

Institution: University of Brighton	
Unit of Assessment: C19 Business and Management Studies	
Title of case study: Profitnet programme	ICS [1]
1. Summary of the impact	

Profitnet®, established in 2004 by researchers at the University of Brighton's (UoB) Centre for Research in Innovation Management (CENTRIM), has influenced the performance of over 1,100 small businesses in the UK, Ireland and South Africa, working with the leaders of these businesses and affecting the working life of around 15,000 employees. The University has established 84 peer-to-peer networks in these countries, transforming the profitability and sustainability of the participating small companies. Evidence from the county of Sussex shows that Profitnet-participating firms in Sussex increased their gross profits by 9% while the overall population of small and medium sized enterprises (SMEs) in the county experienced a decrease of 15.2% in profits during the same time.

2. Underpinning research

Six peer-reviewed research projects funded from 1996 onwards by EPSRC, ESRC, EU and the (former) DTI [reference 3.6, 3.10], with a value of around £1.1m, have supported the development of international expertise and the generation of new knowledge in the area of learning networks that contributed critically to the development of the Profitnet programme. The ongoing activities of the Profitnet programme have also been used as an 'advanced laboratory' to investigate various aspects of peer-to-peer learning and to experiment with new forms of peer-to-peer interactions. Five research projects, funded by HEFCE and the former regional development agency (SEEDA), with a total budget of £882,200, were set up in parallel with the operational activities of the programme. These projects involved surveys with input from 450 SMEs, together with 171 semi-structured interviews and the insights gained supported the continuous development of the research base.

These research projects and the related publications in leading journals listed in section 3 have generated an in-depth understanding of the peer-to-peer learning phenomenon and learning networks. The collective findings of these journal papers can be divided into five components:

- First is the setting-up of peer-to-peer activities that can be mapped on the Kolb learning cycle. This focuses on 'translating' experience acquired through running a business into reflection and then into new kinds of action. Our research has shown that dealing with peers' issues is equally beneficial (from a learning point of view) as discussing one's own issues [3.1, 3.2, 3.6].
- Second is the identification of the operating processes and routines underpinning a sustainable infrastructure for peer-to-peer learning. Four sets of operating processes and routines for learning networks were identified: (a) the planning and management of peer-to-peer learning activities; (b) the communication, information and knowledge sharing between peers; (c) the organisation of learning resources and contacts, and; (d) the dissemination of learning beyond the participating managers to their organisations [3.5, 3.7, 3.8].
- Third are the challenges and the enablers associated with the (actual) learning activities in a peer-to-peer context as well as the underpinning processes and routines of learning networks. Important challenges identified by the research include the regulation of the knowledge-sharing process (eg neither too long nor too short), the development of a constructive interaction between knowledge holders and knowledge 'recipients', the reification of knowledge from experts outside the peer group, the protection of the peers from commercial interests [3.3, 3.4, 3.7, 3.8].
- Fourth is the comprehension of brokerage capabilities to enable individuals to play the role of a learning intermediary among peers. Our research revealed the vital skills of such capability are the development of a sustainable business model for the network, the formation of peer communities, the regulation of the learning process (neutral facilitation drawing together disparate interests), the 'impartial' mediation between different interests and potential conflicts, and securing a trusted environment where confidentiality is monitored and safeguarded [3.3, 3.4, 3.5, 3.6, 3.7, 3.8].

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Finally, the research has developed unique insights on how peer-to-peer interactions can enable the connection of SMEs with the research base (ie universities, research institutes, etc.). This research showed this requires a number of steps such as enabling SMEs to identify the precise set of needs and requirements from the interaction with a university and find the right 'knowledge provider', the successful transfer and translation of knowledge from the research provider to the company processes and offerings [3.4, 3.9, 3.10].

Key researchers:

- John Bessant: Professor of Technology Management (Oct 1984–Dec 2002).
 Dave Francis: Senior Research Fellow (July 1997–Dec 2003), Principal Research Fellow (Jan 2004–to date).
 Despina Kanellou: Research Fellow (Mar 2000–to date).
 Nick Marshall: Research Officer (Sept 2001–Dec 2006), Senior Research Fellow (Jan 2007–Apr 2009), Senior Lecturer (Feb 2005–to date).
 George Tsekouras: Research Fellow (Mar 1997–Aug 2005) Senior Research Fellow (Sept 2005–July 2007) Principal Research Fellow (Aug 2007–to date).

3. References to the research

- [3.1] BESSANT, J. and FRANCIS, D. (1999) Using learning networks to help improve manufacturing competitiveness. *Technovation*, 19, pp.373–381. [Quality validation: Output in a leading peer-reviewed journal.]
- [3.2] BESSANT, J. and TSEKOURAS, G. (2001) Developing learning networks. *A.I. and Society, Special Issue on Networking*, 15, pp.82–98. [Quality validation: well-cited academic paper in a peer-reviewed journal.]
- [3.3] MARSHALL, N. and TSEKOURAS, G. (2010) The interplay between formality and informality in managed learning networks? *International Journal of Strategic Business Alliances, Special Issue*, 1(3), pp. 291–308. [Quality validation: selected by the conference committee of an international academic conference based on excellence and peer-reviewed to be accepted in the journal.]
- [3.4] BESSANT, J., ALEXANDER, A., TSEKOURAS, G., RUSH, H. and LAMMING, R. (2012) Developing innovation capability through learning networks. *Journal of Economic Geography, Special Issue*, 12(5), pp. 1087–1112. [Quality validation: output in one of the highest peer-reviewed academic journals.]
- [3.5] TSEKOURAS, G., KANELLOU, D., and RAI, N. (2013). Redefining learning networks through ICT capabilities: representations, behaviours and intermediation strategies. *Technology Analysis and Strategic Management, Special Issue Policy and Intermediaries for Technology Transfer*, 25(3), pp. 257–279. [Quality validation: output in a leading peer-reviewed academic journal.]

Key research grants:

- [3.6] ION (Inter-Organisational Networking), EPSRC, Oct 1996–Apr 2000, UoB allocation: £330,000.
- [3.7] KNOWLABORATION (Knowledge Applications for Collaborative Organisational Networks), EU FP5. Feb 2002–Jan 2004, UoB allocation: £239,260.
- [3.8] KLAB (Knowledge and Learning Among Business), EU FP6, Jul 2005–Dec 2006, UoB allocation: £110,988.
- [3.9] smE-MPOWER (Empowering SME for long-term research), EU FP6, Nov 2005–Oct 2007, UoB allocation: £97,083.
- [3.10] RAPPORT (Building Rapport Between SMEs and Public or Private Research Capabilities), EU FP7, Jan 2010–Jun 2012, UoB allocation: £270,000.

4. Details of the impact

CENTRIM's research expertise in the area of peer-to-peer learning networks has been mobilised to develop the following programmes of the Profitnet learning network:

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- The 'standard' Profitnet programme focuses mainly on the peer-to-peer support facilitated by specially trained facilitators and complemented by input from experts on topics of interest to the involved small businesses (860 participating small firms in UK, Ireland and South Africa)
- The Profitnet Plus programme, which combines the peer-to-peer support with the intervention of a specially trained 'coach' to support innovation (222 SMEs in UK and Ireland)
- The Profitnet Buddy programme of one-to-one mentoring from one small business to another in parallel with the group sessions (38 SMEs in UK)
- The Profitnet New Product Development programme, which combines the peer-to-peer support with training and structured support for the development of new products (piloted with six SMEs).

The programme has also required the training and support of facilitators and project managers to operate 60 groups with 741 small businesses in Sussex (2004–13), ten groups with 202 small businesses in Ireland (2004–13) and 14 groups with 173 small businesses in South Africa (2007–10). More than 250 people around the world have been trained to enable the delivery of the programme, including 200 facilitators, 15 project managers and 40 innovation consultants.

The Profitnet programme has grown through three phases. In the *Pilot phase*, between 2003 and 2005, the University, at the bequest of the Regional Development Agency (SEEDA), converted academic knowledge around peer-to-peer learning into specific operations and processes of learning networks in Hastings.

The *Validation phase*, 2006 and 2009, in which the tools, methodologies and training programmes from the pilot phase were improved to support the active engagement of 370 small Sussex-based companies in 31 learning networks in sectors including manufacturing, creative industries, construction, tourism, professional services and social enterprises. At the same time, a pilot programme was set up in Ireland (63 SMEs in 5 networks) and South Africa (55 SMEs in 5 networks). An internal survey of 195 companies in the Sussex programme (53% of all members at this stage) confirmed the influence of the programme after 2009: in some cases the fortune of products was turned around from 10% decline per annum to 20% increase year-on-year for three years (source 5.1). The survey also showed large increases in the level of interactions with external parties: 58% of Profitnet members increased interactions with customers, 44% with suppliers and 38% with support organisations and 42% with higher education (HE). The financial results of members were compared with the financial data of small firms in Sussex received from The Chamber of Commerce for Sussex. Between April 2007 and April 2008, the Profitnet companies exhibited 9% increase of profit before tax against a drop of 15.2% for the local SMEs; they also had an 18.7% increase of turnover compared with 3.2% increase for local SMEs.

The *Professionalisation phase*, from 2009 to 2013, in which fees were introduced for the participants and the programme activities were fully codified (activities converted into manuals, tools and operational guidelines). A total of 552 SMEs participated in 38 networks during this phase: 295 SMEs (22 networks) from Sussex, 139 SMEs (7 networks) from Donegal in Ireland and 118 SMEs (9 networks) from Durban in South Africa. A series of evaluation studies (an internal survey of 96 participants) (5.2, 5.3) showed a clear impact for the Sussex-based SMEs on a number of areas:

- 93% of the surveyed members acknowledged improvements to their strategy skills while Cormode (5.2) demonstrated participants learning the value of planning in contrast to dealing with issues in a 'fire-fighting' mode and showed how members gained the confidence to move to the exploration of new development avenues (5.3).
- 85% of the surveyed members improved their problem-solving skills; typical examples are learning to delegate problem-solving power to employees (5.4, 5.5) and learning how to develop key performance indicators to monitor operations (5.4).
- 78% of the surveyed members acknowledged impact on marketing, such as learning new ways to exploit existing business offerings (5.3) and acquiring the skills to differentiate between strong lead customers and customers with weak interest (5.5).
- Firms learned about e-commerce systems; in some cases this resulted in expanding e-sales from 20% of turnover to over 40% (5.1).

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The Profitnet programme has made unique contributions towards the smaller businesses helping them to ‘weather the recession’ (5.6). These contributions were corroborated by a number of statements received from participating small businesses. These corroborating statements came from a variety of small businesses that include a high-growth start-up (5.5), a high-tech/high-growth small firm (5.7), a micro business (5.8), a small business (5.1) and a medium-sized social enterprise (5.4).

Profitnet has introduced peer-to-peer learning in a variety of economic environments and a number of the participating companies have adopted the practice of peer-to-peer learning to such an extent that they have set up their own independent peer-to-peer learning schemes.

The participants (especially the micros and small businesses) indicated that the programme has enabled them to become familiar with innovation management strategies and techniques. Participation has allowed them to understand the managerial requirements necessary for the development of a new product (5.4) and ways of addressing different kinds of customer value (5.7). Furthermore, the peer support acted for some participants as a unique way of confidence building in order to practise innovation, providing the checks and balances for new or risky ventures (5.7, 5.8).

The high reputation of the programme has led to a number of references in the local and the national press. In January 2009, the UK Secretary of State for Innovation, Universities and Skills mentioned the Profitnet programme in the House of Commons as an exemplar programme for supporting small businesses. It was also featured in the government-commissioned ‘Wilson Report’ (2012) in which it is held up as an exemplar in the field of ‘structured networking’ that ‘connect businesses to universities’ (5.9). Profitnet has also successfully introduced the concept of innovation and innovation management process to mainstream SMEs that initially viewed Innovation Management as something only for businesses with advanced technology or for large enterprises.’ (5.10).

5. Sources to corroborate the impact

- 5.1 Testimonial letter available from the Managing Director of Bon Appetit in support of the Profitnet contribution to business confirms how involvement in the project led to rethinking product design within the company and better approaches to internet sales.
- 5.2 Cormode, J. (2013). Micro enterprises’ participation in a constructed learning network through the lens of personal and organisational change and innovation, PhD thesis, University of Brighton.
- 5.3 Rodriguez Obando, C. E. (2009) The role of dominant actors in the balance between exploration and exploitation within cohesive networks, the case of Profitnet network, MSc dissertation, SPRU - Science and Technology Policy Research, University of Sussex
- 5.4 Testimonial letter available from the Managing Director of the Aldingbourne Trust in support of the Profitnet contribution to business, conforming the impact on a changed approach to developing their external presence, a new management development programme and an improved business plan.
- 5.5 Testimonial letter available from the Managing Director of Clearstone Paving in support of the Profitnet contribution to business and confirming the impact of Profitnet to changed approaches and growth plan within the company.
- 5.6 CHIE (2008) *How can universities help the economy weather the recession?* The Council for Industry and Higher Education. Available on request. This confirms how Profitnet helped to weather the recession.
- 5.7 Testimonial available from the Managing Director of Beaming. Letter in support of the Profitnet contribution to business, confirming that Profitnet helped the company to develop a competitive intelligence policy, human resources procedures and systems.
- 5.8 Testimonial available from the Managing Director of Zest. Letter in support of the Profitnet contribution to business confirming it was instrumental in company growth.
- 5.9 Wilson, T. (2012) *A Review of Business-University Collaboration (The Wilson Report)* confirms the programme as an exemplar of structured networking. See pp.53–54.
- 5.10 Steiber, A. and Alange, S. (2013) Diffusion of organisation innovations: learning from selected programme, VINNOVA Report, VR2013:07. This confirms the value of the programme to SMEs (see p.41).