmons, O., O'Gorman, C., and Roche, F. (2001), *Global*

Entrepreneurship Monitor 2001: The Irish Report, Department of Business Administration, University College Dublin.

Fuller, R. (1987), *Choosing, Buying and Running a Successful Small Business*, Phoenix Publishing Associates Ltd, London.

Garavan, T. N., and O'Cinneide, B. (1994), 'Entrepreneurship education and training programmes: a review and evaluation, Part I', *Journal of European Industrial Training,* Vol 18, No 8, pp 3–12.

Gatewood, E., Shaver, K., and Gartner, W. (1995), 'A longitudinal study of cognitive factors influencing start-up behaviours and success at venture creation', *Journal of Business Venturing*, Vol 10, No 5, pp 371–391.

Gibb, A. A. (1997), 'Small firms' training and competitiveness building upon the small business as a learning organisation', *International Small Business Journal*, Vol 15, No 3, pp 13–29.

Gibb, A. A. (1987), 'Enterprise culture: its meaning and implication for education and training', *Journal of European Industrial Training*, Vol 4, No 3, pp 42–47.

Gibb, A. A., and Cotton, J. (1998), 'Entrepreneurship in schools and college education: creating the leading edge', background paper presented at the *Conference on Work Futures and the Role of Entrepreneurship and Enterprise in Schools and Further Education, 8 December, London*.

Gill, J. (1988), 'Providing effective help for infant businesses in areas of high unemployment', *International Small Business Journal*, Vol 7, No 1, pp 43–51.

Gilmore, T. N. (1988), *Making Leadership Change*, Jossey Bass, San Francisco, CA.

Gooderham, P. N., Erik Doving, A. T., and Nordhaug, O. (2004), 'Accountants as sources of advice for small firms', *International Small Business Journal*, Vol 22, No 1, pp 5–22.

Goss, D., and Jones, R. (1992), 'Organisation structure and SME training provision', *International Small Business Journal*, Vol 10, No 4, pp 13–25.

Hamel, G., and Prahalad, C. K. (1993), 'Strategy as stretch and leverage', *Harvard Business Review*, March–April, pp 75–84.

Hendry, C., Arthur, M., and Jones, A. (1995), *Strategy Through People: Adaptation and Learning in the Small–Medium Enterprise*, Routledge, London.

Henry, C., Hill, F. M., and Leitch, C. M. (2004), 'The effectiveness of training for new business creation: a longitudinal study', *International Small Business Journal*, Vol 22, No 3, pp 249–271.

Hines, T., and Thorpe, R. (1995), 'New approaches to understanding small firm networks – the key to performance, managerial learning and development', paper presented at the *18th ISBA National Small Firms Policy and Research Conference, Paisley*.

HM Treasury (2002), *Developing Workforce Skills: Piloting a New Approach*, Website: http://hm-treasury.gov.uk (accessed August 2002).

Huang, X., and Brown, A. (1999), 'An analysis and classification of problems in small business', *International Small Business Journal*, Vol 18, No 1, pp 73–85.

Huber, G. B. (1991), 'Organisational learning: the contributing processes and the literatures', *Organisation Science*, Vol 2, No 1, pp 88–115.

Hussey, R. (2005), 'New scheme aids finance for small firms', *Herald Express* (Torbay), 16 November.

Jary, D., and Jary, J. (1999), *Dictionary of Sociology*, 2 ed, Harper-Collins, Glasgow.

Jennings, P., and Beaver, G. (1997), 'The performance and competitive advantage of small firms: a management perspective', *International Small Business Journal*, Vol 15, No 2, pp 63–75.

Kirby, D. A., and King, S. H. (1997), 'Accountants and small firm development: filling the expectation gap', *The Service Industries Journal*, Vol 17, No 2, pp 294–304.

Kitzinger, J. (1994), 'The methodology of focus groups: the importance of interaction between research participants', *Sociology of Health & Illness*, Vol 16, No 1, pp 104–121.

Laukkanen, M. (2000), 'Exploring alternative approaches in high-level entrepreneurship education: creating micro-mechanisms for endogenous regional growth', *Entrepreneurship and Regional Development*, Vol 12, No 1, pp 25–47.

LeBrasseur, R., Zanibbi, L., and Zinger, T. J. (2003), 'Growth momentum in the early stages of small business start-ups', *International Small Business Journal*, Vol 21, No 3, pp 315–330.

Marriott, N., and Marriott, P. (2000), 'Professional accountants and the development of a management accounting service for the small firm: barriers and possibilities', *Management Accounting Research*, Vol 11, No 4, pp 1–18.

Marshall, J., Alderman, N., Wong, C., and Thwaites, A. (1995), 'The impact of management training and development on small and medium enterprises', *International Small Business Journal*, Vol 13, No 4, pp 73–90.

Marsick, V. J., and Watkins, K. E. (1990), *Informal and Incidental Learning in the Workplace*, Routledge, London.

Martin, G., and Staines, H. (1994), 'Managerial competences in small firms', *Journal of Management Development*, Vol 13, No 7, pp 23–34.

May, T. (1993), *Social Research: Issues, Methods and Process*, Open University Press, Milton Keynes.

Meager, N. (1991), 'TECs: a revolution in training and enterprise or old wine in new bottles?' *Local Economy*, Vol 6, No 1, pp 4–21.

Mendham, S. A. (1985), 'Identifying training needs for entrepreneurs', paper presented at the *National Small Business and Research Conference, Cheshire*.

Mezirow, J. (1991), *Transformative Dimensions of Adult Learning*, Jossey-Bass, San Francisco, CA.

Miles, M. B., and Huberman, A. M. (1994), *Qualitative Data Analysis: An Expanded Source Book*, Sage, London.

Mole, K. (2002), 'Business advisers impact on SMEs: an agency theory approach', *International Small Business Journal*, Vol 20, No 2, pp 139–162.

Morgan, R. A., and Krueger, D. L. (1993), in Morgan D. L., ed, *Successful Focus Groups: Advancing the State of the Art*, Sage, London.

Nevis, E. C., Dibella, A. J., and Gould, J. M. (1995), 'Understanding organisational learning as learning systems', *Sloan Management Review*, winter, pp 61–74.

Newby, R., Soutar, G., and Watson, J. (2003), 'Comparing traditional focus groups with a group systems (GSS) approach for use in SME research', *International Small Business Journal*, Vol 21, No 4, pp 421–433.

Nonaka, I. (1994), 'A dynamic theory of organisational knowledge creation', *Organisational Science*, Vol 5, No 1, pp 14–37.

Nordhaug, O. (2000), 'Noske Regnskapsbyråer: Verdiskapere I SMB-sektoren' [Norwegian authorised accountants: value creation agents in the SMB-sector], report 2/2000, SNF, Bergen.

Norman, R. (1991), *Service Management Strategy and Leadership in Service Business*, John Wiley, New York.

Norrman, C., and Klofsten, M. (2009), 'An entrepreneurship policy programme: implications and expectations', *International Journal of Entrepreneurship and Innovation*, Vol 10, No 1, pp 33–42.

Nove, A., Smith, N., and Stallwood, N. (1995), *Skill Needs of Small Firms in Britain 1994/95*, Public Attitude Surveys for the Employment Department, Sheffield/High Wycombe.

Opdenakker, R. (2006), 'Advantages and disadvantages of four interview techniques in qualitative research, *Forum Qualitative Sozialforschung/Forum: Qualitative Social Research*, Vol 7, No 4, pp 1–13.

Organisation for Economic Cooperation and Development – OECD (2003), *Management Training in SME's: Synthesis Report*, OECD, Paris.

Organisation for Economic Cooperation and Development – OECD (2006), *Going for Growth, Vol 1*, OECD, Paris.

Paton, N. (2004), 'Training is the way to stay strong', *Financial Mail*, 16 May.

Patton, M. Q. (1990), *Qualitative Evaluation and Research Methods*, 2 ed, Sage, Newbury Park, CA.

Pennings, J. M., Barkema, H., and Douma, S. (1994), 'Organisational learning and diversification', *Academy of Management Journal*, Vol 37, No 3, pp 608–640.

PIU (2001), *In Demand: Adult Skills in the 21ˢᵗ Century, a Performance and Innovation Report*, Cabinet Office, London.

Polanyi, M. (1967), *The Tacit Dimension*, Doubleday, New York.

Preece, T. (1998), 'Succession – the death knoll for small businesses', *Management Today*, January.

Priest, S. J. (1997), 'A survey of Business Link services', paper presented at the *National Small Firms Policy and Research Conference, November, Belfast*.

Rae, D., and Carswell, M. (2000), 'Using a life-story approach in researching entrepreneurial learning: the development of a conceptual model and its implications in the design of learning experiences', *Education and Training*, Vol 42, Nos 4/5, pp 220–227.

Schuler, R., and Jackson, S. E. (1987), 'Linking competitive strategies with human resource management', *Academy of Management Executive*, Vol 1, No 3, August.

Scott, M. G., and Roberts, I. (1988), *Employment Relationships and the Labour Process in Small Firms*, Scottish Enterprise Foundation Conference Paper, Series No 13/88, University of Stirling.

Seidman, I. E. (1991), *Interviewing as Qualitative Research*, Teachers College Press, New York.

Sharma, P., Chrisman, J. F., and Chua, J. H. (2001), 'Strategic management of the family business: past research and future challenges', *Family Business Review*, Vol 10, No 1, pp 1–35.

Shepherd, D. A., and Douglas, E. J. (1996), 'Is management education developing or killing the entrepreneurial spirit?' paper presented at the *Internationalising Entrepreneurship Education and Training Conference, 24–26 June, Arnhem*.

Skule, S., and Reichborn, A. N. (2002), *Learning-Conducive Work. A Survey of Learning Conditions in Norwegian Workplaces,* Cedefop Panorama Series 30, CEDEFOP, Office for Official Publications of the European Communities, Luxembourg.

Small Business Service – SBS (2006), Website Homepage: www.sbs.gov.uk.

Storey, D. (1993), 'Should we abandon support to start-up businesses?' in Chittenden, F., Robertson, M., and Watkins, D., eds, *Small Firms: Recession and Recovery*, Paul Chapman, London, pp 15–26.

Sturges, J. E., and Hanrahan, K. J. (2004), 'Comparing telephone and face-to-face qualitative interviewing: a research note', *Qualitative Research*, Vol 4, No 1, pp 107–118.

Sullivan, R. (2000), 'Entrepreneurial learning and mentoring', *International Journal of Entrepreneurial Behaviour and Research*, Vol 6, No 3, pp 160–175.

Tait, E. (1990), 'Owner-managers' perceived management education needs: an integrative framework', *International Small Business Journal*, Vol 8, No 4, pp 33–48.

Terpstra, D. E., and Olson, P. D. (1993), 'Entrepreneurial start-up and growth: a classification of problems', *Entrepreneurship Theory and Practice*, Vol 17, No 3, pp 5–20.

Tesch, R. (1990), *Qualitative Research: Analysis Types and Software Tools*, Falmer, New York.

Westhead, P., Storey, D. J., and Martin, F. (2001), 'Outcomes reported by students who participated in the 1994 Shell Technology Enterprise Programme', *Entrepreneurship and Regional Development*, Vol 13, No 2, pp 63–185.

Widding, L. O. (2005), 'Building entrepreneurial reservoirs', *Journal of Small Business and Enterprise Development*, Vol 12, No 4, pp 595–613.

Young, J. E., and Sexton, D. L. (1997), 'Entrepreneurial learning: a conceptual framework', *Journal of Enterprise Culture*, Vol 5, No 3, pp 223–248.

Zambarlouskos, S., and Constantelou, A. (2002), 'Learning and skills formation in the new economy: evidence from Greece', *International Journal of Training and Development*, Vol 6, No 4, pp 240–253.

Websites

Business Link: www.businesslink.gov.uk.
Federation of Small Businesses: www.fsb.org.uk.
Small Business Bureau: www.smallbusinessbureau.org.uk.